

DECLASSIFIED	RG	84
Authority <u>NND57527</u>	Entry	<u>BUENOS AIRES</u> <u>BY RASSY 49</u>
By <u>NR</u> NARA Date <u>910</u>	File	<u>820,02</u>
REPRODUCED AT THE NATIONAL ARCHIVES	Box	<u>47</u>

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Werner KOENNECKE

The data in the files of the Central Information Office regarding Koennecke were already set forth in the Embassy's despatch no. 15800 of August 21. However, in the interests of unity, this information is repeated herewith:

Werner Koennecke is a partner, together with Guillermo Friedrich BOKER and Enrique Friedrich BOKER in the Proclaimed List firm BOKER & Company, and is also a partner of these two individuals in the Proclaimed List firm TALLERES HEMPEL S.R.L., Itapirú 824, 6 de Septiembre, FCO, Argentina. There is further indication in the C.I.O. files that Koennecke professed to be anti-Nazi and had endeavored to bring about the de-listing of his two companies by furnishing information to the Allies regarding German activities. A short report dated October 7, 1942, indicates that Werner Koennecke and one Eberhardt GOTTSCHAU both attended a school for aeronautical theory, and that all the students of this school were Germans. Gottschau, who was allegedly connected with the German-Argentine Insurance Company, was described as a personal friend of Koennecke. A clipping from the Buenos Aires Herald dated August 30, 1943, indicated that the Director General of Civil Aviation in Argentina, in accordance with the authority granted him by the Minister of War, had suspended the flying license of pilot Werner Koennecke for a period of one month. The reason given for this suspension was that Koennecke had flown his plane over areas banned by military authorities. A report of the U.S. Military Attaché at Buenos Aires dated December 16, 1943, indicates that Werner Koennecke is the owner of a "Puss-Moth" plane marked LU-RCA, kept at the Estancia "Las Islas", Santa Fé, and had photographed many of the strategically important areas and ports in Argentina for the Germans. Another brief report in the Central Information Office files states that Koennecke's address is Calle Piedras 1399, Buenos Aires; that he is a leading Nazi in Buenos Aires despite all his claims to the contrary.

Carlos Enrique KUSTERS

Osmar Alberto HELLMUTH, German espionage agent, who is in custody of British authorities, carried the name of Karlos Kusters in his notebook. In an interrogation of Hellmuth dated November 23, 1943, he admitted to the British that Kusters was his uncle by marriage. He was described as being an estate owner in Argentina.

Werner LORENZ, with alias, Enrique Nohl

A report of Representative 244 dated at Rio de Janeiro, Brazil, April 9, 1943, carried Lorenz as a subject, due to the fact that he resided at the same address as John

KROEGER

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KROEGER, a German agent. It is reasonable to assume that Lorenz was the author of two hitherto unexplained messages in CEL, dated May 1 and May 5, 1942, both carrying the name "Laura". This name is a convenient corruption of the name LAURENS as explained by Heinz LAURENS, another subject in CEL. This would indicate that Werner Lorenz was quite active in the operation of Station CEL in Brazil.

Luisa MATTHIES, with alias, Lucy Winter

No additional information is available concerning this subject.

Juan Carlos MAZZINI, or Juan Carlos Massini

No additional information concerning this individual is available.

Ernesto Ortiz DE LA CALLE

In a report of Charles F. Hemphill dated at Buenos Aires May 3, 1944, in the case entitled "GUSTAV EDWARD UTZINGER; Argentina Espionage - G", it was reported that Utzinger and Johannes SZERAWS lived at Calle Juramento 3730, Buenos Aires, during February, 1944. Ernesto Ortiz de la Calle lived at this address and, apparently, Utzinger made his acquaintance there.

Irene Lina PERSCHBACHER DE TRIER

No additional information is available regarding this subject.

Willi Adalbert Hans REICHELT, with alias, Tito Maldonado

In the year 1943 this subject subscribed to the German-language newspaper Deutsche La Plata Zeitung. His address at that time was Tebicuary, Paraguay.

Rafael NEUMANN, or Schelberg

No additional information concerning this subject is available.

Enrique Reinhard August SCHIBLI

In a memorandum transmitted to the Bureau under date of May 12, 1944, in the matter entitled "JOHANNES SIEGFRIED BECKER; Argentina Espionage - G", it was reported that Gustav Utzinger brought Enrique Schibli to Buenos Aires from Paraguay so that he could be trained

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as a radio operator. This individual was apparently identical with Enrique Reinhard August Schibli.

Schibli was arrested by Buenos Aires police in connection with their investigation of German espionage activities during the first part of 1944. He was reported released on April 17, 1944. As mentioned in the Embassy's despatch no. 15800 of August 21, it was in Schibli's automobile that Margot von DYSCH, mistress of Alexander FROMANN, carried the latter's transmitter from Buenos Aires Province to the Province of Entre Ríos.

Fritjof SCHMIDT (Fritjhof or Fritzhof Schmidt)

This subject is identical with Fritzhof Schmidt (Groth), who was a subject in the case entitled "FRITZHOF SCHMIDT (GROTH); Chile-Argentina Subversive Activities - G". He was manager of the Condor-Lati Air Lines in Santiago; however, he came to Buenos Aires during February, 1943. Investigation reflected that he made a number of calls to the Lufthansa office, 25 de Mayo 267, Buenos Aires. His only business in going there was said to be for the purpose of obtaining his pension checks.

Jonny SCHNIETER

No additional information concerning this subject is available.

Marcos SCHULTZ

Files of this office contain no reference to Marcos Schultz. However, it is possible that this subject's correct name is Marco SCHIBLI. In a memorandum transmitted to the Bureau under date of May 12, 1944, in the case entitled "JOHANNES SIEGFRIED BECKER; Argentina Espionage - G", it was reported that Marco Schibli used the alias Marco Schulz. Marco Schibli, as reported in the Embassy's despatch no. 15800 of August 21, is said to have been brought from Paraguay by Utzinger to attend Antonio SOLAZZI's radio telegraphy school.

Gerardo von SCHUTZ (Gerd Von Schutz)

This subject is apparently identical with Gerd Von Schutz, who was a subject in the investigation entitled "GERD VON SCHUTZ; Argentina Subversive Activities - G". He was said to have left Paraguay in an illegal manner and to have traveled to Argentina. However, investigation failed to reflect information concerning him.

In a report of William R. Hulbert, Jr., dated at Asuncion, Paraguay, April 22, 1944; entitled "RADIO STATION HDZ; Paraguay Espionage - G", it was reported that Von

Schutz

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Schutz obtained a job for Emmy TRAPPE in Argentina. According to the report, there was some indication that Trappe went to Argentina to serve as a housekeeper for Gustav Utzinger. Additional information concerning her is set out in a section under her name herein.

Gertrudis PRALLE DE VON SCHUTZ

This subject is the wife of Gerd Von Schutz. No additional information is available concerning her.

Ana Augusta ASMANN SOMMERMEYER, with aliases, Ana Augusta Assmann, Mrs. Werner Sommermeyer, Mrs. W. Sommermeier

In a report of William R. Hulbert, Jr., dated at Asuncion, Paraguay, April 22, 1944, entitled "RADIO STATION HDZ; Paraguay Espionage - G", it was reported that Emmy Trappe was living on the estancia of Mrs. W. SOMMERMEIER, Tandil, Argentina. It was indicated in reference report that the Sommermeyers may have been transported to Argentina by Gustav Utzinger to assist in his espionage activities.

Werner Sommermeyer

This individual is the husband of Ana Augusta Asmann Sommermeyer. During 1943 he subscribed to the German language newspaper Deutsche La Plata Zeitung. He lived on the "Chacra Pilarica", which was the property of Pablo LONGHI.

Although Pablo Longhi has been the subject of frequent correspondence between the Embassy and the Department in the past, there is no record of his having owned such a property. The most recent despatch on Longhi was the Embassy's no. 4565 of March 25, 1942, in which Longhi offered the Embassy his services as a paid espionage agent.

Johannes Abries Peter Szeraws, with aliases "Esco", Johannes Abries Peter Szeraws (Johannsen), Juan Szeraws, John Szeraws, and Hans Szeraws

This German national was the operator of the FYL station at Quilpue, Chile, and was a principal subject in the FYL investigation. At the time the FYL station was closed the subject was not found in Chile, and in February, 1944, he was living at Juramento 3730, Buenos Aires, in company with Gustav Utzinger.

Siglinde BADE DE SZERAWS

This subject is the wife of Johannes Abries Peter Szeraws. She is the sister of Oscar Germán Bade. No additional information concerning her is available.

103917 ^{Emma}

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Emma Trappe, with aliases, Emmy or Emmi Trappe, and
Ena Ana Sofia Trappe

A report of William R. Hulbert, Jr., dated at Asunción, Paraguay, April 22, 1944, in the HDZ case, indicated that this girl may have been brought to Argentina as a housekeeper for Gustav Utzinger. She was reported to be living at the estancia of Werner Sommermeyer near Tandil, Argentina. Investigation reflected that she received mail through the General Delivery window at Tandil. However, she was not located at that place. After remaining in Tandil a short time she moved to Calle Uriburu 1033, Buenos Aires, Argentina. Information received through Confidential Informant 180-32 reflected that she was arrested on or about August 10, 1944.

Maria Unger

No additional information is available regarding this subject.

Gustav Utzinger, with aliases, Walter Funck, Parker and Peters.

The subject's correct name is Gustav Edward Utzinger. He was active in the operation of the clandestine sub-station, under Theodor SCHLEGEL, in Rio de Janeiro during 1941 and 1942. Two messages sent to Germany over the LIR station in Rio de Janeiro are also attributed to him. Utzinger is credited by the police with the aliases Stewart Luna Peters, Walter Funck, Parker and Don Antonio, while he is later referred to as Juan Stewart.

Utzinger is, of course, well known to the Department. He was among those mentioned in the Embassy's Memorandum on espionage of November 3, 1942, to the Argentine Government, and he was included among the list of five fugitives from Argentine justice included in enclosure no. 2 to the Embassy's despatch no. 15331 of July 8, 1944.

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DECLASSIFIED
Authority WINDS7S 27
By NR NARA Date 910

RG 84
Entry BUENOS AIRES
EMBASSY 414
File 801.2
Box 47

REFER TO NO.

SECRET
JJW:cjs

EMBASSY OF THE
UNITED STATES OF AMERICA

OFFICE OF THE NAVAL ATTACHE
BUENOS AIRES, ARGENTINA.

20 September 1944

file

MEMORANDUM to Chargé d'Affaires:

1. The Naval Attaché at Madrid, Spain, has received information (graded C-3) to the effect that through the connivance of the Argentine Embassy (Madrid) Germans are obtaining passports and visas to come to Argentina.

2. The following procedure is reported to be used:

"The Argentine passport is issued by the Argentine Consulate in Lisbon in the name of the fleeing German but with the place of birth listed as a town in Argentina (frequently Buenos Aires). The story is then that the subject was born of parents with German ancestry in Argentina and had retained his citizenship though having lived in Germany most of the following years (if the German name is too well-known another German name is substituted as subject rarely speaks Spanish). The passport is then received by subject in Madrid. The operation is done with full knowledge of the German Embassy in Madrid but is permitted only if subject signs a paper swearing that he will continue to work for the Fatherland if necessary and admits liability for military service in Germany at some possible time in the future: i.e., subject is actually of dual nationality, the German nationality having priority in the eyes of the German Embassy. It is further stated that the Spanish Foreign Office and the Seguridad are cognizant of the maneuver and are giving the utmost facilities. This is necessary, inasmuch as most of the Germans arrived in Spain with German passports, and it would obviously appear curious if the same individual applied for an exit visa from Spain with a passport of another nationality."

801.2

3. The above information is classified Secret.

W. W. Webb
W. W. WEBB
Captain, U.S. Navy

cc:
Military Attaché
Legal Attaché

SECRET

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Authority NINDS7S27
By NP NARA Date 910
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RG 84
Entry BUENOS AIRES
BY KRASSY 419
File 801.2
Box 47

ACTION COPY

TELEGRAM RECEIVED *Quest. by 2515*
Sept. 30, 2:00 p.m.

FROM: DEPARTMENT DATE: September 25, 7 p.m., 1944
225 words NO: 1468--US URGENT
CODE: SECRET (PARAPHRASE) RECEIVED: Sept. 26, 8 a.m.
AMEMBASSY *File*

BUENOS AIRES

US URGENT--1468--September 25, 7 p.m.

A Naval Intelligence report from Madrid, dated August 30, 1944, has been ~~SEM~~ received by the Department; this report states that, with the connivance of the Argentine Consulate in Lisbon, fleeing Germans are being issued Argentine passports, the place of birth of these Germans being falsely stated as Argentina. The German Embassy in Madrid knows about these operations and permits them only if the persons involved sign a document agreeing to work for the Fatherland and admitting liability for military service in Germany at some possible time in the future. According to the report, the cooperation of the Spanish Foreign Office has been obtained, and such cooperation is necessary since the Germans arrive in Spain with German passports and then seek exit permits from the Spanish authorities on Argentine passports.

Please inform the Department immediately by telegram of any evidence bearing on this subject which is obtainable in Buenos Aires. Instructions have been sent to the Embassies in Madrid and in Lisbon to make an immediate investigation in order to determine the accuracy of this report and to obtain all possible specific corroboration of the report.

HULL

Decoded: mph
Original and 3 paraphrases typed: mph
Original and paraphrase to Mr. Reed
Action paraphrase to Mr. Reed
Paraphrase to files *destroyed*

103918

801.2 / 100.8 / 800.00

DECLASSIFIED
Authority 14ND57S27
By NR NARA Date 910

REPRODUCED AT THE NATIONAL ARCHIVES

RG 84
Entry BUENOS AIRES
EMBASSY 911
File 820.0
Box 511

FILE COPY

PARAPHRASE OF TELEGRAM SENT TO THE DEPARTMENT
Sent January 27, 1944, 4 p.m.

SECRET

SECSTATE

WASHINGTON

227 - January 27, 4 p.m.

A police contact confirms arrests of six spies which were mention in my 219 of January 26th, 2 p.m. and states that police raided the office of Max Hellmut at calle Corrientes 424 yesterday but made no arrests and confiscated nothing. The same informant states that the capital police visited the home of Hellmuth Rhode, a German connected with Quimica Bayer, at called Colon 1358, Anchorena, Province of Buenos Aires, but the servants were the only ones found at home. The same source also advises that the police knew of a meeting held last night in a German restaurant in Florida, Buenos Aires, on Avenida San Martin between Avenida Maipu and calle Quintana, where documents, archives and a "radio Apparatus" were brought, and that personnel of the German Embassy, including Richard Burmester, the Commercial Attaché, attended meeting, but the police made no effort to interfere.

The same informant reports that Osmar Hellmuth, who was formerly employed by the notorious Antonio Delfino & Compañia, and Antonio Delfino, Jr. are making an effort to secure the release of Hellmuth's accomplices here.

The Police

520.02
103919

DECLASSIFIED
Authority ND 5-75-27
By JA NARA Date 816

RG 84
Entry ARGENTINA
Box 28

June 6, 1943.

710

CROSS-REFERENCE SHEET

DOCUMENT FILE

NOTE

SEE Confidential 800 FOR Telegram 1214
Revolution Dossier

FROM _____ (_____) DATED June 6, 1943.

TO Department NAME *** 1-1368

REGARDING: Internal and foreign policy of Argentina to be followed by the New Provisional Government.

(202) 017

DECLASSIFIED	
Authority	<u>AND 5-75-27</u>
By	<u>JA</u> NARA Date <u>8/16</u>
RG	<u>84</u>
Entry	<u>ARGENTINA</u>
Box	<u>29</u>

711

CROSS-REFERENCE SHEET

DOCUMENT FILE

NOTE

SEE Confidential 851 FOR Instruction 3774
Despatch 9171

FROM _____ (_____) DATED January 25, 1943
 TO _____ NAME March 2, 1943.

REGARDING: Transmittal of funds through the Deutsche Verrechnungskasse, Berlin, for the account of Oberkommando Kriegsmarine, Berlin, by Banco Central de la Republica Argentina.

Maintenance of interned crew of the Ex-German Battleship, Admiral Graf Spee.-

ginal *[Signature]*

DECLASSIFIED
Authority **MMDS7S27**
By **NP** NARA Date **910**
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RG **84**
Entry **BUELOS AIRES**
EMBASSY 44
File **820.02 II**
Box **47**

Feb. 2/44

CROSS-REFERENCE SHEET

DOCUMENT FILE

NOTE

SEE **Conf.-- 624.4** FOR **Telegram 189**

FROM **Department** () DATED **Feb. 2/44**
TO **Embassy** NAME *** 1-1366

REGARDING: **Negotiations with the Argentine authorities for tighter port controls, searches of passengers and crews, greater supervision over loadings and elimination of ports in Argentina; necessity of prompt action in view of efforts to smuggle stocks of critical material.**

820.02 (624.4/885.3/690)

DECLASSIFIED
Authority NND57S 27
By NR NARA Date 910
REPRODUCED AT THE NATIONAL ARCHIVES

RG 84
Entry BELGOS APRES
File 820.02 II
Box 47

Feb. 5/44

CROSS-REFERENCE SHEET

DOCUMENT FILE

NOTE

SEE Conf. 624.4 FOR Telegram 341

FROM Embassy () DATED February 5, 1944
TO Dept. NAME 1-1268

REGARDING: Report that the Contraband Control Committee & the British have no evidence of eleventh hour smuggling of critical materials, since the rupture with the Axis; attempt to sell platinum; Argentine customs inspection.

820.02 (624.4) ✓

DECLASSIFIED
Authority MND57S 27
By NP NARA Date 910
REPRODUCED AT THE NATIONAL ARCHIVES

RG 84
Entry BUENOS AIRES
File 851
Box 52

FILE COPY

Buenos Aires, Argentina, October 16, 1944.

No. 16385

Subject: Foreign Funds Control: Transmittal of Central Bank's Informative Circular No. 15 in Translation.

CONFIDENTIAL

The Honorable
The Secretary of State,
Washington.

Sir:

1/
2/

I have the honor to transmit a copy of the Central Bank's Circular No. 15 (Foreign Funds Control) in translation. The recommendation embodied in the Circular under reference supplements more fully the interpretation given to Executive Decree No. 1875/44 which in effect prohibited any transfer of funds or credits to or from Germany, Japan, and the territories dominated by those nations, as well as any other transaction directly or indirectly with persons or firms in Axis territories. The amplification of the new regulation specifically prohibits transfer of all funds or all types of property.

It is the Embassy's understanding that the Central Bank has already interpreted Circular No. 1875/44 as precluding any transfer of any kind between Argentina and Axis controlled countries. The present regulation purports to more fully define the words "other transaction" so that property of any kind may not be transferred.

851

Respectfully yours,

For the Chargé d'Affaires ad interim:


David C. Berger
First Secretary of Embassy.

Enclosures:

1. Copy of Informative Circular No. 15 in translation
2. Copy of Informative Circular No. 15 in Spanish.

File No. 851.

DVR:ms

Original and Hectograph to Department.

FILE COPY

103924

DECLASSIFIED
Authority **NND57S27**
By **NP** NARA Date **910**
REPRODUCED AT THE NATIONAL ARCHIVES

RG **84**
Entry **BUELOS AIRES**
File **851**
Box **52**

Enclosure No. 1
to Despatch No. 16385
from The American Embassy,
Buenos Aires.

CONTROL OF FOREIGN FUNDS
INFORMATIVE CIRCULAR NO. 15

Operations realized for account, order, or in the interest - direct or indirect - of persons visible or juridical resident or domiciled in Germany, Japan, and territories dominated by those nations.

In connection with certain questions addressed to it, the Central Bank has issued a resolution making known that the operations indicated below are also included in the provisions of the Decree of the Executive Power No. 1875 regarding the total discontinuance of commercial and financial interchange with Germany, Japan, and territories occupied by those nations.

