

RG 131
 Entry FFC Study Files
 File (3) Defrosting III
 Box 95

DECLASSIFIED
 Authority NND 968103
 By mbj NARA Date 1/4/00

Marion A. In hand of Harry Lee

3.

This loan can be as an additional fund to those already established.

To meet Objectives mentioned above

As to Switzerland, it is believed that all German property has been segregated; that Switzerland is well assured of all property under Swiss names which has German beneficial ownership. Switzerland will not accept and transmit under the assurances any such acceptance of offer. There is strong reason to believe that Switzerland will cooperate in such a plan; will urge its banks to recommend acceptance of such an offer.

As to (for example) a Frenchman living in France who desires to accept the offer and his bank will certify that he is free of Nazi taint, if the Frenchman has in fact paid his taxes his government is aware of the existence of the foreign property even though he has not applied for certification. In such a case the only reason he has not applied for certification is because he is unwilling to take francs. Therefore he could apply to his government (Office d'Exchange) and all of his property could be used as collateral or so much thereof as is required by his government, but without reduction of taxes, i.e., 25%. The above scheme therefore is reasonable assurance to the Treasury that no foreign property has Nazi interest; that taxes have been paid; there is immediate availability of 25% and the discount or loan value of the remaining value of 75%.

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4.

As to the Bank

The banks holding this property will receive directions from their own customers avoiding double claims for liability and the like. They will do their own liquidating and payment and if desired will hold the collateral or will deposit the same.

This voluntary offer, therefore, would differ only from the present offer in France by permitting the holder of dollar securities to (a) keep his funds in dollar securities; (b) hypothecate them at once for the immediate availability of dollar exchange to France. Under present Licence 95 he must give all of his property but has the full value immediately in francs.

It is believed and hoped that such an offer will alleviate the present difficulties amounting to an impasse.

Non-Liquidatable
 Values

The problem of non-liquidatable property is less severe under the alternate proposal than under the present, since the offer contemplates the continuation in dollars, with perhaps a promise to pay the capital levy tax. In any event, the problem is certainly no more severe.

The above was written on specific points, the general situation is more fully explained in the attached memorandum.

H.R.

May 7/48

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 By Wb/1 NARA Date 1/4/00

USE OF FOREIGN FUNDS WITHIN
THE UNITED STATES - MARSHALL PLAN

Since the inception of freezing control, the purposes to which it has been put, have varied with changing world conditions. The continuation of the technique of freezing - mobilization of property except under license - has served somewhat to give a false sense of continuing of objective. It is unnecessary to consider the course of the various ideas to the consummation of which freezing control has been lent; it is only necessary to consider the present proposed plans.

At the present time there are roughly two plans both of which revolve around the European Recovery Program. One is exemplified in the letter of Secretary Snyder as Chairman of the National Advisory Council (NAC) and the other is the somewhat indefinite provision in the Marshall Plan Bill concerning the obligation of participating beneficiary countries "to locate and control" the assets of their citizens within the United States.

As to this latter, various schemes were proposed for seizing all foreign property, liquidating it, and depositing the proceeds in the Treasury as a first payment, or payment-on-account of the Marshall Plan. Many objections were raised to this procedure and it is certain that the executive departments are against it. As the matter now stands foreign countries will "locate and control" to the extent "practical" and this dollar value will not be paid to the United States, but will be for the benefit of the countries involved. If this money is used in the proper manner it will, of course, reduce the cost of the Marshall Plan and is altogether a more sensible approach. Whether some other system would be better is now irrelevant.

At the moment we may expect that the bill in Congress will in operation mean no more than the Secretary's letter.

The best arrangement within this framework is now sought. The assets of the Iron Curtain countries need not concern us at the moment - they will remain blocked. Russian funds are operating under a general license, i.e., general license was issued very shortly after Germany attacked Russia. The assets of both of these countries are still in the realm of international relations.

Since the end of the war, or more accurately since the date when each non-participating country was liberated, each country has sought to obtain control over the assets of its citizens. The general poverty of the countries, and particularly the small amount of dollar exchange available had caused them to expand these efforts into a national policy. The United States has so far not actively assisted. Now it plans to do so. In its present form the plan is for a census to be taken as of June 1, 1948 and all accounts blocked as French (France will be used as an example for all countries similarly situated) to be given to the French Government by

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2.

names and with other details to identify the account, its location and amount and French national interest therein.