- 1) The transfer of property of any kind existing in the country, in favor of persons of visible or ideal existence resident or domiciled in Germany, Japan, and territories dominated by those countries, even though such transfers may not involve movement of funds or securities, and any operation effected on behalf, by order, or in the interest of - directly or indirectly - private persons or legal entities resident or domiciled in the said countries or territories.
- 2)

As will be recalled the decree in question also includes remittances of funds and securities between our country and the nations and territories indicated in the heading of the decree, as well as movement of funds to be entered in accounts of any nature already in existence or to be opened in the name of residents in the countries and territories mentioned.

(BANCO CENTRAL DE LA REPUBLICA
(ARGENTINA

(DEPARTMENT OF EXCHANGE

(October 10, 1944.

DECLASSIFIED
Authority WINDS7S27
By NP NARA Date 910
REPRODUCED AT THE NATIONAL ARCHIVES

RG 84
Entry BUENOS AIRES
EMBASSY 407
File 851
Box 52

Enclosure No. 2
to Despatch No. 16385
from The American Embassy,
Buenos Aires, Argentina.

CONTROL DE FONDOS EXTRANJEROS

Circular Informativa No. 15

Operaciones que se realicen por cuenta, orden, or en interés - directo o indirecto - de personas visibles o jurídicas residentes o domiciliadas en Alemania, Japón y territorios dominados por estas naciones.

A raíz de algunas consultas recibidas deseamos aclarar que también están comprendidas en las disposiciones del decreto del Poder Ejecutivo Nacional No. 1.675 del 27.1.44, sobre suspensión total del intercambio comercial y financiero con Alemania, Japón y territorios dominados por estas naciones, las operaciones que se indican a continuación:

- 1 - Las transferencias de bienes de cualquier naturaleza existentes en el país, a favor de personas de existencia visible or ideal residentes o domiciliadas en Alemania, Japón y territorios dominados por estas naciones, aunque ellas no originen movimientos de fondos o valores, y
- 2 - Toda operación que se realice por cuenta, orden, o en interés - directo o indirecto - de personas visibles o jurídicas residentes o domiciliadas en las citadas naciones o territorios.

Como se recordará, dicho decreto comprende, además, las remesas de fondos y valores entre nuestro país y las naciones y territorios indicados en el título, y los movimientos a registrarse en las cuentas de cualquier naturaleza, existentes o que se abran, a nombre de residentes en las naciones y territorios mencionados, según se expresó en nuestra circular No. 349 (D. de C.) del 27 de enero de 1944.

BANCO CENTRAL DE LA REPUBLICA ARGENTINA

DEPARTAMENTO DE CAMBIOS

Octubre 10, 1944.

103926

*Copy made
in British
Embassy March 5/45*

FILE COPY

Buenos Aires, Argentina, December 9, 1944.

No. 16829

Subject: Foreign Funds Control: List of Reports of Axis
Accounts and Investments in Argentina.

CONFIDENTIAL

The Honorable
The Secretary of State
Washington.

Sir:

I have the honor to report herewith as of possible interest to the Department and Treasury information in the Embassy's possession concerning investment and deposits of Axis capital in Argentina including reports of investments of Axis leaders.

As the Department will perceive, many of these reports are based on hearsay and rumor and are not as yet substantiated by positive proof. However in view of the importance of the subject the Embassy submits these data in order that the Department and Treasury may be kept advised of the progress of the investigations in this regard.

1) In November 1944 an informant advised the Consul General that an escribano "notary" was working inside the cage of the Banco de la Provincia in the City of La Plata where he saw a table laden with Argentine bonds. The teller advised the escribano that the deposit had just been made by an individual named ECKHART NEUMANN, one of the heads of the German Workers organization in Argentina and Vice-President of the D.A.F. Deutsche Arbeitsfront, German Trade Union. The bank teller informed the escribano that the assets deposited are worth many million pesos and represent Nazi funds. The informant stated that the information could be confirmed by Jose Gabriel of Montevideo.

The Montevideo Embassy interviewed Gabriel, who states the assets deposited are valued at 5,365,000 Argentine pesos and the deposit was made in the name of Roberto Hirtsiefen, alias for Robert Ley, the Nazi leader. This deposit was reported to have been made on November 6, 1944. (See Embassy's telegram No. 2837 of November 18, 5:00 P.M. 1944.)

2) Dr. BECU, a former Director of CREFIN, a subsidiary of Thyssen-Lametal, a large Proclaimed List metal plant, was said to have made a statement to a relative of his, Mr. Zorraquin, that he had resigned as Director of the firm because he was horrified to ascertain the firm was owned by Hermann Goering. Mr. Zorraquin told an officer of the Embassy that his relative Becu had so advised him. The Embassy officer saw Becu, who denied any knowledge that Goering had any interest in CREFIN.

3) An officer of the Embassy was advised by a reliable

contact 3927

Despatch 16828, of Dec. 9

Report of Axis Funds and Investments in Argentina.

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contact that the Argentine Government in the course of an investigation for tax purposes into the books and records of the textile firm "DANUBIO" uncovered proof that the capital of the firm is owned by the late Count Galeazzo Ciano and the German General Guderian. It is also reported that although the capital is 2,000,000 pesos the firm made a profit of 8,000,000 pesos during the last fiscal year.

4) A very reliable informant advised an Embassy officer that Roberto Magugliani, President of Fiat, (P.L.) also is a Director of Ala Littoria, Italian Air line, and that he keeps an account in his name in the Central Bank that belongs to Ala Littoria.

5) Report from the British Embassy dated September 11, 1944 that Guillermo Decker of the firm Guillermo Decker (S.R.L.) deleted from Proclaimed and Statutory lists in 1942, is buying land between Buenos Aires and La Plata for which he is paying twice or three times its real value. The British state that it is suspected that this is German money seeking refuge in the Argentine.

6) A reliable informant of the Embassy has stated that Edda Mussolini Ciano is endeavoring to come to Argentina to collect the assets of her late husband, Count Ciano, which are reputedly held by Victor Valdani, (P.L.) Editor of the Proclaimed List Italian newspaper Il Mattino d'Italia.

7) Report of British Embassy, dated August 3, 1944, Max Hans THOMAS, Paseo Colon 588 (6th floor) and Pafia 2198, states that subject's elder brother is married to a daughter of Krupp von Bohlen. Subject stated to an informant of the British Embassy that he was controlling millions. Max Hans Thomas arrived in Buenos Aires on December 26, 1941. After his arrival a deposit of 25,000 dollars was made in the Banco de la Nacion to the order of the Netherlands Legation to be released to Thomas. This money came from the account of Clara B. Thomas, Bankers Trust Company, New York. According to Mr. Van Dorp of the Netherlands Legation, the British were advised that at a later date Thomas, who is a naturalized Dutch citizen, although born in Berlin, discussed the possibility of a proposed loan to the city of Montevideo in the sum of 1,000,000 dollars. It appears that the money was available in New York in the name of his mother, Clara B. Thomas, whose affairs are in the hands of A. Van Marx, and who has 240,000 dollars in shares with Brown Brothers, Harriman & Company. According to the British, Thomas stated he was interested in several million dollars blocked in the United States, and he was interested in several million dollars here in Argentina. He stated the persons controlling the funds were unaware that he was interested in them and would be greatly surprised when it eventually became known to whom these funds belonged. According to the British, the question then arose whether these considerable funds may not be the property of Krupp.

8) Intercept NY FIN 38184, September 13, 1944. A letter from Economic Survey, San Martin 85, Buenos Aires to Mr. John F. Chapman, 330 W. 42nd Street, New York states:

"At the same time I have received a report by

a very

103928

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Authority **NND57S 27**
By **NP** NARA Date **9/10**
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RG **84**
Entry **BOEING AIRS
EMBASSY 4/1**
File **851**
Box **52**

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a very trustworthy source that a Frenchman or Belgian has arrived here to place funds of the possession of Laval in this country, partly through buying of gold and jewels, partly through investment in houses, land, etc. I have not yet got the exact name, but am sure to be able to get it should you be interested in it."

9) Despatch No. 16546, dated November 6, 1944, on Fritz Mandl, including enclosure entitled "Statement of Francis Klein". Mr. Klein believes that Mandl is holding several million pesos of money for German leaders that may include Guido Schmidt, Eberhardt, Koeppler or von Ribbentrop. In this connection an informant advised an Embassy officer that Mandl had boasted to the informant several years ago that he was holding money for Goering.

10) The firm Securitas, S.A. (S.E.N.) holds in its books 10,000 shares of American Wine Company stock. The stock belonged to the Henkel family of Wiesbaden, Germany, von Ribbentrop's wife's family. The actual certificates of these 10,000 shares of stock are deposited in the name of Securitas with Hallgarten and Company of New York. The balance of over 100,000 of these shares owned by the Henkel family were vested by the Alien Property Custodian in the United States.

11) Despatch No. 16545 of October 11, 1944, wherein Maximo Pahlke, a representative in Argentina of the Mannesmann Trust of Dusseldorf, and Managing Director of La Sociedad Argentina Tubos Mannesmann in 1941 informed the Argentine Central Bank that the majority of the shares of La Sociedad Tubos Mannesmann, shares which were the property of the parent firm in Germany, have been sold to the Swiss Corporation Sonora, A.G. Zurich. Cables recently sent between Pahlke and Sonora show conclusively that Tubos Mannesmann is still owned exclusively by its parent German firm. Verbatim copies of telegrams from Sonora show that Sonora acquiesced to a sale of shares in Argentina only after obtaining the approval of the directors of the firm in Germany.

These reports are all being further investigated in the hope of ascertaining more detailed information.

Respectfully yours,

For the Charge d'Affaires ad interim:


David C. Berger
First Secretary of Embassy

DVR:ms *DVR*

File No. *CAV*

Original and hectograph to Department

A true copy of
the signed original.
WS

103929

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Authority **ND57S.27**
By **VR** NARA Date **910**
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RG **84**
Entry **BUELOS AIRES**
File **EMBASSY 417**
Box **851**
52

C

Buenos Aires, Argentina, December 13, 1944.

File Law

No. 16846

Subject: Foreign Funds Control. Transmitting Part II of a Compilation of Decrees, Ministerial Resolutions, and Central Bank Circulars relevant to the Argentine wartime Economic and Financial Controls.

CONFIDENTIAL

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to the Embassy's despatch No. 9571 of March 16, 1943, transmitting a compilation of decrees, Ministerial resolutions, and Central Bank circulars referring to the Argentine wartime economic and financial controls, passed or adopted up to and including March 16, 1943.

There is transmitted herewith a compilation of such decrees passed or adopted commencing with March 17, 1943 up to and including November 7, 1944.

Only the original and hectograph copy are being transmitted, for the reason that the other copies are urgently required for the use of the Embassy in a current study which is being made of Argentina's financial controls.

It is requested that if practicable, the Embassy be furnished with four of the hectograph copies of the above-mentioned enclosure.

Respectfully yours,

For the Chargé d'Affaires ad interim:

David C. Berger
First Secretary of Embassy

Enclosure:

No. 1 - Part II of Compilation of Argentine Government Decrees, Ministerial Resolutions, and Central Bank Circulars referring to the Argentine wartime Economic and Financial Controls.

A true copy of the signed original

CAW:ek
File No. 861
Original and hectograph to Department

851 General

NOTE:
See envelope in another drawer of safe containing Financial Files for a hectographed copy of this Compilation of Decrees, etc.

103930

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EMBASSY 40**

File

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CONFIDENTIAL

PART II

**A COMPILATION OF DECREES, MINISTERIAL RESOLUTIONS AND
CENTRAL BANK CIRCULARS RELEVANT TO THE ARGENTINE
WARTIME ECONOMIC AND FINANCIAL CONTROLS**

From: **March 17, 1943**

Through: **November 9, 1944**

(Part I, consisting of a compilation of such decrees, through March 15, 1943, was transmitted to the Department with Embassy's despatch No. 8371 of March 18, 1943.)

Buenos Aires
December 14, 1944

CAW:ek
File 851

103931

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BOJLOS FILES
BRASSY 90

851

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84BUENOS AIRES
EMBASSY 9085152

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Entry

BOEING AIRCRAFT
EMBASSY 411

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EMBASSY 419****851****52**

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Entry

BOENOS AIRES
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- 6 -

Item

Pages

Decree 30,501/44

7/11/44

Providing for control and fiscalization of foreign entities specified in Decree 122,712 of June 15, 1942; adopting regulations for the appointment of intervenors in and the expropriation of concerns belonging to belligerent non-American foreigners or whose activities are connected with same; providing for the organization of a company of mixed capital.

71/76

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RG **84**
 Entry **BUEENOS AIRES**
 File **851**
 Box **52**

OFFICE OF CENSORSHIP
 UNITED STATES OF AMERICA

CONFIDENTIAL
 POSTAL CENSORSHIP

RECORD No. **SJ FIN 16607**
 Page **1** of **2** pages.

M: **Credit Suisse**
 P. O. B. 590
 Zurich
 Switzerland

TO: **Banco Central de la Republica Argentina**
 Buenos Aires
 Argentina

LIST: **Y 3693**

LIST: **None**

Date of communication June 1, 1944	Date of postmark June 1, 1944	Kind of mail Air	Mail No. 628	Register No.	Serial No.
Language French	Previously censored by Germany Examiner No. 403	Station distribution DR FIN-CPC TRI	Aug. 10, 1944	DISPOSAL OF ORIGINAL COMMUNICATION H R C RS Sent with comment to—	
Previous relevant records Numerous SJ FIN 15911-R SJ FIN 15492-R SJ FIN 15487-R	For interoffice use	To be photographed No	Photo No.		

Division (or Section)	Table 1	Examiner 64087	D. A. C. 64164	Reviewer C. E. W.	Examination date Aug. 8, 1944	Typing date Aug. 10, 1944
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DR use only

4-E

3-SD

3-T

1-HRB

4-BF

2-IC

1-ICW

AUG 17 1944

Transmitted to the facts war-
 cant. Investigator and report to the
 Department of State

COMMENT

I. RENEWAL OF LOAN BY SWISS BANKS TO THE ARGENTINE GOVERNMENT

II. BANK BALANCES IN SWITZERLAND FOR THE SERVICE OF ARGENTINE GOVERNMENT LOAN

1. RENEWAL OF LOAN BY SWISS BANKS TO THE ARGENTINE GOVERNMENT

Senders state that on May 5, 1944, they received from the Banque Nationale Suisse by order of Addressees, Sw. Frs. 10,000,000, which amount Senders applied to the payment of an equal sum of Argentine Republic notes due on May 3, 1944, thus reducing to Sw. Frs. 20,000,000 the total of Argentine Republic Notes maturing on above date and pending payment. Senders state that a new credit has been arranged on behalf of the Argentine Government by the Minister Dr. Carlos Brebbia, Berne, Switzerland, for Sw. Frs. 20,000,000 at 2½% per annum for a period of six months with an option for renewal for an additional six months. The new notes, due Nov. 3, 1944, have been signed by Dr. Carlos Brebbia as follows:

To the order of Senders:

2 Notes of Sw. Frs. 50,000 each, Nos. 001-002	Sw. Frs. 100,000
29 Notes of " " 100,000 each Nos. 101-129	Sw. Frs. 2,900,000
14 Notes of " " 500,000 each Nos. 201-214	Sw. Frs. 7,000,000

To the order of the Societe de Banque Suisse ((SWI/132, Yt 4601, 8335))

4 Notes of Sw. Frs. 50,000.00 each Nos. 301-304	Sw. Frs. 200,000
28 Notes of Sw. Frs. 100,000.00 each Nos. 401-428	Sw. Frs. 2,800,000
14 Notes of Sw. Frs. 500,000.00 each Nos. 501-514	Sw. Frs. 7,000,000

Total Sw. Frs. 20,000,000

Senders acknowledge the receipt from the Banque Nationale Suisse by order of Addressees of Sw. Frs. 260,000, to cover 2½% Discount on Sw. Frs. 20,000,000 for 6 months i.e. May 3, 1944 to November 3, 1944, Sw. Frs. 250,000 plus Internal Swiss Revenue Stamps on the New Notes, Sw. Frs. 10,000.

(Over)

SPECIAL NOTICE.—The attached information was taken from private communications, and its extremely confidential character must be preserved. The information must be confined only to those officials whose knowledge of it is necessary to prosecution of the war. In no case should it be widely distributed, or copies made, or the information used in legal proceedings or in any other public way without express consent of the Director of Censorship.

BYRON PRICE,
 Director.

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Authority **WINDS7S27**

By **NP** NARA Date **910**

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RG
Entry **84**
File **BOENOS AIRES**
Box **EMBASSY 24**
851
52

August 10, 1944 = am

Record No. SJ FIN 16607

Page 2 of 2 pages

II. BANK BALANCES IN SWITZERLAND FOR THE SERVICE OF ARGENTINE GOVERNMENT LOAN

Senders notify Addressees, as per their instructions of October 21, 1939, that the balances as of May 31, 1944, of the Service Accounts for the Argentine Government 4% 1933 External Loan, are as follows:

<u>Service Date</u>	<u>Credit Balance in Sw. Frs.</u>
None given	213,670.67
December 1, 1940.....	192,686.05
June 1, 1941.....	204,416.09
December 1, 1941.....	220,043.50
June 1, 1942.....	265,021.76
December 1, 1942.....	295,490.70
June 1, 1943.....	376,393.67
December 1, 1943.....	2,731,434.95

EXAMINER'S NOTES:

1. SJ FIN 15492-R and others report previous balances of the above mentioned Service Accounts.
2. SJ FIN 15911-R and SJ FIN 15437-R report that the Banco Central redeemed Sw. Frs. 10,000,000 of these notes on March 27, 1944, and Sw. Frs. 10,000,000 on May 5th, funds being provided by sale of gold.

Enclosure: 1

1 Letter

CONFIDENTIAL

SPECIAL NOTICE—This contains information taken from private communications, and its extremely confidential character must be preserved. The information must be confined only to those officials whose knowledge of it is necessary to prosecution of the war. In no case should it be widely distributed, even among officials, or copies made, or the information used in legal proceedings or in any other public way without express consent of the Director of Censorship.

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File **851**
Box **52**

OC-814 (Rev. 9-1-64)
OFFICE OF CENSORSHIP
STATES OF AMERICA

REPRODUCTION OF SUBMISSION FROM FOREIGN CENSORSHIP

arg loan

BA

3-SP (7)
3-SP (10)
2-SP

TRANSIT MAIL
Surface.

LIV/PIN/114915
14040440

BANCO CENTRAL DE LA
REPUBLICA ARGENTINA,
Buenos Aires.

BANQUE NATIONALE SUISSE
Zurich.

10.2.44

Spanish

Photographed and
~~REPRODUCED~~
~~INDEXED~~
RELEASED

M.S.W. (P.I.)
D.R.W.
Tape photo

Liverpool Trade 22. 4129 G.S. 14040440

SUBJECT:

Confirmation of telegram regarding:

1. Advice re. sale of Gold.
2. Telegraphic transfer in favour of persons domiciled in Enemy Territory.

Photostat attached.

English translation only

DECLASSIFIED
Authority MND57S27
By NR NARA Date 910
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RG 84
Entry BUENOS AIRES
File 851
Box 52

CENSORSHIP

Station..... Spanish.....4129

BANCO CENTRAL DE LA REPUBLICA ARGENTINA
Buenos Aires, 10th. February 1944.

TO....
Banque Nationale Suisse,
Head Office, Z u r i c h .