No effort will be made to hand over the account. It will merely remain blocked. What exact steps the foreign government will thereafter take still remain to be seen. It is known that most of the foreign countries have exchange decrees under which their nationals were presumed to have registered these accounts. Frequently they paid a tax and in case there are back taxes due, these as well. They then received local currency in return for the foreign account. On receipt of the census information questions must immediately arise in regard to persons whom the foreign country cannot find within its borders, persons who may communicate with banks demanding the funds be not handed over. Confusion and adverse claims are a most likely result.

Furthermore time is a factor. By the time the census be taken, properly tabulated, transmitted to the foreign government, the foreign government has searched for its own nationals, perhaps instituted civil or criminal proceedings against them, secured assignments or entered judgments, a long time will have elapsed. At best the system is clumsy, many of the decisions will ultimately have to be decided by courts and delay and loss of value will ensue. The immediate question then is what better system can be instituted? A better system would obviously be one in which the availability of value can be obtained promptly, also with a minimum of double claims for liability to the holders of the property. As to foreign countries which need the money, and particularly the dollar exchange, it is believed that they would be very happy to concur in any system which would give them an immediate use. From the standpoint of the holding banks in the United States, a voluntary arrangement with the foreign depositor would assist greatly in avoiding suits of adverse claims.

The situation in regard to Switzerland must not be overlooked. The assumption on which our Government will operate; that all uncertified Swiss accounts are indeed Nazi, is practically without any foundation. Switzerland has long since segregated the German accounts. Switzerland knows (i.e., the banks in Switzerland) who has a beneficial interest in many, if not most, of the accounts, these being the French and the like, but it will not give up that information. If, however, a system were sufficiently attractive to the beneficial owners so that they would voluntarily agree, a large part of this difficulty would also be overcome.

The matter does not need to be now a question of legislation, since the State Department is authorized to make agreements with the foreign participating countries for the use to the extent practicable, the balances of the "citizens" or "nationals". Estimates of the amount of the properties for each country are available but vary widely. At least, however, minimums can be assumed as to each.

The following steps have therefore been suggested as a plan to be made as an agreement between the United States and each particular country, the terms of each plan, in so far as it affects assets in the United States to be the same so that all blocked funds may be treated equally.

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3.

The United States Government will take a census of all of the property still blocked as the property of a national of any European country - this will include those behind the Iron Curtain, as well as all others. The information on this census will not be given to the foreign countries but will be tabulated by an appropriate agency of our Government and the gross amounts statistically arranged under appropriate headings, will be supplied to the foreign government as:

Demand Deposits
 Domestic Securities
 Trusts, etc.

The foreign country will agree that any person owning property here may advise, within a brief period of time, the holder of the property to deal with property as hereinafter proposed. At the end of that time, if no directions have been received, our Government will vest the same.

The plan will contemplate an offer, to be made generally, which will be publicized by the respective countries. Each person owning property may advise his own bank on a form to be approved by the banks and made available at every American Consulate, to liquidate 25% of the value of the classes of property selected and to remit the same to the disbursing agent for the benefit of the respective foreign country. To avoid immediate liquidation of 25% of the holdings, arrangements can be made for a loan of this amount, against the balance, the liquidation to take place, however, within a year; or if a loan be made, be paid for within a year against the freeing of 25% of the investment. The bank will then either hold or deliver to the Export-Import Bank 75% as collateral for a loan to be made immediately by that bank. At this point the 100% securities will either have been (a) liquidated by 25%, or will be subject to (b) collateral loan for 25% and a collateral loan based upon 75% of this value, made by the Export-Import Bank. The immediate advantage to the foreign country in such a proceeding is that it would get the amounts immediately, first the 25% and then within a very brief time thereafter, such proportion of the remainder as would be granted by the Export-Import Bank.

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4.

The foreign government would grant complete amnesty to any holder whose property was thus, under his own consent by having accepted the offer, liquidated to the extent of 25% with the remainder available to some agency which would make a dollar loan against it. No publicity would be granted to the names of those who had thus availed themselves of the offer. A certificate would be issued by either the United States Government or under its authority by any bank, trust company, brokerage house, etc., which held the property, stating that so much had in fact been liquidated and that so much had in fact been made available and this would be complete protection to the holder of the property.