We beg to confirm our cable of to-day, the text of which is as follows:

- (Key No.) 47,
- (1) We refer to telegrams exchanged with yourselves concerning the Treasury Notes for Swiss Francs 40 millions issued to the order of the Credit Suisse and falling due on 3rd. May next, which the Argentine Government wishes to pay off beforehand.
 - (2) In view of the fact that the Credit Suisse informed us that they were agreeable to approach your Government, yourselves and a Group of Swiss Banks, to consider coming to an arrangement which would permit us to obtain this amount of Swiss Francs against gold deposited in Buenos Aires, we cabled to the said Bankers on the 17th. January that we were prepared to sell them North American Eagles deposited in Buenos Aires against Swiss Francs, with guarantee of free export for 3 years, renewable, which was especially permitted by the Argentine Government in the conditions of their Decree No 29,741 and the corresponding clauses.
 - (3) The Credit Suisse inform us, by cable on the 4th. instant, that the negotiations referred to have come to no favourable result and add that you have informed them that you could not accept gold without the guarantee that same could be used for payment of Argentine goods destined for Switzerland in the immediate future.
 - (4) The Credit Suisse declare further that they are disposed to accept subject to approval of their Directorate, American Eagles for the equivalent of Swiss francs 10 million, under the conditions indicated in our telegram of the 17th. January, to be applied to the partial cancellation of the Treasury Notes, and suggest that for the remaining 30 million Swiss Francs, we should communicate directly with you in order to obtain this sum.
 - (5) In view of this information from the Credit Suisse, please note that we are prepared to guarantee (always subject to the approval of our Government whom we are consulting to-day) that the gold which we may deliver under this operation may be freely used for the payment for Argentine Goods destined for Switzerland in the immediate future.
 - (6) Kindly inform us if, under these conditions, you are disposed to supply the amount of Swiss Francs which we need to retire the Treasury Notes, against gold which we shall deposit "earmarked" in your name in Buenos Aires.

Please reply by "urgent" cable. 103941

BANCO CENTRAL DE LA REPUBLICA ARGENTINA.

Liv. Fin 14915

CR 541

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BYRON PRICE, Director.

is necessary to prosecution of the war. In no case should it be widely distributed, or copies made, or the information used in legal proceedings or in any other public way without express consent of the Director of Censorship.

BYRON PRICE, Director.

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RG 84
Entry BUENOS AIRES
EMBASSY 4/4
File 851
Box 52

REPUBLICA ARGENTINA
DEPARTAMENTO DE CAMBIOS

Buenos Aires, 5 de febrero de 1944

Banque Nationale Suisse
CENTRALSUISS - Zurich

Tenemos el agrado de confirmar a Vds. nuestro cable

de la fecha, cuyo texto es el siguiente:

(SLAVE)

Number 41,

Pay to Crédit Suisse, Berne:

Swiss Francs 10,487.09, in favor of Oscar Oneto Astengo,
Argentine Embassy, Rome;
" " 1,232.87, in favor of Miguel Angel Cullen,
Argentine Legation, Budapest;

Pay to Banque Fédérale, S.A., Geneva:

Swiss Francs 590.62, in favor of Jorge Max Rohde,
Argentine Embassy, Vatican City,

all above under advice by cable, by order of Ministerio
de Relaciones Exteriores y Culto. Less charges.

BANCO CENTRAL

103942

Saludamos a Vds. con la mayor consideración.

BANCO CENTRAL DE LA REPUBLICA ARGENTINA

Liv. Fin 114915

CR 54

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BYRON PRICE, Director.

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RG 84
Entry BUENOS AIRES
File 851
Box 52

818 words

PARAPHRASE OF TELEGRAM RECEIVED FROM DEPARTMENT
Received February 2, 1944, 9 a.m.

SECRET

C

AMEMBASSY

BUENOS AIRES

US URGENT - 185 - February 1, 5 p.m.

In answer to your recent telegram on German banks we have the following information:

The Banco Germánico de La América del Sud was subjected by the Mexican Government to the provisions of the decree law which governs enemy properties issued June 13, 1943. On that date control of its properties was taken by temporary agents in order to prevent dissipation of assets before the institution of a permanent plan of custodianship. When the bank's franchise expired the assets were frozen in blocked accounts in the Banco de Mexico and the Banco Germánico ceased to exist.

The Colombian Government reorganized the Banco Aleman Antioqueno early in 1942. About one-third of the shareholding of this bank was German. The Caja de Credito which is a government institution was appointed trustee of the blocked German holdings, except for a small portion which was owned by Germans in Colombia, the shares to be returned to the German owners after the war. The trustee was given about 40% representation on the board by this arrangement, and in addition it was stipulated that the trustee must be satisfied with the directors, personnel and all operation. Other features of the reorganization were a change in name to the Banco Commercial Antioqueno; the dismissal of undesirable personnel; and the restriction of transactions with blocked firms by requiring the approval thereof by the trustee.

857 / 158
7 9158 / 158

103943

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By NP NARA Date 910
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RG 84
Entry BUENOS AIRES
File 851
Box 52

- 2 -

... a recent examination of the bank files.
the trustee.

In October 1942 the Uruguayan Government subjected the Banco Aleman Transatlántico to intervention on the basis of investigations which were conducted by the Uruguayan "Commission Investigating anti-National Activities." The bank was placed under the complete control of the Uruguayan Banco de la República. The report of the Commission dated August 1942 established the bank's connection with the financing of subversive activities and we assume that you have, or can obtain, a copy of this report.

In October 1943 the Paraguayan Government intervened the Banco Germánico de la América del Sud. The report of the interventor of December 27, 1943 indicates that the profits over a period of years were immediately removed to the Banco Germánico at Buenos Aires. It is believed that the bank's records were either destroyed or forwarded to Buenos Aires prior to intervention. Most of the Proclaimed List accounts were transferred from the Banco Germánico to Asunción branch of the Banco de la Nación.

The Banco Alemão Transatlantico and the Banco Germanico da America do Sul were ordered immediately closed by the Brazilian Government on August 24, 1942. Licenses were revoked and interventors were appointed to proceed with the liquidation. The Axis personnel was summarily dismissed and barred from entering the premises. To replace the dismissed employees personnel was provided by the government-owned Bank of Brazil. By further decree provision was made for the re-employment by other banks of the officials who had not acted against national security. This re-employment applied indiscriminately to all the ex-officials regardless of their nationality and created an excellent impression by saving innocuous foreign employees from serious economic hardship. Some former financing of subversive activities is revealed by a

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by a recent examination of the bank files.

By a decree of the Chilean Government dated January 19, 1943 the Banco Aleman Transatlántico and the Banco Germánico declared in liquidation as of December 31, 1943; this liquidation to be carried out by the Superintendency of Banks. The intensive efforts by the banks to secure continued operations under the supervision of an interventor were unsuccessful.

The Banco Aleman Transatlántico was placed under the administration of the Peruvian Superintendency of Banks in September 1942. Since October 20, 1942 the doors have been closed to the public except for the settlement of obligations. The unfrozen deposits and the securities for safe-keeping were transferred to the Central Reserve Bank. Approximately one million soles in frozen deposits remained after this transfer.

We are airmailing further details.

HULL

Decoded: ldc

Original and 4 paraphrases typed: mrh
Original and paraphrase to: The Ambassador
Action paraphrase to: Mr. Bohan
paraphrase to: Files
Chronological

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Buenos Aires, Argentina, August 22, 1944.

No. 15807

Subject: Foreign Funds Control; Transmission of a Report of Investigation of Securitas, S.A., San Juan, S.A., and Stella, S.A.

CONFIDENTIAL

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to report that the Embassy has concluded its investigation of Securitas, S.A., San Juan, S.A., and Stella, S.A., three companies organized in Buenos Aires to hold European capital for the Swiss private banking house of Johann Wehrli & Company of Zurich and the clients of the latter. Reference is made to the Embassy's telegram No. 1332 of May 26, 3:00 P.M., 1944, and the Department's Instructions No. 5998 of July 1, 1944, and No. 5963 of July 25, 1944.

There is transmitted herewith a memorandum comprising an audit of the books of the three companies and findings of fact thereon, prepared by H.R. Kasper, an officer of the Embassy. The Financial Controls Section of the Embassy received valuable aid in its investigation from Mr. Kasper, who spent nearly one month's time at the office of the three companies in auditing their accounts and files. Mr. Kasper is proceeding to the United States on leave and will be available to officers of the Department for further discussion concerning the activities of the three mentioned companies.

An investigation of these companies was commenced by the Embassy when it and the British Embassy first ascertained that the Alien Property Custodian had vested 514 of the outstanding stock of the American Wine Company of St. Louis, Missouri, because the majority block of stock of that organization was really owned by the Hensell family of Wiesbaden, Germany. The wife of the German Foreign Minister, Joachim von Ribbentrop, is a member of that family. The report stated that 120,000 shares belonging to the Hensell family appeared under the ostensible ownership of the Combined Industrial Corporation of Delaware and that 10,000 shares were transferred at the instructions of Johann Wehrli & Company to the ownership of Securitas, S.A., of Buenos Aires, although the shares were held by Haligarten and Company in New York.

The firm

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In reply refer to
File No. 840.51 Frozen Credits/12430A

EU AM
[Handwritten signature]

Bayer ~~MB~~
Wason -
Woodford -

DEPARTMENT OF STATE
WASHINGTON
Hoguet
File
- Bd. C.

February 8, 1944

CONFIDENTIAL

MEASURES ADOPTED BY THE GOVERNMENTS OF THE
OTHER AMERICAN REPUBLICS TO CONTROL
AXIS COMMERCIAL AND FINANCIAL
ACTIVITIES.

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To

American Diplomatic and Consular Officers
in the Other American Republics.

Sirs:

Reference is made to the circular instructions
of April 2, 1942; July 4, 1942; November 10, 1942; and
June 24, 1943. There is enclosed for your information
a memorandum summarizing measures instituted by the
governments of the other American republics to control
Axis financial and commercial activities since the
circular instruction of June 24, 1943 and prior to
December 1, 1943, exclusive of controls concerning
United States currency.

Very truly yours,

For the Secretary of State:

DEAN ACHESON

Enclosure:

Memorandum.

Embassy or Consulate File No. 851.

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SUMMARY OF DEVELOPMENTS WITH REGARD TO
FINANCIAL AND COMMERCIAL CONTROLS
IN THE OTHER AMERICAN REPUBLICS
FROM CIRCULAR INSTRUCTION OF JUNE 24, 1943
TO DECEMBER 1, 1943

ARGENTINA

No new control decrees or laws have been adopted in Argentina since June 1, 1943.

BOLIVIA

The last circular instruction reported the promulgation of a new decree establishing the Economic Defense Board of Bolivia. Since that decree there have been promulgated Supreme Decrees no. 146 of May 13, no. 157 of May 20, and no. 246 of August 31, 1943. The first two decrees provide for the appointment of interventors and sub-interventors by the Economic Defense Board "in the industrial and commercial enterprises of Axis subjects" and enumerate the powers and duties of such officials. Decree no. 246 vests in the Economic Defense Board complete authority to enforce and administer all existing decrees which relate to the control of the funds, property, the activities, and intervention of the Axis subjects. Coupled with such authority is the power to issue rules and regulations and to recommend appropriate legislation.

BRAZIL

The period between June 1 and December 1, 1943 produced considerable development in the field of Brazilian local control legislation and administration. In July, at which time the administration of control laws was still in the hands of the Brazilian Economic Defense Commission, the government officially published resolutions nos. 78 and 82 relating to the procedure to be followed by liquidators.

Resolution no. 78 details an extensive procedure to be followed by liquidators. Within a month after assuming office, the liquidators are to submit to the Economic Defense Commission a full report on the financial condition of the organization being liquidated. The report is to contain not only a factual summary of the firm's status but also an estimate of the time which liquidation would require and suggestions as to how the liquidation process should be carried out. The resolution provides for public sale of the firm's assets and requires that the proceeds realized from such sale be used to liquidate the firm's indebtedness. There is elaborated in detail a system of notice to creditors and a procedure to be followed by creditors in filing claims. Any balance of funds remaining after the claims of creditors have been met is to be paid into the indemnization fund. The Economic Defense Commission is to be kept fully informed of the progress of the liquidation by means of monthly reports.

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Resolution no. 82 deals wholly with the mechanics of public sales provided for in resolution no. 78. The resolution specifies that bids made by interested parties in response to public notices calling for such bids must be accompanied by supporting documents relating to the identity and suitability of the bidder. Suitability of a purchasing group is to be determined by political, financial, and technical considerations. The bid accepted is to be that offering the most favorable price, the best guarantees of payment, and the best proofs of suitability. It is a noteworthy feature of this resolution that it requires that in the public notice or announcement calling for bids there be included a preference clause in favor of present owners of the property being offered for sale who are Brazilian born or who are naturalized citizens with a Brazilian wife or children. The Economic Defense Commission interprets this clause as applying solely to persons in actual possession of physical property. Preference is not to be given stockholders who are in possession of shares being offered for sale as enemy-owned property.

Decree law no. 5561 of July 14, 1943, under the provisions of which all the functions and duties of the Economic Defense Commission were transferred to the Bank of Brazil as special agent of the government, effected a basic change in the administration of Brazilian local controls. The Economic Defense Commission was abolished.

Transfer of administration to the Bank of Brazil has resulted in a large increase in the number of firms subjected to liquidation, reorganization, or nationalization. Most of the important names on the Proclaimed List have been thus marked for intervention by means of decrees providing for their liquidation. Although the decrees in most cases specify liquidation, the term is used broadly so as to give the Bank of Brazil authority to liquidate, nationalize, or reorganize as the requirements of each particular case demand, without requesting further authority from the Executive in each instance. Liaison between the United States Embassy and the Bank of Brazil is close and effective.

On October 13 the Bank of Brazil issued preliminary general instructions to liquidators of enterprises subjected to government intervention. These instructions reflect the intent of the director of exchange, who is the official in charge of the administrative activities carried on by the Bank of Brazil, to proceed as rapidly as possible with the liquidation or nationalization of important enemy firms. Liquidators are required to familiarize themselves with the exact situation of the firm, formulate an inventory of its properties, prepare a balance sheet, and within thirty days after their appointment to office to submit a report containing an opinion as to the best manner of accomplishing liquidation, together with reasons and support of such opinion.

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The interests of the local economy are to be taken into consideration in this respect. The Bank of Brazil is then to determine the manner in which liquidation is to be carried out. Until a decision on the manner of liquidation has been reached, ordinary commercial activities of the firm are to be reduced to a minimum. Functions of the liquidators are to be under the close scrutiny of the Bank of Brazil, provisions being made for the keeping of complete minute books in which shall be entered every matter of importance relating to the liquidation. Liquidators are required to submit to the Bank of Brazil a monthly letter summarizing the past month's activities and containing extracts of entries made in the minute books during the past thirty days. The Embassy has expressed its intention to license all transactions which seem reasonably necessary for the continuance of current business activities of the firm under liquidation both before and after the Bank of Brazil renders its decision as to the precise form the liquidation shall take.

Another particularly important decree law, no. 5777, was published officially on October 26. This law supplements prior control measures, particularly the important basic law no. 4807 of October 7, 1942, in that it gives the Bank of Brazil authority to determine administratively the persons and enterprises to be subjected to the measures provided for by decree law no. 4807. This law would seem to eliminate any doubt that the Bank of Brazil may administratively control or take other measures, short of actual liquidation or expropriation, in respect of properties and rights and interests in Brazil of persons or firms which it determines should be subjected to the Brazilian control measures. Under its provisions the Bank of Brazil also acquires increased discretion in the handling of patents and trademarks. The Bank of Brazil is authorized to suspend liquidation if objectionable persons connected with the firm transfer their proprietary interest in that firm to approved parties.

Another law of some interest is a measure published on September 12, 1943, providing that life insurance policies of Italian insurance companies, together with the assets necessary for the conversion of the reserves of the contracts, shall be transferred to an organization known as Instituto de Previdencia e Assistencia dos Servidores do Estado, which is to be under government supervision.

CHILE

An enabling act empowering the President of Chile to take appropriate measures to implement the resolutions of the Rio and Washington Conferences has been passed by both houses of the Chilean Congress and now awaits the President's signature.

COLOMBIA

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COLOMBIA

The Colombian Government now has the authority to liquidate firms not necessary to the national economy and to nationalize properties that are necessary. This new authority is derived from Decree no. 1207 of June 18 and is confined to enemy firms and properties that are under the fiduciary administration of the Colombian Government. In this connection it will be recalled that only interests owned by Axis nationals may be placed under fiduciary administration in Colombia.

Under the new decree the Government's decision to liquidate a firm will be published in the Diario Oficial. Failure on the part of the owners to complete the firm's liquidation within four months from the date of the publication will result in a fine of 100 to 10,000 pesos on two occasions at intervals of fifteen days. If it is not completed after the imposition of such sanctions the fiduciary administrator, together with the Banking Superintendent, will carry out the liquidation. Any assets that should remain under fiduciary administration after liquidation of the firm will be delivered to the Stabilization Fund for that purpose.

Under Decree no. 1207 the Colombian Government, in conjunction with the Committee of National Economy, may require the nationalization of properties by expropriation for the following reasons of public utility and social concern: (1) the protection of Colombian capital invested in those properties; (2) the promotion of enterprises that affect the national economy and the protection of such enterprises in their operations against the measures of belligerent nations; (3) the fulfillment of the Republic's international commitments, particularly Resolution 5 of the Conference of Chancellors at Rio de Janeiro; (4) the prevention of commercial or financial transactions by nationals of Axis or Axis-occupied territory that would be detrimental to the security of Colombia or any country in the Western Hemisphere; and (5) the nationalization of foreign industries in order to make use of the raw materials and natural resources of the country. When the nationalization of particular properties has been agreed upon with the Colombian National Economic Defense Board, the Government will order the expropriation. A copy of the resolution ordering expropriation will be directed to the Attorney General so that he may institute the expropriation suit in the proper court. After the sum of the compensation has been fixed, this amount will be deposited by the Government in the Stabilization Fund and invested in bonds.

Decree

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Decree No. 1233 of June 22 improves the earlier controls of Colombia in the following important respects:

- a) A foreigner possessing property in Colombia now has the burden of establishing his nationality. Failure to do so may result in the issuance of a resolution placing his property under fiduciary administration. The resolution may later be modified upon presentation of satisfactory proof of non-participation in Axis activities and of residence in other than an Axis or Axis-occupied country.
- b) By special resolution the Ministry of Finance and Public Credit may in its discretion consider a national of an Axis or Axis-occupied country to be a domiciliary of Colombia for the purposes of Colombian controls.
- c) Finland, Rumania, Hungary, Bulgaria, Albania, Free City of Danzig and the Baltic Countries are added to the list of countries considered as occupied by the Axis powers.

The new decree also strengthens existing decrees by relieving the fiduciary administrators of any responsibility for claims arising from the administration and prohibiting actions for restitution and an accounting against the administrators by the owners of the property; by defining more clearly the extent of the administrator's authority and powers with reference to the administration of the property; by providing for the imposition of fines against persons evading or assisting in the evasion of the decrees; and by providing that enterprises doing business in Colombia and which on December 8, 1941, were liable to nationals of Axis or Axis-occupied territory for an amount greater than the capital with which such enterprises were functioning in Colombia, can also be placed under fiduciary administration.

Decree no. 1668 of August 25 extends the regime of fiduciary administration to properties apparently belonging to non-Axis interests in cases where the Colombian Government has reason to believe that the properties actually belong to hidden owners whose property is liable to fiduciary administration under the requirements of existing decrees. This improvement is most important because heretofore it has been impossible for the Colombian Government to exercise control over those entities that have managed to conceal their enemy character behind the screen of technical or legal ownership by nationals of other than Axis or Axis-occupied countries.

Decree no. 1668 also subjects to fiduciary administration assets which in the opinion of the Government have been transferred for the purpose of evading compliance with Colombian controls; expands the powers of fiduciary administrators to permit the liquidation of credits payable to persons whose assets are under fiduciary administration

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even though such credits have no fixed date of payment; and authorizes the Ministry of Finance and Public Credit to invest the profits of enterprises under fiduciary administration in the acquisition of their own stock, when such action may be contemplated in the respective statutes.

In August the Colombian Superintendent of Banks issued a statement in the press to the effect that the value of the assets of Axis nationals under the fiduciary administration of the Colombian Government amounts to approximately 65,000,000 pesos.