It is suggested that perhaps two certificates should be given, one as proof that the property had been subject to this offer in case that at some time thereafter and through different channels the person whose property had been thus in the United States should be found and it would be necessary for him to prove that his property had in fact come under the offer, that is to say, had not escaped its share of the financial burden of his own country and was entitled to amnesty. Another certificate might be issued which would be either in bearer form or registered and this could be sold, transferred or otherwise dealt in as the interest of the holder in the property pledged. This would necessarily identify the amounts or the securities which were in fact held (deposited as cash collateral) or pledged secured collateral. It is conceivable that a person to whom a certificate was issued showing 75% of the value of his property might wish to sell this for dollars for whatever it might bring rather than hold it awaiting the possible return of his property or its gradual reduction by his demand for francs as against it. If the certificate had any market value there would seem to be no reason why he should not be able to transfer good title to it to anyone. The main purpose is to assure France that all of the dollar assets of its nationals have been subjected to the same treatment. Presumably by the time the owner could secure back his dollar exchange, other persons in France would also be able to transfer francs into dollars if they so desired, that is, the country would be sufficiently rehabilitated to make normal international transactions impossible or all would suffer in the general loss.

At any time during the continuation of the loan the holder of any such collateral or the certificate representing it could apply with the latter named certificate to his own government and draw down francs as against dollar values, the amounts to be endorsed or punched on or into the certificate, the certificate thus being in the nature of evidenced or warehouse receipt. If such were drawn down the government account would be credited with the cash and the loan to that extent repaid.

Such a scheme would apply also to Switzerland since it represents the voluntary acceptance of an offer by, for example, a French national, as to his own government. Those who did not avail themselves of this would have their property confiscated.

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Our problem remains as to the use to which these loans could be put, for it is obvious that this might be merely an indirect way of liquidating all of the property; that is, a government could borrow and then intentionally default the loan, forcing the liquidation by the loaning agency, in our illustration, the Export-Import Bank. This, of course, would apply only to the 75% collateral, since the 25% would be available to the foreign government in any event. This can be avoided by having the money from the loan available only for those projects which would have an interest in not failing themselves, that is in some self-liquidating project or some project in which the Government could obtain no advantage by mere default. One might be a stabilization loan for a period of five years. The country would then not have any right to default upon the loan unless it needed funds for the continued stabilization of its currency. No country would ruin its currency voluntarily merely to liquidate the securities. Of course this raises a question as to the repayment of the loan and the terms should be certain partial repayments during the period of five years. Another use would be as an investment fund or a guarantee of investment for commercial projects instituted by citizens or corporations of the country involved. Here, again, there would be inducement to the persons interested in the project to carry it through successfully and profitably and of course repay the loan.

In this and other ways the blocked funds in the United States as to each country would be immediately available as to 25% for the current use and 75% (or 80% - 90% of 75%) for longer time investment or other national use.

The question of income on pledged securities has not yet been stressed. This would either go to the owner or could be invested in United States bonds.

The risk to the United States would not be great, as it would have the collateral. Of course a depression within the United States would cause the liquidation or partial liquidation, but it would appear that this is a risk which must be run.

Some such plan as the above is easy of administration as transfers of property are either (a) under advice of the owner of the property, or (b) by operation within the United States of the laws of the United States.

In case of any special problems arising, banks could without violation of the confidential relationship discuss this problem with the proper agency of their own government and it is therefore believed that the number of suits which would arise would be relatively small.

On any matter of this sort offered as an alternative to the present delaying and clumsy plan further details could be worked out, once the principle is accepted.

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By (M51) NARA Date 1/4/00

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MAY 8 1947

To : Mr. Donald Shan, Secretary,
Office of Alien Property,
Department of Justice.

From : John S. Richards,
Director.

There are enclosed for your information copies of replies received from Denmark, Finland and Greece in answer to a request from this Department with respect to the progress of the certification procedure. The reply from Denmark indicates clearly the information which we requested. In addition, monthly reports received from the Netherlands indicate amounts certified which total \$378,500,000 through the month of March 1947. We also understand that Switzerland has certified assets totaling \$130,000,000.

JOHN S. RICHARDS

Enclosures.

*Let. & encls mailed
12/ Richards
i.c.c. Nelson*

TP Nelson

TPNelson:ebb 5/7/47

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Authority NND 968103By SR NARA Date 1-18-00

RG

131

Entry

FEC Control Files

File

TFR-300 TFOAPDS

Box

368copy

FEB 11 1948

Dear Tom:

I have been informed that representatives of the Office of Alien Property, Department of Justice, and of Foreign Funds Control in this Department have been working out arrangements for the transfer to the Office of Alien Property of the complete TFR-300 and TFR-100 census files.