COSTA RICA

Since the adoption by Costa Rica on December 16, 1942 of an expropriation law reported in the last circular instruction, subsequent decrees have been issued amending and supplementing this law and establishing regulations governing the procedure to be followed in connection with the auctioning and adjudication of enemy property after expropriation. One of these decrees clarified the effect of the expropriation decrees by providing that such decrees completely eliminate every right or interest of the former owners of the property without prejudice to whatever compensation might be due him under the established rules. Another decree authorized the Executive Branch to take out mortgage certificates on properties expropriated under law no. 26 and to offer such certificates as guaranty or collateral for any credit operation which it might be advisable to effect. Decree no. 44 of June 1 provided that all previous expropriation decrees issued under law no. 26 should include not only real estate but all property on the expropriated mills and farms. The decrees had made specific mention only of property registered in the "Public Register" thus creating an ambiguity since personal property located upon registered realty is not included in the "Public Register", and the enactment of decree 44 clarifies this point.

In October the Costa Rican Congress enacted another amendment to the expropriation law introducing two modifications:

- (1) In cases where the property fails to be sold at auction on the basis of their appraised value, the government is authorized to deposit in the blocked account of the former owners an amount of Defense Bonds equal to the value of the property declared by the former owners to the tax authorities.
- (2) In order to avoid further delay in the auction proceedings, it is provided that every incident

motion,

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motion, or judicial action whatever its nature, will be heard and decided independently of the auction proceedings and will not be allowed to effect the course of the latter in any way. This amendment was adopted because of delays previously caused by the obstructionist tactics employed by the former enemy owners of the property.

Almost all of the large agricultural and industrial enemy properties in Costa Rica have been expropriated and it is hoped that steps will now be taken with regard to commercial enterprises. So far no enterprises of the latter type have been expropriated since the law provides for expropriation when necessary to restore properties to business activities and the result of this provision has been to regard only those properties and businesses which are directly involved in foreign trade and whose trade has been cut off because of Proclaimed List and other restrictions as properly falling within the expropriation power provided by the law.

CUBA

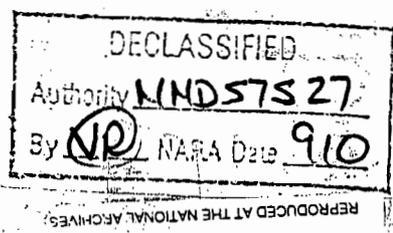
To implement further the resolutions of the Inter-American Conference on Systems of Economic and Financial Control, the Cuban Government enacted decree no. 1621 of May 28, 1943 extending the authority of the Cuban Enemy Property Custodian to nationals of enemy-occupied territories. The decree authorized the Custodian to exclude certain persons from the effect of the decree by resolution specifically and individually rather than by general license. After some administrative difficulty with respect to the exclusion of certain groups of satisfactory persons, eventually bringing protests from the diplomatic representatives of the nationals adversely affected, the Custodian began in August to act with promptitude and to release certain categories of persons known to be satisfactory from the controls of the decree.

A resolution of the Custodian dated October 25, 1943 established governmental administration over a Proclaimed List national who is a Cuban citizen by naturalization. Although the action was taken at the request of the Proclaimed List national, it may henceforth be difficult for the Custodian to deny legal authority to institute controls over other Cuban citizens similarly listed but not requesting administration.

With respect to the control of patents and trademarks, a welcome resolution dated August 26, 1943 of the Cuban Enemy Property Custodian strengthened and revalidated the Custodian's hitherto lax control over patents and trademarks owned by the enemy and seized by the Cuban Government. The resolution had as its apparent purpose the acquisition of complete information concerning all marks and patents seized, and to this end required that their holders deliver to the Office of the Custodian certain documentation evincing the character of the marks and patents. The

Director

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Director of Customs was also requested to deny entrance to merchandise covered by these marks without particular authorization. It is believed, in this connection, that it is not the Custodian's intention to prohibit the importation of American perfumery bearing seized French marks.

DOMINICAN REPUBLIC

The Dominican Republic promulgated decree no. 1321 on August 6, 1943 providing that aliens residing outside the country having property within the Republic from which they receive periodical income from the lessees or otherwise may withdraw from the country only 30 per cent of such income. The decree provides that the remaining 70 per cent shall be deposited to their accounts in the depository bank of the Government, such deposits being available for investments in the Dominican Republic or for any other purpose that the Executive deems advantageous to the national economy. This decree is made effective during the present state of war and is obviously a measure primarily designed to stabilize the financial position of the Government rather than an economic warfare measure directed against the Axis. The Secretary of the Treasury of the Dominican Republic has stated that all legitimate needs for returns in excess of 30 per cent will be recognized and in all probability accommodated.

Enemy-owned patents and trade-marks are controlled by Law no. 336 of July 23, 1943 under which all registries of patents and marks belonging to enemy countries and the nationals thereof or to persons or firms within enemy-occupied territory are suspended for the duration. Regular users of such marks in neutral or allied countries may apply for provisional registrations but after the termination of the war the suspended marks are to be returned to the owners upon the presentation of claims and the determination of ownership by the Executive Power. Consequently there are opportunities for the preservation of an existing good will through provisional registration, and even the preservation of monopolistic rights returnable after the war.

A current survey of the thirty-eight Proclaimed List firms and persons in the Dominican Republic reveals that they can be reduced by combining related firms and persons to twenty-two entities of which ten have been eliminated by liquidation or deportation and twelve continue to maintain establishments. Of the twelve, three are under control of the Dominican Government, three are no longer engaged in commercial activities, four have lost almost all of their business, and two remain in a somewhat curtailed state.

ECUADOR

The Ecuadoran Vesting Decree

On June 11, 1943, Decree No. 854 providing for a more strict control of Axis properties and commercial activities in Ecuador was promulgated. This decree

supplements

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supplements Decree no. 171 which still remains the basic guide to the freezing of funds. The most significant thing about the new decree is that it provides for vesting and forced sale. The new decree law contains the following provisions:

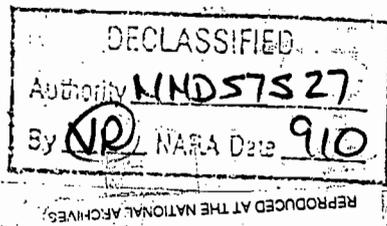
- (1) Control of Transactions and Contracts: The Minister of Finance is empowered to suspend, limit, or prohibit acts, transactions, or contracts as he deems convenient of persons included in the Proclaimed List, or of subjects or nationals of countries which may be at war with an American nation, or of those who may aid the war or commercial activities of said countries.
- (2) Vesting: The Minister of Finance is authorized to vest, administer, liquidate, or transfer any goods, property or business belonging to any of the persons above enumerated and to issue with respect to said goods, property, or business such measures of control or security as he may deem necessary.
- (3) Self-financing: The Minister of Finance is empowered to collect from the goods, property, or businesses concerning which the foregoing measures may be taken, or from the products of the same, whatever expenses may be involved in the execution of those measures.
- (4) Administration of the Decree: The Minister of Finance is charged with the execution of the decree and may appoint for each individual case, or may designate in a general manner, the official or office authorized to carry out the provisions of the decree.
- (5) Finality of Actions and Protection of Persons Associated Therewith: The actions done in compliance with the decree will not be cause for any action of harm, damage, defeasance, or annulment.
- (6) Doubtful or Unforeseen Cases: Any doubtful or unforeseen cases which may arise in relation to the execution of the decree are to be decided by the Minister of Finance.
- (7) Inconsistent Provisions Abrogated: All provisions which are opposed to the decree are abrogated thereby.
- (8) Penalty: Any violation of the provisions of the decree, or of its regulations, and any obstacle placed in the way of its execution may be punished with a fine of from 1,000 sucres to 100,000 sucres (sucre equals approximately fourteen to a dollar), which will be collected by force if necessary, and cannot be paid with blocked funds unless no other funds are available.

regulations for Administration of Vesting Decree:

- (1) Establishment of Controls: Delegation of Authority: Right of Appeal:

Under

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Under date of July 28, 1943, regulations for the administration of Decree No. 854 of June 11, 1943, were issued by the Minister of Finance creating in the Ministry of Finance a Control of Blocked Properties under the direction of a Director General to whom the powers and authority conferred upon the Minister by the Decree are delegated, with a right of appeal, from the decisions of the Director General to the Minister of Finance.

(2) Financing of Control: In addition to providing for the general administrative duties of the Director, the regulations direct the Central Bank of Ecuador to deduct from the various blocked accounts three percent of the balance on a date to be fixed by the Minister of Finance, and to deposit this sum in a special account to cover the expenses of administration of the control of blocked properties. The same three per cent deduction is applicable to new accounts and new deposits.

(3) Committees of Blocked Funds: The two committees of blocked funds established in accordance with the provisions of Decree no. 171 are both made subject to instructions from the Director General and he is given the duty of reviewing the work of the committees and the activities of Proclaimed List and other firms to determine the compliance being made to Decrees no. 171 and 854.

(4) Interventors: Interventors to manage and conserve the property are provided for by the regulations. The duties of the interventors are set forth in detail and may be summarized as follows:

- a) To inspect and guard the blocked property.
- b) To conserve and protect the assets.
- c) To require and examine the company files.
- d) To collaborate in making a valuation of the property.
- e) To cancel pending orders if necessary.
- f) To carefully inspect all payments.
- g) To discharge any employee and to employ others with the previous authorization of the Director General.
- h) To report to the Director General at least once a week.
- i) To notify creditors to present their claims within a limited period in order that the interventor or the Director General may determine the validity of the debts and pay them with funds from the blocked accounts.

The interventor obtains exclusive control and custody of the business by presentation of a letter from the Director General, and it is provided that such control and custody shall remain in the hands of the interventor as agent of the Director General, until the transfer is decided upon.

(5) Experts

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(5) Experts and Valuation of Property: The regulations provide for Experts whose principal duty is the valuation of property prior to disposition. The expert, after making an inventory, must prepare a tentative valuation. The expert, the interventor, and a representative named by the owners of the property, consider this valuation, and the approval of two of the three responsible persons is sufficient to determine the valuation. In case of a disagreement the dissenting opinion must be submitted in written form attached to the report of the expert to the Director General. The Director General, in consultation with the Minister of Finance, reserves the right to accept the valuation submitted or to revise it. Parenthetically, it may be mentioned that the same person may hold the position of interventor and expert.

(6) Transfer of Blocked Properties: Any sale of property pursuant to Decree No. 854 is to be made with preference to Ecuadoran citizens and in the following manner:

Upon receipt of the aforesaid valuation, the Director General is to determine the manner of transferring ownership and if he deems it convenient he shall notify interested persons to submit bids within a fixed time. Determination as to whom the sale shall be made is delegated to the Minister of Finance who is directed to take into account the relationship of the price offered to the valuation, the relation, if any, between the bidder and persons or activities inimical to continental security, as well as any other considerations deemed pertinent.

After the sale is completed, the proceeds, less any administrative expenses and amounts necessary to pay off company debts, are to be deposited in a blocked account in the Central Bank of Ecuador in the name of the former owner of the property.

It is provided that the title thus acquired from the Minister of Finance shall be valid and legal.

Patents and trademarks are expressly included in the regulations as property subject to sale pursuant to Decree No. 854.

(7) Prohibition of Business Transactions Pending Transfer: The Director General with previous approval of the Minister of Finance may suspend all operations of any firm subject to control pending the initiation of transfer or sale measures and prohibit any voluntary liquidation of the business.

Administration of Vesting Decree

The greatest difficulty with regard to the administration of the vesting decree at the outset was the lack of administrative personnel and procedure. When the General

Director

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Director of the Control of Blocked Properties had been appointed and regulations for the administration of the decree had been adopted and the Blocked Property Control proceeded with the actual work of vesting and forced sale, pressure was immediately exerted by persons with political connections on behalf of the Axis owners of the intervened enterprises in an effort to forestall vigorous action by the Blocked Properties Control. In spite of such pressure the Blocked Properties Control has made substantial progress toward eliminating the spearheads of Axis penetration in Ecuador.

The two Blocked Funds Committees established in February 1942 to administer the freezing decree resigned and on September 4, the duties of the two committees were transferred to the Blocked Properties Control with every prospect for a far more adequate application of the freezing decree than was in force under the two committees.

On October 27, 1943, the Director of the Control of Blocked Properties inserted a public notice in the newspapers of Ecuador warning the public that all commercial transactions carried on with persons whose names appear on the Proclaimed List which are not authorized in advance by the Blocked Property Control are null and void under the terms of Ecuadoran Decree No. 854.

GUATEMALA

The last circular instruction stated that it had recently been reported that the Guatemalan Government was planning to effect the expropriation of Proclaimed List firms in Guatemala through the presentation, after the war, of claims against the Axis for an amount in excess of the value of the Proclaimed List properties in Guatemala. The former German owners could then look only to the German Government for compensation. However, Executive Decree no. 3978 of October 22, 1943 expropriated as a public necessity all of the property and appurtenances of the German-owned Verapaz Railway on behalf of the nation. This Railway system had been intervened by the Guatemalan Government in December 1941. It is felt that the expropriation of this Railway, while apparently an isolated act, might be indicative of a change in the Government's plans.

The Guatemalan Government has enacted several decrees with respect to the products of properties owned by Proclaimed List nationals and intervened by the Banco Central. Decree no. 3049 of June 15, 1943 established a special war tax on the exportation of cinchona bark, honey, and beeswax derived from the fincas of blocked nationals or persons appearing on the Proclaimed List. On June 21 the Guatemalan Government increased the special tax on sugar produced on these fincas from Q 0.25 per quintal to Q 1.50 per quintal. Both of the above decrees

provided

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provided that the Banco Central will receive a certain portion of the tax as commission and service charge.

Decree no. 3051 of June 16, 1943 provides that the collection of the special war tax on the export of coffee produced on intervened Proclaimed List fincas will hereafter be assessed on the production of said coffee and collected even though the coffee enters the domestic market. This extended the application of the previous decrees to all coffee produced on Proclaimed List fincas intervened by the Banco Central whether this coffee is exported or enters the domestic market.

As a result of these decrees and previous ones on the same subject and in view of the Guatemalan Government's indication that credit balances from the 1941-42 crop year will be used to offset debit balances during the 1942-43 crop year, it is felt that the danger of large balances accumulating to the credit of Proclaimed List nationals as a result of purchases from the intervened properties has been obviated.

HAITI

Decree Law no. 261 of February 12, 1943 modified Decree Law no. 259 of February 4, 1943 by establishing a procedure of sale for sequestered real property which provided in general for a sale at public auction of all sequestered real property at a minimum price to be fixed by the Secretary of State for Finance. This Law was modified in turn by Decree Law no. 267 of April 28, 1943 eliminating the qualification of real property and providing for the public sale of all sequestered property generally.

Decree Law no. 289 of July 1, 1943 provided that the Secretary of State for Finance with the approval of the Counsel of the Secretaries of State might sell sequestered properties by private contract when a minimum bid had not been submitted at the public auction.

Under broad powers the interested agencies of the Haitian Government have been able to dispose of numerous Axis properties.

HONDURAS

No new control decrees or laws have been adopted in Honduras since June 1, 1943.

MEXICO

There have been no substantial changes made since June 24, 1943 in the Mexican measures of control over Axis financial and commercial activities. As of this date the Junta de Administración y Vigilancia de la Propiedad Extranjera was administering seventy coffee

plantations,

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plantations, four other plantations, twenty-five hardware stores, eleven chemical and pharmaceutical businesses, sixteen manufacturing concerns, forty-six commercial concerns, seven social entities, and seventy-nine other types. These enterprises possessed capital assets amounting to 106,150,681.83 pesos, and during the fiscal year of June 15, 1942 brought a return equivalent to 18.18 per cent of the capital.

In the operation of vested firms the Junta de Administracion has strictly prohibited vested firms subject to its management and deleted from the Proclaimed List from having any business dealings of any character with the Proclaimed List firms or persons in Mexico or elsewhere, even though the Proclaimed List entity in Mexico has been vested by the Mexican Government. The Mexican Foreign Office does not have the legal authority to require a Mexican citizen to furnish an undertaking not to deal with Proclaimed List firms, and consequently the prohibition has not been extended to other firms deleted from the Proclaimed List but not vested, or to firms and persons whose names have never been included in the Proclaimed List. On the other hand when a Proclaimed List person voluntarily presents himself before the Mexican Foreign Office seeking its assistance in securing the deletion of his name from the Proclaimed List, the Mexican Foreign Office can and does obtain a satisfactory undertaking.

With respect to persons discharged by the Mexican Government from vested firms, the Junta de Administracion maintains a continual observation of their commercial activities and banking operations so that their subsistence allotments can be reduced proportionally or discontinued altogether as their income from other sources increases. In addition the Secretaria de Gobernacion keeps itself informed concerning the activities of the persons considered dangerous, and all individuals who might be considered enemy aliens because of their nationality or German birth or German parentage are required to remain within certain specified areas from which they may move or travel only with permission.

NICARAGUA

The Nicaraguan Government has enacted a bill providing for the expropriation of the property of enemy nationals and the National Bank of Nicaragua is making provisions for its enforcement. The Decree which became effective September 8, 1943, is based on Costa Rican Law No. 26 which was reported in the last circular instruction on this subject.

The

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The Decree authorizes the expropriation of properties, enterprises, or businesses belonging to persons or companies subject to control because of the present war in order to obviate the danger and injury which the Nicaraguan economy would suffer from the paralyzation, lack of production, deterioration or ruin of the properties. The following types of businesses were declared to be subject to expropriation:

- (a) Properties, enterprises, or businesses of any kind whose owners are not in the country and have not left an authorized attorney with ample power to represent them.
- (b) Those whose deterioration may be injurious to the national economy because of the nature of articles or products produced by them or because of the unemployment which their paralysis, deterioration or ruin would bring to Nicaraguan workers.
- (c) Those which are operated at a loss or which are difficult to operate because of the owners' lack of capital or available means sufficient to maintain them in profitable production.
- (d) Those which can not be commercially operated or can not export their products because their owners are on the Proclaimed List.
- (e) Stocks and interests in any company if their ownership by affected persons is detrimental to the national economy or results in unemployment for Nicaraguans.

The decree provides that within at least twenty days from the date on which it becomes effective the National Bank of Nicaragua will transmit to the Ministry of Hacienda and Public Credit a list of the properties which in its opinion fall in the above categories together with a list of the affected persons to whom such properties belong. The Ministry of Hacienda will initiate appropriate proceeding and the Executive Power at the end of the period for submitting evidence, if it finds reason therefor, will issue the appropriate expropriation decree.

Native Nicaraguan nationals are excepted from the above-mentioned provisions but are subject to the article which provides that properties belonging to affected persons which are not to be expropriated will be administered exclusively by the Nicaraguan Government through the medium of the National Bank. It is stated, however, that the National Bank "may execute over them the intervention which it deems necessary or convenient according to its own judgment." It will be noted that this last provision affords opportunity for native Nicaraguan

citizens

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citizens to escape the controls imposed by this law.

The Decree establishes the procedure to be followed in appraising and auctioning the expropriated property. In the case of real estate a deed of sale is to be delivered to the successful bidder after the price has been tendered in cash. In case of personalty a certified copy of the record of sale is stated to be sufficient title. In the event that bids covering the appraised value are not made at the auction, the Executive Power will deposit with the National Bank of Nicaragua defense bonds equal to the appraised value and the Treasury shall be regarded as the purchaser of the property.

Standards established for purchasers of the property correspond to those established by the Costa Rican Law and similar provisions are also made for the division of the proceeds of sale and other funds belonging to the affected persons into "controlled funds" and "frozen funds", the frozen funds to be invested in defense bonds.

Upon the effective date of the Decree the Government of Nicaragua through the medium of the National Bank is to take exclusive charge of the administration of all of the properties, rights, securities, and enterprises or businesses of any kind belonging to affected persons, in order to administer exclusively the properties which are not to be expropriated and to administer the properties to be expropriated during the period prior to expropriation.

In order to provide for the administration of the decree a "Consulting Commission on Controlled Properties" was created consisting of the Minister of Hacienda and Public Credit, the Minister of Foreign Relations, the General Manager of the National Bank of Nicaragua and an attorney appointed by the Minister of Hacienda. Deeds or contracts executed by affected persons without the authorization of the Consulting Commission are declared null and void in Nicaragua.

The decree provides for a capital tax to be imposed on the assets under the control of the Bank upon a scale graduating from 1/2 of 1 per cent to 3.25 per cent.

PANAMA

No new control decrees or laws have been adopted in Panama since June 1, 1943.

PARAGUAY

No new control decrees or laws have been adopted in Paraguay since June 1, 1943.

PERU

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PERU

Supreme Decree of April 10, 1943, mentioned in previous circular instructions, provided that all properties of Proclaimed List nationals not transferred to Peruvians in accordance with the provisions of Laws no. 9586 and no. 9592 (Peruvian control laws) by May 31, 1943 were to be expropriated by the State. On May 20, 1943, a decree was promulgated containing the regulations for the application of the decree of April 10. These regulations provide, among other things, that the expropriation shall be declared by Presidential decree. The Minister of Finance issued a resolution on June 7, 1943 to the effect that the businesses which the Government had ordered sold at auction in accordance with appropriate Presidential decrees, and which also should be sold because of their condition, should be considered expropriated for the purposes of Presidential decrees of April 10 and May 20.

By Decree of June 7, 1943 a Department of Expropriations was created in the Superintendency of Economy to fulfill the new activities which were to be exercised in the application of the expropriation decree of April 10.

On July 10 the President issued a decree prescribing the duties of the Prefects of the various Departments with regard to expropriation in territorial sections not within the Department of Lima and the Constitutional Province of Callao.

A Supreme Resolution dated August 28, 1943 declares that no responsibility will be incurred by firms which take into their service former employees of companies which have been subjected to the restrictions imposed by Laws no. 9586 and no. 9592 when such employees are of Peruvian nationality. As there has never been any discrimination against Peruvian employees of Proclaimed List firms unless they were known to have acted as cloaks and as no prospective employer in Peru has ever been discouraged from engaging an employee who formerly worked for a Proclaimed List firm, the Resolution merely restates conditions as they exist.

A Supreme Decree dated October 22, 1943 provides that so long as Laws no. 9586 and no. 9592 remain in force, the municipalities of the republic may grant licenses only to Peruvians by birth, or juridical entities constituted by them, for opening businesses in premises formerly occupied by enterprises of persons subject to the laws cited.

The administration of Peruvian controls has been hampered by the ineffectiveness of the intervention

system

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system. The basic difficulties being slowness, collusion by numerous interventors with the enemy forces, a tendency on the part of most to prolong their tenure of office and their extraordinary salaries, pressure of Germans and Japanese through friends, families, and politicians, and competition among Peruvians for certain of the Axis enterprises. These irregularities became so pronounced and extensively known throughout Peru as to casue the resignation of the Council and Superintendent of Economy. Subsequently, on the twelfth of August, an energetic Superintendent of Economy of strong democratic convictions was appointed.

A new project was submitted to the Chamber of Deputies on August 19, 1943, providing that all transfers of Axis firms should be made to their Peruvian employees. The Ministry of Finance was requested by the Chamber of Deputies to make no further transfers of properties which might be affected by this project pending the Chamber's final action on the project. On September 18, the Chamber of Deputies revoked the motion to suspend transfers.

In an effort to correct some of the deficiencies of the interventor system, a ministerial resolution of September 6, 1943 reduced the salaries of several interventors. For the specific purpose of revitalizing the controls program for Peru, two new officials known as assistants to the Minister of Finance have been appointed, and the Council of Economy and the Superintendency of Economy have been reorganized.

EL SALVADOR

The Salvadoran Government is proceeding with the sale of Proclaimed List commercial enterprises under the laws of March and June 1942. However, the Government has indicated that it is reluctant to proceed with the sale of real estate since it feels that the Salvadoran Constitution contains prohibitions against such action. Editorials recently appearing in a Salvadoran newspaper discussed the legal status of real estate belonging to Axis nationals in El Salvador and stated that properties owned by such persons should be taken over by the Government and sold, presumably at public auction as in the case of retail businesses. Mention is made of a proposed law which the Executive Power sent to Congress on the subject.

URUGUAY

No new control decrees or laws have been adopted in Uruguay since June 1, 1943.

VENEZUELA

VENEZUELA

A new decree no. 241 of November 9, 1943 has expanded the emergency powers of the Federal Executive in Venezuela to include the expropriation, forced liquidation and forced sale of property under specified circumstances. The Ministries of Interior, of Foreign Relations and of Finance are charged with carrying out the purposes of the decree. The Consultative Commission is abolished and in its place is created a Control Commission of Properties Subject to Intervention in the Ministry of Finance to consist of five members appointed by the President. The decrees of December 11 and 16, 1941, and decree no. 166 of July 25, 1942 are specifically rescinded.

Articles 2, 3, 4 and 7 of the new decree re-enact the provisions of the decree of December 11, 1941 (see Department's circular instruction of April 2, 1942).

Articles 5, 6 and 8 re-enact the provisions of the decree of December 16, 1941 (see Department's circular instruction of April 2, 1942).

Article 11 re-enacts the provisions of Article 5 of Decree no. 166 of July 25, 1942. It provides that in order to facilitate its operation, the Control Commission of Properties Subject to Intervention is authorized to obtain data and advice from all official agencies as well as data from private individuals and enterprises. Such data are to be considered confidential and for use only in the attainment of the purposes of the decree.

The Banco Central de Venezuela and its branches will continue the administration of licensing as heretofore, but the Superintendent of Bank's authority over matters of intervention will be continued only until such time as a new resolution is issued on the subject.

The new emergency powers of the Federal Executive are enumerated in Articles 9 and 10. Article 9 empowers the Federal Executive, whenever national or continental security requires, to deal with property of any kind which is owned, is in the name of, or in which an interest is held by the governments or nationals of States at war with any American country, or by persons or entities domiciled or residing in territories occupied by such states, in the following ways:

- a) Place such property under a system of fiduciary administration with special regulations to be issued for the purpose. All rights and actions of the property owner will be exercised exclusively by the fiduciary agent or agents, who shall represent the owners fully, whether in a lawsuit or otherwise. For all action other than

general

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general administration, the fiduciary agent or agents shall obtain prior authorization from the Federal Executive, under penalty of having such action completely invalidated.

- b) Declare the acquisition of such property by the Venezuelan Government to be a matter of public necessity, such declaration to be followed by appropriation to public use before payment of due compensation, and by the institution of expropriation proceedings. Awards of indemnity will be fixed by experts and, if the Federal Executive so orders, will be subject to the blocking provisions of Articles 3 and 6 of the decree. They may also be invested in the manner set out in subdivision (e) of Article 9.
- c) Order such enterprises to proceed with the dissolution and liquidation of their business.
- d) Order the transfer of such property belonging to persons of foreign nationality or to naturalized Venezuelans who have arrived in the country after January 1, 1934, or whose application for citizenship is dated after January 1, 1939, to persons offering sufficient guarantees for the object sought by the decree.
- e) Order that funds frozen pursuant to the provisions of the decree for an indefinite period in banking institutions selected by the Federal Executive, may be invested upon petition by the interested party, the fiduciary agents or by special disposition of the Federal Executive itself in bonds of public revenue of Venezuela or other securities issued or guaranteed by the state.

Article 10 provides for the establishment of the Control Commission of Properties Subject to Intervention which is charged with the formulation within thirty days of rules of procedure governing the provisions of Article 9; the execution, after approval by the Ministries of the Interior, of Foreign Affairs and of Finance, of decisions reached under the decree; the recommendation to the Federal Executive of persons or entities to be appointed as fiduciary administrators; the recommendation to the Federal Executive of other measures which appear to be necessary in the interest of national or continental security or economy; the study of all problems related to the application of paragraph numbered 2 (concerning the protection of local economies against harm from war-time financial and commercial controls) of Recommendation V adopted at the Third Meeting of the Ministers of

Foreign

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Foreign Affairs of the American Republics; and any other function that the Federal Executive may delegate to it in connection with the enforcement of the decree. The members of the Commission were appointed by a resolution of the appropriate Ministers issued on November 10, 1943.

The Venezuelan Government has already expropriated an important enterprise pursuant to the provisions of Decree no. 241. In its Decree no. 246 of November 13, 1943 the Venezuelan Government declared the acquisition of the Gran Ferrocarril de Venezuela, a vital railroad owned by a German-controlled holding company in Spain, to be a matter of public necessity and took over its operation even though due compensation has not been paid and expropriation proceedings have not been completed.

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Buenos Aires, Argentina, February 15, 1944.

No. 15893

Subject: Foreign Funds Control: Transmitting a List of Exchange Houses and Currency Dealers in Buenos Aires, In Reply to Treasury Enforcement Reference Argentina No. 30 and Treasury Investigative Request Argentina No. 44.

STRICTLY CONFIDENTIAL

The Honorable
The Secretary of State
Washington.

Sir:

I have the honor to refer to the Department's instruction No. 4599 of July 21, 1943, and enclosed Treasury Enforcement Reference Argentina No. 30 concerning United States currency in Argentina, and to Department's instruction No. 4822 of August 31, 1943 and the enclosed Treasury Investigative Request Argentina No. 44 concerning black market currency dealers in Argentina.

The principal exchange houses in Buenos Aires, together with their addresses, are listed as follows:

- | | |
|-------------------------|---------------------------|
| Agencia Bristol | Avenida de Mayo 700 |
| Agencia Puente Hermanos | San Martin 202, Sarmiento |
| Jacques Behar | 399, Av. de Mayo 682 |
| Benvenuto & Cia. | San Martin 298 |
| M. Camara & Cia. | 25 de Mayo 273 |
| E. Cordido | Cangallo 318 |
| Casa Bua | Av. de Mayo 838 |
| Exprinter | Cangallo 470 |
| M. Fernandez Rivas | Galeria Guemes |
| Fernandez y Moscoso | 25 de Mayo 316 |
| V. Fontan & Cia. | Av. Corrientes 400 and |
| Gonzalez Hermanos | San Martin 312 (INCO) |
| Hector Granata | Reconquista 144 |
| J. Grandi & Cia. | Av. de Mayo 691 |
| F. L. Longo | Reconquista 344 |
| J. A. Marinelli | Rivadavia 2400 |
| J. Martinez Fandino | Piedras 111 |
| J. B. Mazzola | Ene. Mitre 3002 |
| Domingo Mena | Corrientes 418 |
| Nasi Hermanos | Av. de Mayo 1464 |
| Manuel Nunez | Av. de Mayo 1282 |
| Pascual Hermanos S.A. | Corrientes 1471 |
| Jose Romero | Cangallo 409 |
| Jose Siciliano | San Martin 264 |
| Juan Soldini | Av. L. N. Alem 384 |
| Spataro & Giannini | Cangallo 302 |
| Vaccaro | Alm. Brown 1437 |
| Zabalza, Juan | Pueyrredon 1053 |
| Casa Luran | Av. de Mayo 628 |
| | Brasil 1009 |
| | Sarmiento 342 |

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Most of the foregoing houses engage in the business of buying and selling U.S. dollar bills to some extent, and although some of them refuse to engage in this business, others have expressed a willingness to buy or sell more than is allowed by the Argentine laws. We refer especially to Fernandez & Moscoso, who recently offered to sell our informant \$200 U.S. dollar bills regardless of the fact that under the Argentine regulations the firm is required to sell only \$50 dollars to each person and at the time of making the sale is required to make a notation of the transaction in the passport of the purchaser, inasmuch as the sale of such currency is supposed to be limited to persons intending to travel to the United States and who need U.S. currency to defray traveling expenses incident to the trip. We were recently advised that Exprinter refused to sell dollar bills to an American citizen who desired to purchase \$50 dollars for use while making the return trip to the United States.

The business of buying and selling dollar bills in these exchange houses fluctuates from day to day and from person to person. Some of them comply with the strict letter of the law, while others pay as little attention to the regulations as possible. The last Central Bank circular which was issued pertaining to the subject, and which restricted sales to 50 dollars per person and required an endorsement in the passport of the purchaser showing the date and amount of the sale, did much to control the traffic in dollar bills in these shops. These exchange houses are required to make reports to the Central Bank of all sales of dollar bills, and this has had a good effect upon controlling the market. However, we do not wish to go on record as representing that the business of buying and selling dollar bills by these exchange houses is completely under control by the Central Bank, because we believe that this is not the case.

It has been and still is most difficult for us to obtain an entirely accurate picture of the local traffic in U.S. currency because so much of it is done in secret, and because the individual exchange houses have become overly cautious and take little if any chances in disposing of or in purchasing dollar bills. We do not believe that even Fernandez & Moscoso is openly selling more than 50 dollars per person at the present time, as we have no evidence to that effect and for that reason do not recommend the blocking of the firm. Of course Pascual Hnos. S.A. is already on the list of Special Blocked Nationals.

We believe that the traffic in U.S. dollar bills has been reduced to a considerable extent during the past six months, as we have received fewer and fewer reports pertaining to this subject as the months have gone by. At one time the arrival of a ship from Spain caused an immediate reaction in the market value of dollar bills. However, we have not noticed any such reaction in the market during recent months with the coming and going of the various Spanish ships which have touched at Buenos Aires.

From time

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From time to time we have received reports that various individuals living in Buenos Aires have been engaged in buying and selling dollar bills, but these reports have been most difficult to substantiate. For example, one Raul Leon reported to the Embassy that a person by the name of Humberto Ernesto Farmer, Victoria 3083, apartment 2-C, had \$15,000 USCy. in 100 dollar bills, and that he was willing to sell them for 3.20 for each dollar. A further investigation of Mr. Farmer revealed that he lived with his wife and daughter and that he is a citizen of the United States who has lived in Argentina for the past 28 years. He is 70 years old and was a theatrical agent in Argentina until 1939, at which time he had a very serious stomach operation and has been in very ill health ever since. He is reported to have undergone another operation about two years ago. His daughter is a nurse and has worked for the last five years in the Ramos Mejia hospital in Buenos Aires for a salary which has been reported to be 65 pesos (about \$15 USCy.) per month. He is supposed to live on this small income which his daughter earns. We have not been able to confirm the report that he is in possession of any U. S. currency, and the conditions in which he lives would seem to refute the report.

Other persons who have been reported to be engaged in the U.S. currency traffic are Ernesto Fuleki, Dr. Salvador Kibrik (special blocked national, mentioned in Treasury Investigative Request Argentina No. 39 and Treasury Enforcement Reference Argentina No. 59, and Embassy's despatch No. 12023 of September 18, 1943), and Alfonso Nantillo (a Proclaimed Listed individual). We also have information that Rodolfo Arturo Fenner-Achenbach (a Proclaimed Listed individual), has also been engaged in buying and selling dollar bills. The military attache's office has advised us that information regarding this subject which has been developed by such office is substantially as follows:

Fenner was born in Germany on March 2, 1893, and took out Chilean citizenship in 1932. He has an Argentine cedula of identity issued November 28, 1938. He sometimes signs his name as Arturo F. Accenbac. His first wife was named Maria Koerner. A few years ago he was married a second time to Chipita Lio, and lives with his second wife at Rodriguez Peña 523, 6-B, Buenos Aires. He gives his business address as Av. R. S. Peña 637, which is the location of the firm Exportadora Americana S.R.L. He is reported to have a criminal record in that he is said to have attempted to swindle Dr. Arturo Alessandri and others in Chile, and is said to have been expelled from that country on the charge of being a member of the German gestapo. It is reported that there are also several criminal charges against him in Argentina. It is reported that he often visits the German Embassy and is suspected of espionage and propaganda in favor of totalitarianism.

The Embassy has not been able to develop any evidence substantiating the report that the individuals mentioned in Treasury Enforcement Reference Argentina No. 30 have engaged in the business of buying or selling

dollar

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dollar bills in this country, but our investigation in that respect will be continued.

We are in accord with the Department's suggestion contained in the last paragraph of Treasury Investigative Request Argentina No. 44, that the Federal Reserve Bank of New York should monitor all dollar check transactions in which the exchange dealers mentioned herein have an interest, in order that the proper surveillance of the use of dollar credits may be maintained.

A complete report on the transactions of Pasual Hnos. involving the purchase and sale of dollar checks has heretofore been made by the Embassy in our despatch No. 13822 of February 9, 1944, to which we refer.

Respectfully yours,

For the Ambassador:

Merwin L. Bohan
Counselor for Economic Affairs

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A true copy of
the signed original.
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File Copy

Buenos Aires, Argentina,

No. 13920

February 18 1944

Subject: Foreign Funds Control. Transmitting
Central Bank Circular No. 351.

STRICTLY CONFIDENTIAL

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to the Embassy's strictly confidential despatch No. 13756 of February 4, 1944, and to enclose a translation of Circular No. 351 issued by the Exchange Department of the Central Bank of the Argentine Republic.

As the Department is aware, there have been no measures blocking the accounts of persons resident or domiciled in Argentina regardless of nationality or regardless of their activities in relation to the war. As a matter of fact, the president of the Argentine Republic in a statement to the press shortly after the break of relations, indicated that no measures would be taken against the citizens of Germany and Japan resident in Argentina or their property. Central Bank Circular No. 349 blocked all operations in the accounts of persons resident in Germany, Japan, and territories dominated by them, unless previous authorization was obtained from the Central Bank. The present circular has the effect of relaxing the provisions of such circular. It is possible that the Central Bank was flooded with applications for licenses to effect many transactions which they did not consider inimical and which they felt could be handled by general authorization. The present circular allows income from cash, bonds, securities, annuities accruing in the country (Argentina), rents, and other incomes from property, to be deposited in accounts held in authorized institutions by persons domiciled in Germany, Japan, and territories dominated by them. Furthermore, it allows withdrawals in peso accounts of persons resident or domiciled in Germany, Japan, and territories dominated by them, when the funds are to be transferred to the same name in another authorized institution and to cover payments for cabling, taxes, duties, bank commissions, and current expenses arising from property held in the country if the administration of such property is in the hands of the authorized institution in which the account is maintained. Furthermore, the purchase in the National Exchange of National,

351 General

Provincial

103973

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Provincial or Municipal bonds is allowed, provided that they are deposited in the name of the person whose account supplied the funds for such purchase. It will be noted that daily reports of the operations permitted by Circular No. 351 are required.

The Embassy would not be critical of the circular in question if it were indicative of a comprehensive property control of the Central Bank which included vesting and liquidation of property as well as internal blocking of those persons who are engaged in activities inimical to the defense of the Hemisphere. However, as stated above, the Argentine Government has not enacted a comprehensive system of property control but rather has limited such control to the severing of commercial and financial relations between Argentina, Germany and Japan, and territories dominated by them (see despatch No. 13756 of February 4, 1944). If the Argentine Government does not follow through with an appropriate property control which would include vesting, the present circular helps refugee capital from enemy countries to remain here unmolested. Suppose, for example, that Goering had funds in Argentina. Pursuant to the subject circular, these could be invested in National, Provincial and Municipal bonds which without doubt are a good investment and yield a good return. On the other hand, if his funds were invested in property, the banking institution administering such property is authorized to keep it in good repair and credit his account with the income derived from such property. It would seem that the effects of the circular could be summed up as follows: The circular releases the Central Bank of an administrative burden in passing on license applications for transactions which they might consider normal commercial transactions; however, unless the Argentine Government enacts a comprehensive property control scheme (of which there is no indication), then, the circular has relaxed the control established in Circular No. 349 and Circular No. 350 transmitted to the Department with Embassy's strictly confidential despatch No. 13756 of February 4, 1944.

Respectfully yours,

For the Ambassador:

Merwin L. Bohan
Counselor for Economic Affairs

Enclosure:
No. 1 - Translation of
Circular No. 351.

Original and hectograph to Department.
File No. 851
JHM:ek

A true copy
of the signed
original

103974

File Copy

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Enclosure No. 1 to Despatch
No. 13920 from American
Embassy, Buenos Aires, Arg.

CIRCULAR No. 351
Exchange Department

CENTRAL BANK OF THE ARGENTINE REPUBLIC

Buenos Aires, February 9, 1944.