As you know, the information contained in these files was obtained by the Treasury Department under its Trading with the enemy Act powers by requiring persons in the United States having custody of the affected property to make the necessary reports. In view of the confidential nature of the information contained in the reports and of the assurances given by this Department at the time the reports were required to the effect that the information would be used only for official purposes of this Government, this Department has followed a very restricted policy with regard to disclosing this information. Thus, we have not disclosed information from the reports to private parties, other than the person who filed the report or his agent or successor in interest by operation of law even though the person making the request is the national whose property was reported. This rule is formally embodied in section 138.5 of the statement of Organization and Procedures of Foreign Funds Control (11F.R. 177A-96, 13482, 12 F.R. 6, 5505) issued pursuant to the Administrative Procedure Act (5USCA 1001-1011). It has been our general policy to deny requests of foreign governments for specific information contained in the reports concerning assets in the United States of their nationals. Information from the reports has, under specified circumstances, been made available in confidence to certain agencies of this government.

In view of Treasury's initial commitments to the public with respect to the use to be made of these reports. I should like to receive your assurances, in connection with the release of these files into the custody of the Office of Alien Property, that your Department will obtain the consent of this Department before adopting any disclosure policy which would expand the already established principles outlined above.

In order to formalize the transfer, a general description of the reports with an itemized list of the file cabinets and their

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Box 368

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contents is enclosed in duplicate. It is requested that a receipt be furnished for our records on the duplicate copy of the list stating that the material itemized therein has been inspected and received in full.

Sincerely,

(Signed) JOHN W. SNIDER

Secretary of the Treasury

Honorable Tom C. Clark
Attorney General of the United States
Washington, D. C.

Enclosures

JAllan:RRShwartz:ltm 1/26/48

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 Box 368

TFR-300 and TFR-100 Census Files

Description of Reports and Itemized List of File Cabinets and Contents Transferred from the Custody of Foreign Funds Control, Treasury Department to the Office of Alien Property, Department of Justice.

I. General Description of Reports.

- A. Reports on Form TFR-300. Reports on Form TFR-300 were required to be filed with respect to all property subject to the jurisdiction of the United States in which any foreign country whatever or national thereof had an interest. Form TFR-300 was issued in different Series designated by Serial letters, designed for reports relating to certain types of property by special reporting parties. Reports on Series A through H concern property subject to the jurisdiction of the United States on either or both June 1, 1940 and June 14, 1941 in which on either or both dates any foreign country whatever or national thereof had an interest. Reports on Series I were required to be filed, in addition to reports on Series A through H, with respect to property in which on July 26, 1941, China or Japan or any national of either thereof had any interest. Reports on Series J concern property in which certain nationals of Japan had an interest on either or both June 1, 1940 and January 1, 1942. Reports on Series K concern property in which any national of the Philippine Islands had any interest on either or both June 1, 1940 and January 1, 1942. Reports on Series L concern property subject to the jurisdiction of the United States in which certain other persons had an interest. The reporting requirements for Series A through I, Series J, Series K and Series L were set forth in Public Circular Nos. 4, 4A, 4B and 4C, respectively.
- B. Reports on Form TFR-100. These reports were the first census reports. They were required to be filed pursuant to the Regulations issued under Executive Order No. 8389, as amended, April 10, 1940, with respect to the property in which Norway or Denmark or any national thereof had an interest on or since April 8, 1940.

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II Itemized List of File Cabinets containing TFR-300 and TFR-100 Reports.

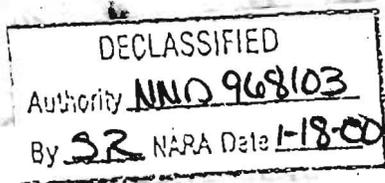
- A. 15 cabinets, 4 drawers, containing reports on Foreign Funds Control Form 1, Summary sheets. (Alphabetical Index to the TFR-300 reports.)
- B. 68 cabinets, 4 drawers, containing reports on Form TFR-300, Series A through H (not including Series C-1).
- C. 1 cabinet, 4 drawers, containing reports on Form TFR-300, Series C-1.
- D. 1 cabinet, 4 drawers, containing reports on Form TFR-300, Series I.
- E. 1 1/2 cabinets, 4 drawers, containing reports on Form TFR-300, Series J.
- F. 1/2 cabinet, 4 drawers, containing reports on Form TFR-300, Series K.
- G. 2 cabinets, 4 drawers, containing reports on Form TFR-300, Series L.
- H. 2 cabinets, 4 drawers, containing TFR-300 Supplemental Reports on various Series (filed pursuant to General Ruling No.17).
- I. 1 cabinet, 4 drawers, containing TFR-300 affidavits.
- J. 5 cabinets, 4 drawers, containing Serial Listings of TFR-300, Reports.
- K. 4 cabinets, 4 drawers containing TFR-300 Machine Tabulation Registers.
- L. 1 cabinet, 4 drawers containing TFR-300 Code Books.
- M. 4 cabinets, 4 drawers, containing TFR-100 Reports.