TO INSTITUTIONS, BROKERS, AND EXCHANGE HOUSES AUTHORIZED
TO OPERATE IN EXCHANGE

We take pleasure in writing to you with reference to our Circular No. 349 of January 27, 1944, in which we advised you that by reason of Decree No. 1875/44 of the Executive Power, concerning the suspension of all commercial and financial interchange with Germany, Japan, and the territories dominated by those nations, there also remains suspended the authority granted to the authorized institutions to directly effect receipts (credits or deposits) and disbursements (debts or withdrawals) in accounts maintained open in your books in the name of real or juridical persons residing or domiciled in the above mentioned nations and territories.

You are advised that this Bank has resolved to annul authorizations granted in previous circulars, with the exception of the following operations, which the authorized institutions may continue to enter in their books without obtaining, in each case, previous permission:

Receipts (credits or deposits) in peso accounts opened in the authorized institutions in the name of holders residing or domiciled in Germany, Japan, and territories dominated by those nations.

When the amount to be credited is realized from the following sources:

- a) Income or interests on deposits in cash, bonds, or securities located in the authorized institutions, in the name of the holder of the account;
- b) Pension or annuity granted in the country to the holder of the account, and
- c) Rents or leases of properties in the country owned by the holder of the account, whose administration is handled by the respective authorized institution.

Disbursements (debts or withdrawals) in peso accounts opened in the authorized institutions in the name of holders residing or domiciled in Germany, Japan, and territories dominated by those nations:

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CIRCULAR N° 353
Buenos Aires de 1910

- 2 -

When the funds are destined:

- a) To be deposited in the name of the same depositor in another local authorized institution;
- b) To cover payments and expenditures in the country as follows:

Expenses of cabling and postage, taxes, duties, banking commissions, and

Current expenses arising from property in the country, owned by the holder of the account, whose administration is handled by the respective authorized institution.

- c) To purchase, in the Stock Exchange, National Public, Provincial or Municipal bonds, always provided that such bonds are deposited in the name of the actual holder of the account, who provided the funds.

All other credits or debits which do not strictly comply with the stipulations indicated, require a prior authorization by this Bank.

The authorized institutions will please advise us daily of any operations whose execution they may authorize in accordance with conditions established in the present circular, using the customary forms (Nos. 235 and 237).

We remain, very sincerely yours,

CENTRAL BANK OF THE ARGENTINE REPUBLIC

(Signed)

E. Grumbach

Tr:ek

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Herman
CIRCULAR N° 351
Departamento de Cambios

BANCO CENTRAL DE LA REPUBLICA ARGENTINA

Buenos Aires, 9 de febrero de 1944.

A LAS INSTITUCIONES AUTORIZADAS PARA OPERAR EN CAMBIOS

Tenemos el agrado de dirigirnos a Vds. con referencia a nuestra circular N° 349, de fecha 27 de enero ppdo., por la que les comunicamos que a raíz del Decreto N° 1875/44, del Poder Ejecutivo Nacional, sobre suspensión de todo el intercambio comercial y financiero con Alemania, Japón y territorios dominados por esas naciones, quedaban también en suspenso las facultades concedidas a las Instituciones autorizadas, para registrar directamente ingresos y egresos de fondos en las cuentas que mantienen abiertas en sus libros a nombre de personas visibles o jurídicas, residentes o domiciliadas en las mencionadas naciones y territorios.

Informamos a Vds. que este Banco ha resuelto dejar sin efecto las facultades acordadas por circulares anteriores con la sola excepción de las siguientes operaciones, que las Instituciones autorizadas podrán continuar registrando en sus libros sin requerir, en cada caso, permiso previo:

Ingresos de fondos (créditos o depósitos) en las cuentas en pesos, abiertas en las Instituciones autorizadas a nombre de titulares residentes o domiciliados en Alemania, Japón y territorios dominados por esas naciones.

Cuando el importe que deba acreditarse provenga de los siguientes conceptos:

- a) Renta o intereses de depósitos en efectivo, títulos o valores constituidos en las Instituciones autorizadas, a nombre del mismo titular de la cuenta;
- b) Jubilación o pensión acordada en el país al titular de la cuenta, y

- // -

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Circular N° 351 (D. de C.)

- 2 -

- c) Alquileres o arrendamientos de inmuebles situados en el país de propiedad del titular de la cuenta, cuya administración esté a cargo de la respectiva Institución autorizada.

Egresos de fondos (débitos o retiros) de las cuentas en pesos, abiertas en las Instituciones autorizadas a nombre de titulares residentes o domiciliados en Alemania, Japón y territorios dominados por esas naciones.

Cuando los fondos se destinen:

- a) A depositarlos a nombre del mismo titular en otra Institución autorizada local;
- b) A efectuar pagos o gastos en el país, de acuerdo con el siguiente detalle:
- Gastos de cable y franqueo, impuestos, tasas y comisiones bancarias, y
 - Gastos corrientes originados por inmuebles situados en el país, de propiedad del titular de la cuenta, cuya administración esté a cargo de la respectiva Institución autorizada.
- c) A adquirir, en la Bolsa, títulos públicos nacionales, provinciales o municipales, siempre que dichos valores se depositen a nombre del mismo titular de la cuenta, que provee los fondos.

Todo otro crédito o débito que no responda estrictamente a los conceptos indicados, requerirá indefectiblemente la autorización previa de este Banco.

Las Instituciones autorizadas se servirán informarnos diariamente sobre las operaciones cuya ejecución autoricen de acuerdo con lo establecido en la presente circular, utilizando los formularios de práctica (Nos. 235 y 237).

Saludamos a Vds. muy atentamente.

BANCO CENTRAL DE LA REPUBLICA ARGENTINA

Provincial

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EU
CONFIDENTIAL

May 25, 1944
11:00am

AMERICAN
EMBASSY
BUENOS AIRES
RECEIVED
JUN 1944
FILE NO. 851

CIRCULAR AIRGRAM TO ALL AMERICAN MISSIONS
IN THE OTHER AMERICAN REPUBLICS
(EXCEPT BRAZIL AND CHILE).

Information has been received by the Department from time to time indicating that enemy capital from Europe and capital belonging to Axis and Proclaimed List nationals in the other American Republics is being invested by means of various subterfuges in property and enterprises located in the American Republics. These investments are sometimes made through the agency of local firms or individuals known to lack the financial capacity to make such investments for their own account.

The widespread employment of these practices would operate to defeat the purposes of local controls and of our economic warfare program. Accordingly, you are requested to investigate the extent, if any, to which such investments are being made in your jurisdiction, and to forward promptly by airmail despatch to the Department whatever information may be available.

Hall

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By NP NARA Date 9/0
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RG 84
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EMBASSY 4/4
File 851
Box 52

MEMORANDUM

To: Mr. Crosby
From: Mr. Windham
Subject: Department's Circular Airgram re:
Axis Capital invested in Latin
America.

I remember reading a memorandum which you wrote some time back regarding investments in cédulas of the Banco Hipotecario here in Argentina where the cédulas were delivered up, I believe, in Switzerland, destroyed there, and new ones issued here.

I also have in mind investments made through Securitas here and investments in gold coins. Do you have in mind any other types of investments here which might be commented on in answering Department's circular airgram of May 25, 1944, copy of which is attached?

I will appreciate your returning the attached copy of airgram to me with any comments you might have as soon as possible, as I would like to get our answer off without delay. Thanks.

CAW

C. A. W.

Buenos Aires
June 6, 1944
CAW:ek

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By NP NARA Date 910
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(COPY)

CONFIDENTIAL

May 25, 1944

11:00 a.m.

CIRCULAR AIRGRAM TO ALL AMERICAN MISSIONS
IN THE OTHER AMERICAN REPUBLICS
(EXCEPT BRAZIL AND CHILE)

Information has been received by the Department from time to time indicating that enemy capital from Europe and capital belonging to Axis and Proclaimed List nationals in the other American Republics is being invested by means of various subterfuges in property and enterprises located in the American Republics. These investments are sometimes made through the agency of local firms or individuals known to lack the financial capacity to make such investments for their own account.

The widespread employment of these practices would operate to defeat the purposes of local controls and of our economic warfare program. Accordingly, you are requested to investigate the extent, if any, to which such investments are being made in your jurisdiction, and to forward promptly by airmail despatch to the Department whatever information may be available.

Hull

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FILE COPY

BANCO de la NACION

Buenos Aires, Argentina, September 15 1944.

No. 16074

Subject: Transmittal of a Memorandum on the Banco de la Nación Argentina and Banco de la Provincia de Buenos Aires.

SECRET

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to transmit a memorandum on the two blocked Argentine banks, Banco de la Nación Argentina and Banco de la Provincia de Buenos Aires.

Respectfully yours,
For the Chargé d'Affaires ad interim


David C. Berger
First Secretary of Embassy

851.67

Enclosures:

1. Memorandum on Banco de la Nación Argentina and Banco de la Provincia de Buenos Aires, with attachments.
 1. Photographic copy of Memorandum on Banco de la Provincia.
 2. Photographic copy of Memorandum on Banco de la Nación.
 3. Balance sheet Banco de la Provincia.
 4. Copy letter from Commercial Attaché, American Embassy, Asunción.
 5. Statement from Banco de la Provincia.
 6. Translation of statement.
 7. List of Officers and Directors of subject banks.

DVR:ms 
File No.

103982

Original and Hectograph to Department.

A true copy of the signed original.


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FILE COPY

MEMORANDUM CONCERNING BANCO DE LA NACION ARGENTINA
AND BANCO DE LA PROVINCIA DE BUENOS AIRES.

The purpose of this memorandum is to provide a report on the above mentioned banks since the memoranda thereon dated November 19, 1942.

The case regarding each bank will be discussed separately hereafter with a comprehensive and chronological report of intercepts, memoranda, conversations, and notes from the Embassy's files concerning the adverse acts of each bank. However, before discussing specific circumstances wherein these banks have engaged in transactions with persons or firms on the Proclaimed List or in which they have had transactions with enemy territory, the Embassy desires to point out that since the date when these banks were named as Special Blocked Nationals, the Banco de la Provincia has endeavored consistently to cooperate with the Embassy in regard to its exchange transactions and, furthermore, this bank has attempted since that date to curtail its Proclaimed List loans and overdrafts. In many specific instances the Bank has consulted with the Embassy before engaging in any transaction that might possibly be deemed inimical.

Mr. Tintoré, Assistant Foreign Exchange Manager of the Banco de la Provincia, has submitted a statement of the amounts of the Bank's loans, deposits, and overdrafts to Proclaimed List persons and firms. The statement is transmitted herewith.

Mr. Tintoré's explanation as to the amount of overdrafts and loans still existing is that since Pearl Harbor the Banco de la Provincia has maintained the rule not to extend any further credits to Proclaimed List firms or persons; that it has diminished its accounts consistently until this date, but that the figures today are high in as much as many firms were included in the Proclaimed List who are clients of the bank and who had pending transactions at the time of inclusion. He further stated that several times the bank felt forced to give credit to Proclaimed List contractors doing government work.

The statement shows that on December 31, 1941, there were outstanding 6,613,000 pesos of loans and overdrafts to Proclaimed List entities, and that as of August 1944, the amounts of loans and overdrafts totalled 5,564,700 pesos. The statement further shows that loans and overdrafts to Proclaimed List firms have been reduced since December 31, 1941, in the amount of 3,158,100 pesos. This represents 15% of its total investments, which according to the Bank's figures amount to more than 524,000,000 pesos. The statement of the Banco de la Provincia's deposits show that 4,336,653 pesos are deposited in the names of Proclaimed List entities. This represents 1/2 percent of the Bank's general deposits, which are approximately 863,125,000 pesos.

Mr. Tintoré

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Mr. Tintoré indicated that he believed the Directors of the Bank would be willing to sign any form of undertaking recommended by the Department and the Treasury in order to be unblocked. He has also submitted a statement of which a copy in translation is submitted, discussing the bank's position in regard to its being designated as Special Blocked National.

The President of the Banco de la Provincia is now Rodolfo Alzaga Unzué. Its former Pro-Nazi President, Dr. Matias Sánchez Sorondo, is no longer connected with the bank.

On the other hand, a summation of the findings against the Banco de la Nación Argentina discloses that this institution has consistently ignored and flouted the Proclaimed List of Certain Blocked Nationals. This bank has at no time ever attempted or indicated the slightest desire to cooperate with the Embassy in its Economic Warfare program.

A letter from the Embassy at Paraguay states that the Manager of the Asunción branch of the Banco de la Nación Argentina admitted quite frankly to the Commercial Attaché that the branch there still received and held accounts with Proclaimed List firms. The Banco de la Nación Argentina by its attitude of ignoring the Proclaimed List, merely reflects the policy of the Argentine Government. The fact that the Banco de la Nación is, as its name signifies, a Governmental owned entity of the Argentine Nation requires that consideration be given by the Department to the political aspects and repercussions that would be caused by Proclaimed List action. Such action in the Embassy's opinion also would produce antagonism on the part of the Argentine public in general. The onus for the bank's present attitude rests squarely on the Argentine Government and as it is apparent that the Argentine Government has not the slightest intention of recognizing the Proclaimed List, it could not be expected that the Banco de la Nación Argentina would have any different policy.

There is transmitted herewith a copy of the letter of the Commercial Attaché at the Embassy in Asunción, dated August 31, 1944, in which it is stated the opinion of the Embassy in regard to the status of the Branch of the Banco de la Nación Argentina in Asunción.

Following are the specific notations on each bank commencing with:

1) Banco de la

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1) Banco de la Nación Argentina

On September 4, 1942, the Central Bank of Argentina forwarded a statement to the Embassy showing the outstanding accounts.

On November 27, 1942, it was reported that the firm Thyssen Lametal (PL) was indebted to the Banco de la Nación Argentina, Banco Español, Banco Tornquist, Banco Avellaneda, and Banco de la Provincia, in the sum of 3,800,000 pesos.

On December 8, 1942, the Embassy was informed by Maurice Tavit, Victoria 851, Buenos Aires, that he learned from a conversation with a member of the staff of the Banco de la Nación Argentina that the Yokohama Specie Bank had ample funds deposited in the Banco de la Nación Argentina.

TRI FIN 3357/43. Letter dated December 31, 1942, from Swiss Bank correspondent in Zurich, to Banco de la Nación Argentina, confirms writer's instruction to addressee to pay 4,933.40 pesos to Count SERSBY of the Hungarian Legation, Buenos Aires, by order of the Budapest bank. Also letter dated December 29, between same parties requesting Banco de la Nación Argentina to pay 59.50 pesos to Jose Berti & Compania, Buenos Aires, by order of Patent Agents in Milan, Italy.

index to argentin

January 4, 1943. Letter under that date to Herwin L. Bohan, American Embassy, Buenos Aires, from Duwayne G. Clark, Commercial Attaché, quoting statement by an employee of the Banco de Asunción:

"It is our definite and distinct understanding that the Banco de la Nación Argentina does not consider a firm on the Proclaimed List as being under any prejudice whatsoever. The contrary, in effect, is true for it has been reported to me several times that representatives of the Argentine Bank have actively solicited the accounts of firms on the Proclaimed List, assuring them that everything possible will be done to facilitate business relations for them with Argentine exporters."

INT. SJ 12685, January 15, 1943. On July 1, 1942, Schweizerische Bankgesellschaft, Zurich,

wrote

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wrote to the Banco de la Nación instructing them to pay Sucesores Muchal & Company (PL), Buenos Aires, 243.10 pesos, stating payment was ordered by Eugen Harsanyi of Budapest.

indirect to Argentina

INT. TRI FIN 15352/42. On May 15, 1942, Istituto Nazionale Per I. Cambi Con L'Est Erc, Rome, wrote Banco de la Nación a message covering purchase of Swiss francs by writer from addressee against Argentine pesos for remittance to Banco Della Svizzera Italiana, Zurich (PL).

indirect

Memorandum from the Financial Controls Section, dated February 24, 1943, showing that Siemens Schuckert (PL) has deposited checks for collection in the Banco de la Nación.

In a memorandum dated February 27, 1943, the Embassy asked Central Bank why the firm of Ernst & Compañia of Switzerland, gave instructions to Rodolfo C. Sommer (PL) to deposit securities which he had in his possession in the Banco de la Nación, in the name of the Banque Nationale Suisse. The Central Bank stated the securities entered Argentina December 2, 1941, from Switzerland. The application to deposit the securities with the Banco de la Nacion was granted by the Central Bank.

On March 28, 1943, Cabildo contained an advertisement of 1/8 page for Banco de la Nacion.

June 16, 1943. Financial Controls Memorandum by Mr. Mann of Embassy stating he was informed that the Banco de la Nacion had given the lion's share of its insurance to La Germano Argentina. Later Dr. Prebish of the Central Bank informed Mr. Simon of the British Embassy that the insurance would be taken care of and taken away from La Germano Argentina.

June 19, 1943. Note from the British Embassy advising that on May 15, 1943, the Banco de la Nacion wired the Credit Suisse, Zurich, as follows:

"273 Charge our account and credit \$140,000 to the account of the Banco Germanico de la America del Sud de Buenos Aires."

On May 4, 1943, the Banco de la Nacion instructed the Credit Suisse, Zurich, to debit their account and pay 10,000 Swiss francs to the credit of the account of the Banco Germanico, Buenos Aires.

June 30, 1943. Letter from Embassy, Asunción, dated June 30, stating that Cesar Conigliaro has opened an account in the Banco de la Nacion Asunción

branch

branch since his inclusion in the Proclaimed List, and that lately Ferreteria Universal S.A. (PL) has opened an account there.

Despatch No. 10832, July 3, 1943, reporting a loan by Banco de la Nación of 3,000,000 pesos to the Banco Frances e Italiano (PL).

Letter Ministry of Economic Warfare, London dated July 27, 1943, informed Mr. Simon of the British Embassy, that Intercept LIV. FIN 1045157, shows that on May 28 the Banco de la Nación instructed the Credit Suisse to pay 10,000 Swiss Francs to the Swiss Bank Corporation, Zurich, for the account of the Banco Frances e Italiano (PL) Buenos Aires.

INT. LIV. FIN 104156, according to letter Ministry of Economic Warfare, dated July 30, 1943, confirms the telegraphic payment orders from Banco de la Nación to the Credit Suisse, Zurich. The confirmations are dated February 12 and 13th, 1942. The communication which pointed out that there might be a typist's error in the year, gave the information for the payment orders including the following:

- a.) On February 12, 900,000 Swiss Francs to the Banca Svizzera Italiana, Zurich, for account of Isteambi, Rome. ✓ X
- b.) On February 13, 700,000 Swiss Francs to the Banca Svizzera Italiana, Zurich, for account of Isteambi, Rome. ✓ X
- c.) On February 13, 80,000 Swiss Francs to Swiss Bank Corporation, Switzerland, for account of Banco Frances e Italiano.

Memorandum of D. Skelton, dated September 21, 1943, stated that the Manager of Calera Avellaneda, S.A. (PL) told him that he was getting credit for his company at the Banco de la Provincia and Banco de la Nación.

INT. CR FIN 781. (Note from British Embassy, dated Nov. 6, 1943,) from Banco de la Nación to Banco de la Republica, Bogota, Colombia letter dated September 3-4/1943, in which writer acknowledges receipt of following cable sent by addressee September 2-3, 1943. "Advise payment 50,000 Argentine pesos Quimica Bayer, S.A. Examiner's note shows that from CR FIN 695 on July 19, 1943, the writer paid identical amount to Quimica Bayer, S.A. (PL).

CR FIN 446

*Indirect
to
Italy*

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CR FIN 446 shows that on June 18, 1943, writer paid 150,000 Argentine pesos to Quimica Bayer, S.A. (PL) and at the same time acknowledged receipt of addressee's cable dated June 18, 1943, authorizing writer to pay Quimica Bayer, S.A. Argentine pesos 50,000.

CR FIN 120 shows payment of 100,000 Argentine pesos to Quimica Bayer, S.A. by writer on April 24, 1943.

Despatch No. 13339, Foreign Funds Control, December 28, 1943, transmitting copies of intercepted cable messages concerning the transfer of Argentine pesos in the Banco de la Nacion, Buenos Aires, upon instructions from Tokio. *direct*

Memorandum of Mr. Weiss dated February 4, 1944, stating that during the course of a personal and informal conversation with Mr. Servente, one of the managers of the Banco de Italia y Rio de la Plata, it was learned that the Italian Bank refused to undertake any further operations with Felice Frasca (Ist. Cambi P.L.). Both the Banco de la Nacion and Banco de la Provincia immediately sought business.

SJ FIN 13779. Letter dated March 15, 1944, from Banco de la Nacion to Credit Suisse, in which senders state that in reference to addressees' complaint of not having received the credit advice for a transfer of Argentine pesos 52,000 made by Banque Federale, Zurich, they confirm their advice of November 28, 1942, informing addressees that they had credited the latter's account with Argentine pesos 51,967.50, net proceeds of a payment made by Banco Francés e Italiano Para la America del Sud, Buenos Aires (PL) by order of Banque Federale, Geneve.

SJ FIN 15088. Letter dated March 20, 1944, from Union de Banques Suisses, Zurich, to Banco de la Nacion, advising of bank transactions between Bulgaria and Argentina through Swiss Bank, stating that December 29, 1943, credit in the amount of 3,486.00 Swiss Francs was received from Banque Credit Bulgare, Sofia, Bulgaria. March 17, 1944, 2,795.90 Swiss francs credit received from Legation Royale Bulgare, Buenos Aires. *indirect*

SJ FIN 14845, dated March 31, 1944 from Credit Suisse, Zurich, to Banco de la Nacion, Zurich, contains credit advice stating that Union de Banques Suisses, Zurich, has credited addressees with Swiss Francs 70,000 by order of Banco Aleman Transatlantico, (PL) Buenos Aires.

July 24, 1944. The issue of Cabildo Proclaimed List newspaper of that date contained a 3/4 page advertisement of the Banco de la Nacion.

The Proclaimed

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The Proclaimed List Newspaper El Federal for July 23, 1944, had a 1/3 page advertisement of the Banco de la Nación.

July 27, 1944. Letter from the American Embassy, Montevideo, transmitting a translation from German of a letter dated July 17, 1944, from Eugenio Huber, Argentina (PL) to Jost Tegtmeier (PL) Manager of the Banco Aleman Transatlántico, Montevideo, which reveals that Huber's firm is manufacturing tiles and, even though on the Black List, has received an order of 250,000 pesos for glass tiles for a new building of the Banco de la Nación in Buenos Aires.

Colin Woodford

Despatch No. 2010 from the Embassy at Asunción dated April 25, 1944, discloses the activity of the Asunción Branch of the Banco de la Nación. The Embassy states that the activities of the Branch in its opinion make it eligible for inclusion in the Proclaimed List, in that it has failed to recognize the Proclaimed List and as a result many of the leading firms on the Proclaimed List in Paraguay now maintain accounts in it. The Despatch states "that the Banco de la Nación has established a unique position in Asunción in as much as all of its accounts with Proclaimed List firms have been opened since the original publication of that list."

The Banco de la Nación is finishing construction on a magnificent Head Office building on the Plaza de Mayo in Buenos Aires. All of the metal, hardware, windows, were made by Klockner, S.A. The automatic stairways, elevators, etc. were made by Thyssen Lametal (PL). Siemens Schuckert (PL) furnished a good deal of the low tension apparatus and the polishing of the stonework on the outside of the building was done by Grysmya (PL).

September 1, 1944. Mr. Bohan, the Commercial Counselor of the Embassy, through a friendly officer of the Bank, was allowed to take a quick look at the accounts of the Asuncion Branch, as far as credit facilities are concerned. He noted as of July 31, 1944, 17 loans to Proclaimed List firms totalling 105,000 Paraguayan pesos, and other credits to Proclaimed List firms amounting to an additional 47,000 pesos, making a total of 152,000 Paraguayan pesos. The total loans of the Asuncion Branch are 4,800,000 Paraguayan pesos.

2) Banco de la Provincia.

As contrasted with the Banco de la Nación Argentina, has consistently, since it was designated a Special Blocked National on October 8, 1943, endeavored to cooperate with the Embassy. It has maintained a firm policy of

not

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not issuing any new credit facilities to any person or firm on the Proclaimed List.

The file on the Banco de la Provincia discloses the following infractions or suspected infractions of United States control laws thereon:

Postal Intercept NY 164289. February 1, 1943. Banco de la Provincia to Banque Commerciale du Maroc, Tangier, advising "We have today credited your account for the collection of your remittal No. 4553 charged to Banque Francés e Italiano p/ la America del Sud (Proclaimed List).

February 13, 1943. The following firm deposited checks for collection in the Banco de la Provincia:

- Dillenius and Company. (PL)
- Calera Avellaneda, (PL)
- Eduardo Retienne (PL)

British Postal Intercept BR W 4029. April 26, 1943, from Banco de la Provincia to Leu & Company's Bank, Ltd., Zurich. Enclosed with covering letter are 25 custody receipts Nos. 10947/71, all dated March 25, 1943, for various securities of US dollar issue, the majority of which pertain to enemy or enemy occupied countries. Covering letter states that the listed securities themselves will be received from Banco de la Nación. Some of the bond issues pertained to the Greek Government, the Kingdom of the Serbs, Croats, and Slovenes, the Kingdom of Bulgaria, Government of the French Republic, the City of Tokio, the Imperial Japanese Government, the Czechoslovakian State, Kingdom of Norway, and Kingdom of Rumania. *already*

June 2, 1943. A confidential memorandum discloses that the Japanese Embassy in Buenos Aires maintained an account with the Banco de la Provincia. *JS*

Memorandum, September 21, 1943, from Financial Controls Section, stating that Carlos von Bernard, Manager of Calera Avellaneda (PL) advised the Embassy he was getting credit for his company from the Banco de la Provincia, and Banco de la Nación. The Department was advised in Embassy's Despatch No. 12135, of September 25, 1943.

INT. SJ FIN 6743. A letter from Hicem, Lisbon, Portugal, to Sociedad de Proteccion a los Inmigrantes Israelitas, dated October 3, 1943. Senders state they are enclosing copy of a letter dated June 23, 1943, which they received from their Committee in Shanghai. The copy of the enclosed letter states the Yokohama Specie Bank has informed Hicem in Shanghai that through the following Buenos Aires Banks remittances *already*

could

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could eventually be received in Shanghai through their Tokyo Head Office. The Banks mentioned are Banco Central de la Republica Argentina, Buenos Aires, Banco de la Nacion Argentina, and Banco de la Provincia de Buenos Aires.

Memorandum from Warren D. Robbins, Officer of the Embassy, dated October 30, 1943, recording a conversation with Mr. Tintore, Assistant Head of the Banco de la Provincia's Exchange Department:

"Tintore gave me a list of payments effected by the Bank to Switzerland for account of Isteambi, Rome, and he claimed that no transfers had been made since December 7, 1941, or prior to Pearl Harbor." Tintore stated "that as a result of the commitment he had made to Mr. Cantenlein, Officer of the Embassy, and following his bank's general policy, the Foreign Exchange Department had at all times tried to steer clear of any exchange transactions that might benefit the enemy."

The same memorandum discusses the 500,000 pesos due to the Dresdner Bank on October 1, 1943, and some 500,000 pesos additional fall due towards the middle of November. With respect to the 500,000 pesos, the Banco de la Provincia, agents for the Province of Buenos Aires, sent a cable to the Dresdner Bank's Swiss paying agent stating that payment could only be effected once the coupon holders had submitted sworn declarations as to their nationalities, means by which the bonds were acquired, length of time bonds had been owned, etc., and that this information would have to be in the Banco de la Provincia's hands here before any transfers could be effected. Furthermore, according to the Central Bank's ruling on the matter, beneficiaries would have to be of Swiss nationality. According to Tintore, it was impossible for the Swiss paying agent to comply with those qualifications, and the Dresdner Bank, through its Swiss paying agent, sent a strong cable demanding instant payment.

The Central Bank proposed to the Banco de la Provincia that the 500,000 pesos be converted into Swiss francs and that gold be purchased with the equivalent and placed in a blocked account with the Central Bank. The Central Bank's plan was, at that time, with the purchase of the gold, the Swiss paying agent could then make request to the Central Bank for the sale of one half or part of the gold and then transfer it into Swiss francs after the Swiss paying agent complied with all the conditions of nationality, origin, etc., demanded by the Central Bank. When this proposition was submitted to the Banco de la Provincia, nothing further was done about it.

INT. TAX FTR

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INT. TRI FIN 2914/44. Letter from Goteborgs Bank to Banco de la Provincia de Buenos Aires, dated January 7, 1944, stating that in accordance with addressees' cable instruction of January 5, 1944, writers have debited addressees' account and paid Sw. Kroner 10,000 to J.C.W. Kruse, Danish Minister, Stockholm, for account of Liga pro Ayuda A. Dinamarca, Buenos Aires.

indirect to Denmark

Memorandum dated February 4, 1944. By Embassy Officer, stating that during the course of a personal and informal conversation with Mr. Servente, one of the managers of the Banco de Italia y Rio de la Plata, it was learned that the Banco de Italia refused to undertake any further operations with Felice Frasca (Ist. Cambi) Rome, and both the Banco de la Nacion and the Banco de la Provincia immediately sought the business. Servente mentioned to Vido, sub-Manager of the Banco de la Provincia that it was not very nice of him to help the Axis in that manner. Vido replied that the Banco de la Nacion was not the Banco de Italia and that they could do any operation they saw fit.

March 14, 1944. Banco de la Provincia de Buenos Aires received a cable from the Union Bank of Switzerland, Zurich, stating "Debit new account pay 11,971.05 pesos Swiss Legation order Gerberli Olten AG Olten, Switzerland. Receive our account 5,000 Banco Aleman Transatlantico. Cable if not received."

INT. TRI FIN 2153/44. Letter dated January 25, 1944, (attached to Memorandum dated May 5, 1944.) from Banco de la Provincia to Union de Banques Suisses, Zurich. Contents of cover include list of securities handed over to sender for account of addressees by the following proclaimed list firms:

- Banco Aleman Transatlantico.
- Banco Frances e Italiano Para la America del Sud,
- Banco Germanico de la America del Sud.

The securities were handed over on addressees' instructions October 20, 1943. There is no indication of the date on which the transfer was actually made.

Especially since the beginning of 1944, Mr. Tintore, Assistant Foreign Exchange Manager of the Banco de la Provincia, has consulted the Embassy in regard to the foreign transactions on which he was doubtful and which he believed might possibly redound to the benefit of the enemy.

January 11, 1944, he advised the Embassy that his bank had been instructed to make payment of the equivalent of 175,000 French francs to the Director of the Newspaper Agency Havas. These instructions

were

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were obtained by the French Embassy through Radio Vichy. Tintoré wanted to know whether we would approve such an operation as the request had come from the Central Bank. He was advised that no American bank would undertake such an operation. He then stated they were not interested in the transaction.

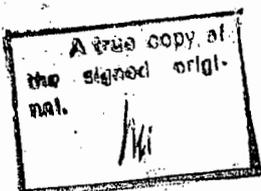
March 16, 1944. The Banco de la Provincia de Buenos Aires sent a cable to the Union des Banques Suisses, Zurich, stating:

"Due to special reasons please in the future do not course through us your orders favor Bulgarian and Rumanian Legations."

Prepared by Financial Controls Section.

DVE:MS
DVE

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FILE COPY

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Bohan Skelton

TELEGRAM RECEIVED

ACTION COPY
16-37113-1 GPO

From: SANTIAGO
221 words

Date: March 4, 8 p.m.

No.: --

Code: SECRET (PARAPHRASE)

Received: March 5, 1944, 9 a.m.

cc 1

A Chilean Government autonomous agency, the Caja de Credito Minero, has sold through the Sociedad General de Comercio a semi-Governmental corporation in Santiago and the Concorcio Comercial Argentine Chileno S.A., Corrientes 484, Buenos Aires approximately 160 kilos of fine gold in coins to several purchasers the principal one of which is reported to be Pascual Hnos. Special Blocked Nationals of Buenos Aires, Argentina. One of the members of Pascual Hnos., it is reliably reported here, has stated that he would handle any transaction regardless of whether the persons involved were enemy nationals or not provided the transaction was sufficiently confidential. The gold is about to be ~~shipped~~ shipped to Buenos Aires although priority for transportation over Panagra has been refused up to this date. You may wish to investigate and exercise control over the disposition of this gold as against enemy nationals or Axis interests. A statement as to the action taken and the results would be appreciated here in Santiago.

851.5

BOWERS

Decoded:mrh
Original and 5 paraphrases typed:mrh/lde

Original and paraphrase to: Ambassador
Action paraphrase to: Mr. Bohan (2) ✓
Paraphrase to: Files
Chronological

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By **NP** NARA Date **910**

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Entry

Buenos Aires

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PHRASE RECEIVED

Handwritten signature

ACTION COPY

16-37113-1 GPO

From: SANTIAGO

Date: March 29, 1 p.m.

419 words

No.: --

Code: SECRET (PARAPHRASE)

Received: March 29, 1944, 5 p.m.

Cc

Binding agreements were made by the Sociedad General de Comercio with the Caja Credito Minero to purchase the gold offered for sale at legally authorized auctions when price threatens to go below a certain price. See my telegram of March 4, 8 p.m. This purchaser is in turn authorized to export the gold to Argentina as the agent of Caja Credito Minero, which is one of the two agencies authorized to export gold.

The information in my telegram was given voluntarily by Manuel Silva, Sociedad General de Comercio, who did not know that Pascual Hermanos was blocked.

It is stated now by Silva that Consorcio Chileno Argentino was approached recently by the Buenos Aires Embassy and told that should the sale be effected, the Embassy would look upon such action with strong disfavor.

The negotiations with Pascual Hermanos had been relied upon by Sociedad General Comercio in undertaking to buy gold here. Encountering difficulty in disposing of gold to other purchasers than Pascual, and thereby reducing its ability to comply with the agreement to purchase the gold offered at auctions; thereby endangering the Government's plan.

Upon learning of the destination of the gold, an officer of this Embassy spoke to the Minister of Hacienda regarding the care that should be exercised in disposing of the gold. The Minister stated that care would be exercised with regard to the purchasers of gold from the Sociedad General de Comercio.

It is suggested as a solution that the Buenos Aires Embassy allow Consorcio to effect the present sale of gold to Pascual upon the former giving assurances that no future shipments would be sold to Pascual or other persons deemed undesirable; and that it

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notify the Embassy instantly upon the completion of this sale to Pascual Hermanos; thereupon Pascual could be approached by the Embassy and warned that unless the disposition of the gold was in accordance with our policy, Pascual would be placed on the Proclaimed List. It is assumed that Pascual has at least one hundred thousand dollars (\$100,000) blocked in the United States and his inclusion on the Proclaimed List might entail possible loss of this sum of money, and therefore he would be certain to comply with the requirements of the Embassy.

We would appreciate having your opinion as to the practicality of this procedure.

BOWERS

Decoded: baw

Original and 5 paraphrases typed: mph/mrh
Original and paraphrase to: The Ambassador
Action paraphrase to: Mr. Bohan (2)
paraphrase to: Files
Chronological

103996

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EMBASSY 40
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- copy -

File
CAW

SECRET

H.52892/X/DRW
From: Zurich (Sender unknown)
To: Banco Central, Buenos Aires
Date: 15th June 1944

307 48 Best thanks for the informations included in your cable of June 13th to our regret find them unsatisfactory as no reciprocity for the facilities we have granted can be found in them and as we are confronted with a total impossibility to make commercial payments on Argentine at the market conditions. We would express the desire that in analogy with our own concessions you would buy gold eagles against pesos at similar prices at least as long as we entertain with you gold deposits proceeding from our transactions with you. As a (80 words missing)

B.A.

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By NR NARA Date 910
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SECRET

H.52893/II/DRW

From: Banco Central Buenos Aires

To: Centralswiss Zurich (? Banque Nationale Suisse)

Date: 13th June 1944

Number 185 your cable 45 50 we regret are no buyers of Swiss francs against pesos as we have no us for the latter currency at rates ruling in the free market second our transfers to Switzerland are destined solely for payments of imports of Swiss goods for public debt der--i--ss and Government expenditures all of which are settled through the official market and the Swiss francs we use for these purposes are derive for our purposes from exporters of exchange resulting from sales of Argentine products to Switzerland which are also settled through the official market. When t Swiss francs from that source prove insufficient we purchase them from you against gold third nevertheless if you wish we would be prepared to sell for your account and as the occasion arose whatever quantities of Swiss francs you should indicate to the local bank For this purpose we would be grateful if you would advise us of the price limits within which we could effect such sales fourth for purposes of information would point out that at present the Swiss franc is quoted on the free market as follows colon sellers at 102.75 pesos per 100 Swiss francs and buyers at betwe 102.25 pesos and 10250 pesos buyers being few as dema that market is limited please advise us regarding abo

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H. 52828/V/DRW
From: Banco Central Buenos Aires
To: Central Suisse Zurich **SECRET** Banque Nationale Suisse
Date: 13th June 1944

H. 52828/V/DRW
First in accordance with statement
contained in paragraphs 3 and 4 of our cable No. 215 dat
October 17 1943
From: Banco Central Buenos Aires
To: Centercred Zurich (? Credit Suisse)
Date: 13th June 1944

Second 179 No. 70 your cable dated May 27th first
we agree to receiving from South American countries
gold bars which we would hold for safekeeping in yo
name under terms of decree 29741 which guarantees f
export for a period of 3 years. Second regulations
force do not allow us to assure you now that free
export will be permitted during a period exceeding
years. Third gold which you may send us to be depo
ed in your name for safekeeping will be exempt from
customs duties provided it consists of bars consid
of good delivery or stamped by official melting age
of respective country store fourth in case referre
in preceeding paragraph the only expense arising fr
deposits of gold would be our safekeeping commissi
of one per mil per annum. If you wish to have bars
assayed local mint at present charges 21.30 pesos
bar.

our exports to Switzerland for the purpose
providing ourselves immediately with the funds which we
our payments to Switzerland. We would point out to
that a measure of this nature will give rise to grave d
oulties in trade operations between our two countries w
we are most anxious to avoid. Please reply urgently by
cable.

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Authority IND 575 27By NR NARA Date 910

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Entry

BUENOS AIRES
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SECRET

H. 52482/XIV/DRW

From: Banco Central Buenos Aires

To: Centralsuisse Zurich (? Banque Nationale Suisse)

Date: 13th June 1944

411 No. 163 first in accordance with statements contained in paragraphs 3 and 4 of our cable No. 245 dated October 8th 1941 and your cable No. 152 dated October 17 you agreed to supply us by means of CONTANGO operations against pesos with spot Swiss francs to meet our requirements of that currency to the amount of the forward sales of our exporters originating from sales of merchandise to that country which to date amount to 6,400,000 Swiss francs. As you know the above mentioned requirements correspond to payment of imports foreign debt services and government expenditures. Second the CONTANGO operation proposed in our cable No. 156 of May 26th covers only a part of the figure mentioned in paragraph 1 above and represents the amount which we require in order to pay to CREDIT SUISSE the foreign debt service due on June 1st next for which reason we are unable to understand why you have not complied with our request which is strictly in accordance with what was agreed upon between us. Third in view of the above we request you to consider this matter and kindly credit our account with 4,500,000 Swiss francs as requested in our cable No. 156 making the payment referred to in our cable No. 158 as otherwise we would be unable to meet the service referred to above. Fourth in order to avoid difficulties in future we shall be grateful if you will let us know whether you have any objection to continuing to supply us with spot Swiss francs by means of CONTANGO operations backed by Argentine exports to Switzerland because if that were the case we would have to order our exporters to sell us only spot Swiss francs derived from our sales of goods to Switzerland for the purpose of providing ourselves immediately with the funds which we need for our payments to Switzerland. We would point out to you that a measure of this nature will give rise to grave difficulties in trade operations between our two countries which we are most anxious to avoid. Please reply urgently by cable.