Total Number of cabinets	106
Total Number of reports	643,120

RECEIPT

I, _____ in my capacity as _____ in the Office of Alien Property, Department of Justice, have examined the material described and itemized above which has been transferred from the files of Foreign Funds Control, Treasury Department and I herewith certify that it has been received in full.

_____, 1948



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Entry	<u>FEC Control Files</u>
File	<u>TFR-300 Series LRF</u>
Box	<u>210</u>

INSTRUCTIONS FOR THE PREPARATION OF REPORTS ON SERIES L OF FORM TFR-300

SECTION I—INTRODUCTION

Series L of Form TFR-300 is to be used for certain kinds of reports supplementary or additional to the reports required on Series A through Series H of the Form, which Series were issued in 1941 pursuant to section 130.4 of the Regulations of April 10, 1940, as amended, under Executive Order No. 8389, as amended.

Section II of this Circular specifies the cases in which reports are to be filed on Series L and also gives general instructions concerning the reports. Section III consists of a classification of property, which must be followed strictly in reporting. Detailed instructions for filling out Series L are provided by Section IV, and Section V gives special instructions for persons previously reporting on Series C through Series H. A table of exchange rates appears in Section VI.

BEFORE ATTEMPTING TO PREPARE A REPORT, a person required to report on Series L should read completely Sections II, III, and IV of this Circular, and also Section V when it is pertinent.

Persons obliged to file a report on Series L are required in certain cases also to report on Series A through Series H, as appropriate, in accordance with Section II of this Circular. Series L is not to be used in any case as a substitute for a report required on Series A through Series H. Detailed instructions for the preparation of reports on Series A through Series H are given in Public Circular No. 4.

Copies of Executive Order No. 8389, as amended, the Regulations issued pursuant thereto, this Circular and Public Circular No. 4, and Series L and all other Series of Form TFR-300 may be obtained from any Federal Reserve Bank, the Governor of any territory or possession of the United States, or the Secretary of the Treasury, Washington, D. C.

SECTION II—GENERAL INSTRUCTIONS

A. *Who must make report.*—Report must be made on Series L of Form TFR-300 by:

(1) Nationals of foreign countries entering the United States at any time after October 31, 1941, *except* that report is not required from (a) a national entering the United States on a purely transitory visit, whether for business or pleasure, (b) a national resident in the United States, returning from a purely transitory visit outside the United States, (c) a person entitled to the benefits of General License No. 28, or of General License No. 80, (d) an officer or employee of a foreign government or a member of the immediate family of such a person, (e) a person who has filed a report under the next subdivision of this Instruction, or a substantially similar report, (f) a person whose property otherwise to be reported had a total value less than \$1,000 on the date of his entry into the United States, provided that this exception shall not apply to the lease of a safe-deposit box, to patents, trade-marks, copyrights, and franchises, to interests in partnerships and profit-sharing agreements, nor to property the value of which cannot readily be determined, and provided further that in arriving at the value of less than \$1,000, no deduction shall be made for liens, offsets, or other deductions from gross value;

(2) Nationals of foreign countries acquiring residence in the United States after February 23, 1942, who apply to be licensed as generally licensed nationals under General License No. 42, *except* that report is not required if the applicant has rendered a report under the preceding

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 Box 368

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subdivision of this Instruction within three months prior to the date of the application, but in such a case an appropriate explanation must be given in the application;

(3) Persons in the United States whose property is blocked by specific direction of the Treasury Department under Executive Order No. 8389, as amended, *except* that a report is not required from a person obliged to report on Form TFR-30, relating to internees;

(4) Persons in the United States having custody, control, or possession of property of other persons whose property is blocked by specific direction of the Treasury Department under Executive Order No. 8389, as amended;

(5) Persons in the United States having custody, control, or possession of property of other persons (a) whose names appeared in the Proclaimed List of Certain Blocked Nationals on September 1, 1942, or (b) whose names are added to the List thereafter;

(6) Such other persons or groups or classes of persons, and in such cases or kinds of cases, as the Treasury Department may provide by regulation, circular, ruling, license, specific direction, or other means.