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SECRET

H. 52581/XVIII

From: Banco Central Buenos Aires
To: Centercred Zurich (? Credit Suisse)
Date: 2nd June 1944

540 Number 66 first we refer to the service on the 4% Swiss franc loan 1933 due on June 1st. Second due to the fact that we foresaw that we would not have sufficient Swiss francs available to pay you the above mentioned service we opened negotiations with the BANQUE NATIONALE SUISSE ZURICH on May 22nd last for the purpose of getting that institution to supply us with the required amount of Swiss francs against gold or through a swap operation against pesos in order to be in a position to meet that payment. In spite of our repeated efforts of which we informed you in our cable of May 30th the BANQUE NATIONALE SUISSE is only prepared to supply us with Swiss francs 1,500,000 through that operation. Third consequently we have today requested that institution to transfer to you Swiss francs 2,500,000 of which Swiss francs 1,500,000 correspond to --- operation mentioned in the foregoing paragraph and Swiss francs 1,000,000 to the balance standing to the credit of our account. --- you have received them we authorize you to debit our account with the sum of Swiss francs 3,516,081.41. In respect of the balance that is Swiss francs 1,000,000 we have had to make a deposit of gold for safekeeping at this bank in your name for the corresponding equivalent at the rate of Swiss francs 4,869.80 per kg. of fine gold on the same terms as the deposit ---E at this bank in accordance with ~~XX~~ our cable No. 35 dated March 25th last. Fourth please apply the total of Swiss francs 4,516,081.41 to payment of the service referred to above. Fifth please employ those funds in making payment to bondholders fulfilling the conditions and requisites laid down in our cables number 1(09) dated November 2nd 1943 and 619 dated February 12th last Swiss francs 4,516,081.41.

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SECRET

H.52550/V/DRW

From: Banco Central Buenos Aires
To: Centralsuisse Zurich (? Banque Nationale Suisse)
Date: 2nd June 1944

399 Number 170 first in accordance with your cable dated May 30th we buy from you Swiss francs 1,500,000 against pesos which you will kindly credit to our account and we resell you the same amount against pesos at 90 days. Second once the operation mentioned in paragraph 1 above is completed please pay for our account Swiss francs 2,500,000 to the CREDITSUISSE ZURICH. Third with regard to your cable of to-day we shall cable shortly.

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SECRET

H. 52550/XVI/DRW
From: Banco Nacional Suiza Zurich
To: Banco Central Buenos Aires
Centercred Zurich (? Credit Suisse)
Date: 2nd June 1944

127. Number 65 reference your enquiry at our Legation in Berne re payment in florins of amounts 4% loan -- OEE (sic). In accordance with executive power's decree 27th January dealing with total suspension of commercial and financial exchanges between our country and Germany and territories occupied by said nation it is not possible to transfer funds of residents (?Holland).

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SECRET

H. 52508/IX/DRW

From: Banque Nationale Suisse Zurich

To: Banco Central Buenos Aires

Date: 30th May 1944

The Credit Suisse, Zurich informed the
Banco Central de Chile on March 20th, 1944
that they cannot refund gold for
--- 158 regret. Us (sic) we principally do not
accept gold from overseas for capital repayments this
practice also applying to New York and London can
impossibly (sic) grant exception. On the other hand
we are willing accept swap proposition for interest
payments to extent of 1,500,000 Swiss francs against
pesos 3 months interest 1% per annum our favour please
instruct.

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RENOVO EL P.E. UN CREDITO CONVENIDO EN FRANCO SUIZOS

Previa autorización del Poder Ejecutivo, el Ministerio de Hacienda ha renovado la operación de descuento de letras de tesorería, vencidas el 3 del actual, convenida con el Credit Suisse, de Zurich, por importe de 20.000.000 de francos suizos, a un interés del 2½% y seis meses de plazo, con opción para el Gobierno de renovarla por otro semestre. Y con igual autorización, el referido ministerio ha cancelado letras del mismo vencimiento por 10.000.000 de la expresada moneda, mediante depósitos de oro en custodia en el Banco Central de la República Argentina, equivalente de esa cantidad, a la orden de la Banque Nationale Suisse.

Agregada esa última suma a la de 10.000.000 cancelada anticipadamente el 25 de marzo último, en virtud de acuerdo directo con los banqueros acreedores, forma el total del préstamo de 40 millones de francos suizos del 3½% de interés, a que ascendía la operación originaria realizada en el año 1938.

Según informó el ministro de Hacienda, Dr. Ameghino la operación ha sido realizada por los órganos propios del Gobierno, sin recurrir a intermediarios, habiendo actuado eficazmente en el exterior nuestro representante diplomático en Berna, por cuya circunstancia no se ha satisfecho sum alguna en concepto de comisiones o gastos adicionales.

Se hace presente que al contratarse este empréstito en el año 1938 se pagó una comisión de 200.000 francos suizos, duplicándose este importe en las sucesivas renovaciones de los años 1940 y 1942, es decir, 400.000 francos suizos cada una, lo que hace un total por este concepto de 1.034.000 pesos moneda nacional, al tipo de cotización de dicha divisa en el mercado libre.

En cuanto a la nueva operación, el Gobierno la considera ventajosa porque el interés se reduce de 3.25% a 2.50%, que equivale al 23.07% rebaja, porque la cancelación de 20 millones de francos suizos mediante la constitución de depósito de oro se ha efectuado a un costo sumamente moderado para el Estado, pues los fondos se toman de las disponibilidades del Tesoro Nacional provenientes de la negociación de valores, pudiéndose emplear eventualmente dicho oro en el pago de compras que se efectúen en el país, y por la eliminación de la cláusula de derecho de preferencia a favor del grupo Cica-Bracht-Credit Suisse para las operaci

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SECRET

H.52892/X/DRW

From: Zurich (Sender unknown)

To: Banco Central, Buenos Aires

Date: 15th June 1944

307 48 Best thanks for the informations included in your cable of June 13th to our regret we find them unsatisfactory as no reciprocity for the facilities we have granted can be found in them and as we are confronted with a total impossibility to make commercial payments on Argentine at the markets conditions. We would express the desire that in analogy with our own concessions you would buy goldeagles against pesos at similar prices at least as long as we entertain with you gold deposits proceeding from our transactions with you. As a (80 words missing)

B.A.

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SECRET

H.52893/II/DRW

From: Banco Central Buenos Aires

To: Centralsuiss Zurich (? Banque Nationale Suisse)

Date: 13th June 1944

Number 185 your cable 45 50 we regret are not buyers of Swiss francs against pesos as we have no use for the latter currency at rates ruling in the free market second our transfers to Switzerland are destined solely for payments of imports of Swiss goods for public debt der--i--ss and Government expenditures all of which are settled through the official market and the Swiss francs we use for these purposes are derived for our purposes from exporters of exchange resulting from sales of Argentine products to Switzerland which are also settled through the official market. When the Swiss francs from that source prove insufficient we purchase them from you against gold third nevertheless if you wish we would be prepared to sell for your account and as the occasion arose whatever quantities of Swiss francs you should indicate to the local banks. For this purpose we would be grateful if you would advise us of the price limits within which we could effect such sales fourth for purposes of information we would point out that at present the Swiss franc is quoted on the free market as follows colon sellers at 102.75 pesos per 100 Swiss francs and buyers at between 102.25 pesos and 10250 pesos buyers being few as demand that market is limited please advise us regarding above

B.A.

104008

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Authority NND57S27
By NR NARA Date 910

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Entry BUELOS AIRES
File 851.5
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SECRET

H. 52828/V/DRW

From: Banco Central Buenos Aires

To: Centerred Zurich (? Credit Suisse)

Date: 13th June 1944

179 No. 70 your cable dated May 27th first we agree to receiving from South American countries gold bars which we would hold for safekeeping in your name under terms of decree 29741 which guarantees free export for a period of 3 years. Second regulations in force do not allow us to assure you now that free export will be permitted during a period exceeding 3 years. Third gold which you may send us to be deposited in your name for safekeeping will be exempt from customs duties provided it consists of bars considered of good delivery or stamped by official melting agency of respective country store fourth in case referred to in preceding paragraph the only expense arising from deposits of gold would be our safekeeping commission of one per mil per annum. If you wish to have bars assayed local mint at present charges 21.30 pesos each bar.

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SECRET

H. 52482/XIV/DRW

From: Banco Central Buenos Aires

To: Centralsuisse Zurich (? Banque Nationale Suisse)

Date: 13th June 1944

111 No. 163 first in accordance with statements contained in paragraphs 3 and 4 of our cable No. 245 dated October 8th 1941 and your cable No. 152 dated October 17 you agreed to supply us by means of CONTANGO operations against pesos with spot Swiss francs to meet our requirements of that currency to the amount of the forward sales of our exporters originating from sales of merchandise to that country which to date amount to 6,400,000 Swiss francs. As you know the above mentioned requirements correspond to payment of imports foreign debt services and government expenditures. Second the CONTANGO operation proposed in our cable No. 156 of May 26th covers only a part of the figure mentioned in paragraph 1 above and represents the amount which we require in order to pay to CREDIT SUISSE the foreign debt service due on June 1st next for which reason we are unable to understand why you have not complied with our request which is strictly in accordance with what was agreed upon between us. Third in view of the above we request you to consider this matter and kindly credit our account with 4,500,000 Swiss francs as requested in our cable No. 156 making the payment referred to in our cable No. 158 as otherwise we would be unable to meet the service referred to above. Fourth in order to avoid difficulties in future we shall be grateful if you will let us know whether you have any objection to continuing to supply us with spot Swiss francs by means of CONTANGO operations backed by Argentine exports to Switzerland because if that were the case we would have to order our exporters to sell us only spot Swiss francs derived from our sales of goods to Switzerland for the purpose of providing ourselves immediately with the funds which we need for our payments to Switzerland. We would point out to you that a measure of this nature will give rise to grave difficulties in trade operations between our two countries which we are most anxious to avoid. Please reply urgently by cable.

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SECRET

H. 52581/XVIII

From: Banco Central Buenos Aires
 To: Centercred Zurich (? Credit Suisse)
 Date: 2nd June 1944

540 Number 66 first we refer to the service on the 4% Swiss franc loan 1933 due on June 1st. Second due to the fact that we foresaw that we would not have sufficient Swiss francs available to pay you the above mentioned service we opened negotiations with the BANQUE NATIONALE SUISSE ZURICH on May 22nd last for the purpose of getting that institution to supply us with the required amount of Swiss francs against gold or through a swap operation against pesos in order to be in a position to meet that payment. In spite of our repeated efforts of which we informed you in our cable of May 30th the BANQUE NATIONALE SUISSE is only prepared to supply us with Swiss francs 1,500,000 through that operation. Third consequently we have today requested that institution to transfer to you Swiss francs 2,500,000 of which Swiss francs 1,500,000 correspond to --- operation mentioned in the foregoing paragraph and Swiss francs 1,000,000 to the balance standing to the credit of our account. --- you have received them we authorize you to debit our account with the sum of Swiss francs 3,516,081.41. In respect of the balance that is Swiss francs 1,000,000 we have had to make a deposit of gold for safekeeping at this bank in your name for the corresponding equivalent at the rate of Swiss francs 4,869.80 per kg. of fine gold on the same terms as the deposit ---E at this bank in accordance with ~~XX~~ our cable No. 35 dated March 25th last. Fourth please apply the total of Swiss francs 4,516,081.41 to payment of the service referred to above. Fifth please employ those funds in making payment to bondholders fulfilling the conditions and requisites laid down in our cables number 1(09) dated November 2nd 1943 and 619 dated February 12th last Swiss francs 4,516,081.41.

104011

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By **NP** NARA Date **910**

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SECRET

H.52550/V/DRW

From: Banco Central Buenos Aires

To: Centralsuisse Zurich (? Banque Nationale Suisse)

Date: 2nd June 1944

399 Number 170 first in accordance with your cable dated May 30th we buy from you Swiss francs 1,500,000 against pesos which you will kindly credit to our account and we resell you the same amount against pesos at 90 days. Second once the operation mentioned in paragraph 1 above is completed please pay for our account Swiss francs 2,500,000 to the CREDIT SUISSE ZURICH. Third with regard to your cable of to-day we shall cable shortly.

104012

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SECRET

H. 52550/XVI/DRW

From: Banco Central Buenos Aires

To: Centercred Zurich (? Credit Suisse)

Date: 2nd June 1944

127. Number 65 reference your enquiry at our Legation in Berne re payment in florins of amounts 4% loan -- OEE (sic). In accordance with executive power's decree 27th January dealing with total suspension of commercial and financial exchanges between our country and Germany and territories occupied by said nation it is not possible to transfer funds of residents (?Holland).

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~~SECRET~~ SECRET

H. 52508/IX/DRW

From: Banque Nationale Suisse Zurich

To: Banco Central Buenos Aires

Date: 30th May 1944

0
--- 158 regret. Us (sic) we principally do not
accept gold from overseas for capital repayments this
practice also applying to New York and London can
impossibly (sic) grant exception. On the other hand
are willing accept swap proposition for interest
payments to extent of 1,500,000 Swiss francs against
pesos 3 months interest 1% per annum our favour please
instruct.

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Extract from TRINIDAD FINANCIAL TREND REPORT No. TTR 15

of JUNE 1944

108. The Crédit Suisse, Zurich informed the Banco de Chile of Santiago on March 20th, 1944 (SJ FIN 14913) that they cannot purchase gold bars from the Banco de Chile against Swiss francs for commercial purposes as long as the Chilean Government continues to default on their service on Chilean External Loans in Switzerland. However, the correspondents would be permitted to supply to the Banco de Chile Swiss currency against U.S. gold coin deposited in Argentina to enable the Chilean Government to service Swiss-held Chilean bonds.

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RENOVO EL P.E. UN CREDITO CONVENIDO EN FRANCO SUIZOS

Previa autorización del Poder Ejecutivo, el Ministerio de Hacienda ha renovado la operación de descuento de letras de tesorería, vencidas el 3 del actual, convenida con el Credit Suisse, de Zurich, por importe de 20.000.000 de francos suizos, a un interés del 2½% y seis meses de plazo, con opción para el Gobierno de renovarla por otro semestre. Y con igual autorización, el referido ministerio ha cancelado letras del mismo vencimiento por 10.000.000 de la expresada moneda, mediante depósitos de oro en custodia en el Banco Central de la República Argentina, equivalente de esa cantidad, a la orden de la Banque Nationale Suisse.

Agregada esa última suma a la de 10.000.000 cancelada anticipadamente el 25 de marzo último, en virtud de acuerdo directo con los banqueros acreedores, forma el total del préstamo de 40 millones de francos suizos del 3¼% de interés, a que ascendía la operación originaria realizada en el año 1938.

Según informó el ministro de Hacienda, Dr. Ameghino, la operación ha sido realizada por los órganos propios del Gobierno, sin recurrir a intermediarios, habiendo actuado eficazmente en el exterior nuestro representante diplomático en Berna, por cuya circunstancia no se ha satisfecho suma alguna en concepto de comisiones o gastos adicionales.

Se hace presente que al contratarse este empréstito en el año 1938 se pagó una comisión de 200.000 francos suizos, duplicándose este importe en las sucesivas renovaciones de los años 1940 y 1942, es decir, 400.000 francos suizos cada una, lo que hace un total por este concepto de 1.034.000 pesos moneda nacional, al tipo de cotización de dicha divisa en el mercado libre.

En cuanto a la nueva operación, el Gobierno la considera ventajosa porque el interés se reduce de 3.25% a 2.50%, que equivale al 23.07% rebaja, porque la cancelación de 20 millones de francos suizos mediante la constitución de depósito de oro se ha efectuado a un costo sumamente moderado para el Estado, pues los fondos se toman de las disponibilidades del Tesoro Nacional provenientes de la negociación de valores, pudiéndose emplear eventualmente dicho oro en el pago de compras que se efectúen en el país, y por la eliminación de la cláusula de derecho de preferencia a favor del grupo Cica-Bracht-Credit Suisse para las operacio-

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*File
Gold Purchase & Sale
CWA*

Copy for American Embassy, Buenos Aires

*MA
Mushrow*

AIRGRAM

FROM SANTIAGO, CHILE

DATED JULY 3, 1944

REC'D:

M

MR

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Confidential

Secretary of State,

Washington.

A-497, July 3, 1944.

Reference Embassy's despatch no. 9836 of May 26, 1944,
file no. 851 PC.

It has been reliably reported here that on June 29, 1944
the Caja de Credito Minero of Chile shipped 6 1/2 kilos of gold
to Banco Español Rio de La Plata in Buenos Aires, and that
this gold was valued by the remitter at \$84,926.

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BOWERS

JHL/mvs
851.51

cc: American Embassy,
Buenos Aires

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FILE COPY

TELEGRAM SENT

TO: DEPARTMENT

DATE: July 17, 1 p.m., 1944.

CODE: CONFIDENTIAL
(PARAPHRASE)

NO: 1853

SECSTATE

WASHINGTON

1853--July 17, 1 p.m.

We are being pressed by the National City Bank for a reply regarding the proposed financing of Gold Purchases from Chile outlined in our airgram A-446, June 2, 10 a.m. Urgently request cable reply.

REED
elr

Drafted: CAW
Encoded: ldc
Original and 4 paraphrases typed: djt
paraphrases to: Ambassador's file
Files
Chronological file
Mr. Bohan

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ADDRESS OFFICIAL COMMUNICATIONS TO
THE SECRETARY OF STATE
WASHINGTON, D. C.



DEPARTMENT OF STATE
WASHINGTON, D. C.

PK EU
EST

AIR MAIL

August 21, 1944

gm 1944

CONFIDENTIAL

uph

No. 6039

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To the

Officer in Charge of the American Mission,
Buenos Aires.

The Secretary of State encloses for the information of the Officer in Charge a copy of a memorandum reporting on a conversation which took place on August 16, 1944 with regard to Argentine inquiry relative to gold shipments and miscellaneous Chilean request for assistance. The participants were Mr. Enrique Gajardo, Chilean Chargé d'Affaires and two officers of the Department.

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Enclosure:

Memorandum of conversation, August 16, 1944.

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DEPARTMENT OF STATE

Memorandum of Conversation

DATE **August 16, 1944**

SUBJECT: **Argentine inquiry relative to gold shipments;
miscellaneous Chilean request for assistance.**

PARTICIPANTS: **Mr. Enrique Gajardo, Chilean Chargé d'Affaires;
ARA - Mr. Armour;
RPA - Mr. Spaeth.**

COPIES TO: **ARA - Mr. Armour,
NWC - Mr. Lyon.
A-A - Mr. Acheson
American Embassy, Santiago.
American Embassy, Buenos Aires.**

Mr. Gajardo called at the request of the Argentine Chargé d'Affaires to inquire about the action of the Treasury in holding up two shipments of gold to Argentina. Mr. Gajardo stated that he had been asked to inquire whether this action is pursuant to a decision to freeze Argentine funds generally, whether an embargo on all gold shipments had been instituted, or whether the action can be explained in some other manner. In reply, Mr. Armour expressed his regret that the Department has no comment to make on the Treasury's action. Gajardo said that he understood and would inform the Argentine Chargé that the Department of State has no comment.

Mr. Armour returned the original copies of two letters which had been addressed to Mr. Gajardo by the Argentine Chargé. The first letter related to the matter of gold shipments discussed above. The second letter explained the action of the Argentine Government in controlling radio programs under the sponsorship of the Coordinator's representatives in Buenos Aires. Mr. Armour informed Gajardo that the contents of the second letter had been drawn to the attention of the Coordinator's office.

Mr. Gajardo then referred to three notes which have been left with the Secretary during recent weeks, the first with respect to Chilean need for our assistance in the construction of airports, both for long term defense needs and for commercial needs, the second with respect to a request for fifteen planes for the Chilean air line LAN, and the third with respect to the Chilean request for a plane to take the place of the one which was lost at the time of the San Juan earthquake.

Mr. Armour stated that he would investigate these matters and advise Mr. Gajardo of the time for another appointment, either Friday or Saturday.

WPA: CING: [unclear]

WBS