B. Effective date for reporting property.—

(1) *Nationals entering the United States after October 31, 1941.*—A national of a foreign country entering the United States after October 31, 1941, and prior to September 1, 1942, must file a report of all property subject to the jurisdiction of the United States on the opening of business on September 1, 1942, in which property he had any interest of any nature whatsoever, direct or indirect. A national entering the United States on or after September 1, 1942, must report all property subject to the jurisdiction of the United States on the opening of business on the day on which he entered the United States, in which property he had any interest of any nature whatsoever, direct or indirect.

(2) *Applicants for license under General License No. 42.*—A person applying to be licensed under General License No. 42 must report all property subject to the jurisdiction of the United States on the opening of business on the date of the application for license in which property he has any interest of any nature whatsoever, direct or indirect.

(3) *Persons whose property is blocked under Treasury direction.*—A person in the United States whose property is blocked by specific direction of the Treasury Department under Executive Order No. 8389, as amended, must report all property subject to the jurisdiction of the United States on the opening of business on the date of the letter or other communication from the Treasury Department, a Federal Reserve Bank, or the Governor of a territory or possession of the United States, informing him of the blocking, in which property he has any interest of any nature whatsoever, direct or indirect.

(4) *Persons holding property of other persons whose property is blocked under Treasury direction.*—A person in the United States having custody, control, or possession of property subject to the jurisdiction of the United States in which another person whose property is blocked by specific direction of the Treasury Department under Executive Order No. 8389, as amended, has any interest of any nature whatsoever, direct or indirect, must report all of such property in his custody, control, or possession on the opening of business on the date specified for reporting in the letter or other communication from the Treasury Department, a Federal Reserve Bank, or the Governor of a territory or possession of the United States, notifying him of the blocking. A person having custody, control, or possession of such property who is not so notified of the blocking shall report the property held on the date he actually learns of the blocking. A report under the last sentence should include a detailed statement of the circumstances relating to the filing of the report.

(5) *Persons holding property of other persons whose names are listed in The Proclaimed List of Certain Blocked Nationals.*—A person in the United States having custody, control, or possession of property subject to the jurisdiction of the United States in which another person whose name appeared in The Proclaimed List of Certain Blocked Nationals on September 1, 1942, had any interest of any nature whatsoever, direct or indirect, must report all of such property

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in his custody, control, or possession on the opening of business on that date. A person in the United States having custody, control or possession of property subject to the jurisdiction of the United States in which another person whose name is added to The Proclaimed List of Certain Blocked Nationals after September 1, 1942, has any interest of any nature whatsoever, direct or indirect, must report all of such property in his custody, control, or possession on the opening of business on the date on which the addition of the person's name to the List is promulgated.

(6) *Other persons, directed by Treasury Department to file reports.*—Other persons, directed by the Treasury Department to file reports on Series L, shall report such property on such date as may be required by the Department.

C. Amount of property.—

Reports on Series L required under this Circular shall be made without any exemption whatever with respect to the amount of property involved, except as provided in subdivision (1) of Instruction A.

D. Reports on previous Series of Form TFR-300.—

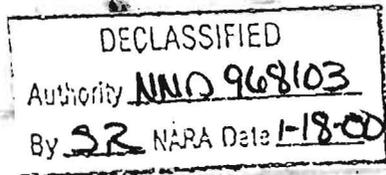
(1) *Basic requirement of reports.*—

(a) *Persons reporting their own property.*—Except as provided in subdivision (3) and subdivision (4) of this Instruction, every person reporting his own property on Series L must also file a report on Series A or Series B, as appropriate, of Form TFR-300 with respect to all property subject to the jurisdiction of the United States on the opening of business on either June 1, 1940, or on June 14, 1941, or both, in which the person had any interest of any nature whatsoever, direct or indirect, even though such a report previously has not been required.

(b) *Persons reporting the property of other persons.*—Except as provided in subdivision (3) and subdivision (4) of this Instruction, every person reporting the property of another person on Series L must also file a report or reports on the appropriate series of Series A through Series H of Form TFR-300 with respect to all property in the custody, control, or possession of the person reporting and subject to the jurisdiction of the United States on the opening of business, on either June 1, 1940, or June 14, 1941, or both, in which the person whose property is reported on Series L had any interest of any nature whatsoever, direct or indirect, even though such a report or reports previously have not been required.

(2) *Instructions for reporting on Series A through Series H.*—Reports on Series A through Series H required under this Instruction shall be prepared in accordance with the instructions in Public Circular No. 4, except as said instructions are inconsistent with the provisions of this Instruction. Questions 8 through 16 in Part E of Series B may be disregarded. At the top of the first page of each report on Series A through Series H there shall be written the phrase required to be inserted in Part A of the corresponding report on Series L by Instruction 5 (c) in Section IV of this Circular.

(3) *Exemptions.*—The reports on Series A through Series H required under this Instruction shall be made without any exemptions whatever, except that if the total value of any property of any national which any one person would otherwise be required to report was on both June 1, 1940, and June 14, 1941, less than \$1,000, the property need not be reported, *provided* that this exemption shall not apply to the lease of a safe-deposit box, to patents, trade-marks, copyrights, and franchises, to interest in partnerships and profit-sharing agreements, nor to property the value of which cannot readily be determined, *and provided further* that in arriving at the value of \$1,000, no deduction shall be made for offsets, liens, or other deductions from gross value. If a person held property of a kind which must be reported without exemption by virtue of the first proviso in the preceding sentence, he must also report all other property held, regardless of the value of such other property.



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(4) *Reports previously filed on Series A through Series H.*—If a report or reports on Series A through Series H have previously been filed in a case where a report or reports are otherwise required by this Instruction, no report need be filed under this Instruction provided that the report or reports previously filed are substantially identical with those required under this Instruction. In this respect, only, a difference in entries under the nationality caption shall not be regarded as substantial, but if such a difference appears it should be fully explained in the report on Series L.

(5) *Reports previously required but not filed.*—The provisions of this Circular in no way excuse the filing of any report on Series A through Series H of Form TFR-300 which would be required if this Circular had not been issued, but which is not required under this Circular.

(6) *Series I, Series J, and Series K.*—Nothing in this Circular requires any report on Series I, Series J, or Series K of Form TFR-300, but the requirements for reports on these Series set forth by Public Circular No. 4, Public Circular No. 4A, and Public Circular No. 4B shall remain fully effective.

E. Definitions.—

(1) *“Person,” “foreign country,” and “national.”*—The terms “person,” “foreign country,” and “national” are defined as follows in Section 5 of Executive Order No. 8389, as amended:

C. The term “person” means an individual, partnership, association, corporation, or other organization.

D. The term “foreign country” shall include, but not by way of limitation,

(i) The state and the government thereof on the effective date of this Order as well as any political subdivision, agency, or instrumentality thereof or any territory, dependency, colony, protectorate, mandate, dominion, possession or place subject to the jurisdiction thereof,

(ii) Any other government (including any political subdivision, agency, or instrumentality thereof) to the extent and only to the extent that such government exercises or claims to exercise *de jure* or *de facto* sovereignty over the area which on such effective date constituted such foreign country, and

(iii) Any territory which on or since the effective date of this Order is controlled or occupied by the military, naval or police forces or other authority of such foreign country,

(iv) Any person to the extent that such person is, or has been, or to the extent that there is reasonable cause to believe that such person is, or has been, since such effective date, acting or purporting to act directly or indirectly for the benefit or on behalf of any of the foregoing.

Hong Kong shall be deemed to be a foreign country within the meaning of this subdivision.

E. The term “national” shall include,

(i) Any person who has been domiciled in, or a subject, citizen or resident of a foreign country at any time on or since the effective date of this Order,

(ii) Any partnership, association, corporation or other organization, organized under the laws of, or which on or since the effective date of this Order had or has had its principal place of business in such foreign country, or which on or since such effective date was or has been controlled by, or a substantial part of the stock, shares, bonds, debentures, notes, drafts, or other securities or obligations of which, was or has been owned or controlled by, directly or indirectly, such foreign country and/or one or more nationals thereof as herein defined,

(iii) Any person to the extent that such person is, or has been, since such effective date, acting or purporting to act directly or indirectly for the benefit or on behalf of any national of such foreign country, and

(iv) Any other person who there is reasonable cause to believe is a “national” as herein defined.

In any case in which by virtue of the foregoing definition a person is a national of more than one foreign country, such person shall be deemed to be a national of each such foreign country. In any case in which the combined interests of two or more foreign countries designated in this Order and/or nationals thereof are sufficient in the aggregate to constitute, within the meaning of the foregoing, control or 25 per centum or more of the stock, shares, bonds, debentures, notes, drafts, or other securities or obligations of a partnership, association, corporation or other organization, but such control or a substantial part of such stock, shares, bonds, debentures, notes, drafts, or other securities or obligations is not held by any one such foreign country and/or national thereof, such partnership, association, corporation or other organization shall be deemed to be a national of each of such foreign countries. The Secretary of the Treasury shall have full power to determine that any person is or shall be deemed

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to be a "national" within the meaning of this definition, and the foreign country of which such person is or shall be deemed to be a national. Without limitation of the foregoing, the term "national" shall also include any other person who is determined by the Secretary of the Treasury to be, or to have been, since such effective date, acting or purporting to act directly or indirectly for the benefit or under the direction of a foreign country designated in this Order or national thereof, as herein defined.

(2) "*United States.*"—With respect to reports on Series L, the term "United States" means the United States and any place subject to the jurisdiction thereof except the Philippine Islands.

(3) "*Custody, control, or possession.*"—The term "custody, control, or possession of property" includes holding or holding title to property in any manner whatsoever, having authority over property as agent, attorney, trustee, or otherwise, owing a debt or other obligation, or having been informed or notified of or subjected to a claim, demand, action, suit, or proceeding, being party to a contract of any nature whatsoever, or having issued financial securities or being subject to any right or claim by way of ownership, control, or participation, in the nature of a proprietorship interest or otherwise.

(4) "*Persons whose property is blocked.*"—The term "person whose property is blocked" shall include a national who claimed to be licensed under General License No. 28, General License No. 42, General License No. 68, General License No. 73, or General License No. 80 but who is specifically ruled by the Treasury Department not to have been entitled to the privileges of the license involved.

(5) "*Purely transitory visit.*"—The term "purely, transitory visit" shall not be deemed to include a visit to a country by a person who expects to remain there more than three months and who has no fixed abode elsewhere to which to return on the termination of the visit.

F. Separation of reports for different nationals.—

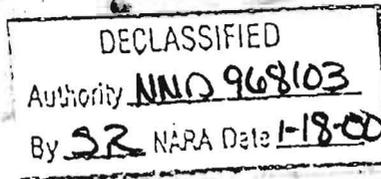
A separate report shall be made with respect to each person whose property is to be reported on Series L. For example, if the person reporting owes debts to two nationals whose property is to be reported, he will make two separate reports, listing on each report all of his debts to the particular person for whom that report is made. If he owes one debt jointly to two persons whose property is to be reported, he will again make two separate reports, entering the whole debt on each. Any duplication in reporting the same property on several reports or duplication by reason of several persons reporting the same property shall not excuse anyone from rendering all reports required of him.

G. Time and place of filing report.—

(1) *Place.*—Reports on Series L and reports on Series A through Series H required by Instruction D, must be executed and filed in *quadruplicate* with the Federal Reserve Bank of the district or the Governor of the territory or possession of the United States in which the person filing the report resides or has a principal place of business or principal office or agency, or if such person has no legal residence or place of business or principal office or agency in a Federal Reserve district or a territory or possession of the United States, then with the Federal Reserve Bank of New York or the Federal Reserve Bank of San Francisco. *Persons reporting should retain a copy of each report filed by them.*

(2) *Time.*—

- (a) Reports by a national entering the United States after October 31, 1941, and prior to September 1, 1942, shall be filed on or before October 31, 1942. Reports by a national entering the United States on or after September 1, 1942, shall be filed on or before the thirtieth day succeeding the day on which the national entered the United States.
- (b) Reports by an applicant for license under General License No. 42 shall be filed at the same time as the license application.
- (c) Reports by a person whose property is blocked under Treasury direction shall be filed at such time as shall be required in the letter or other communication informing the person of the blocking.



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- (d) Reports by a person having custody, control, or possession of property of another person whose property is blocked by direction of the Treasury Department shall be filed at such time as shall be required in the letter or other communication notifying the person reporting of the blocking. A person who is not notified of the blocking shall file reports within fifteen days from the date on which he actually learns of the blocking.
- (e) Reports by a person having custody, control, or possession of property of another person whose name appeared in The Proclaimed List of Certain Blocked Nationals on September 1, 1942, shall be filed on or before October 31, 1942. Reports with respect to property of a person whose name is added to the List after September 1, 1942, shall be filed within fifteen days from the date on which the addition of the person's name to the List is promulgated.
- (f) Other persons directed by the Treasury Department to report shall file reports within such time as may be directed by the Department.

H. Penalties.—

Section 5 (b) of the Act of October 6, 1917 (40 Stat. 415), as amended, applicable hereto, provides in part:

* * * Whoever willfully violates any of the provisions of this subdivision or of any license, order, rule or regulation issued thereunder, shall, upon conviction, be fined not more than \$10,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent, of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both.

I. Information regarding preparation of reports.—

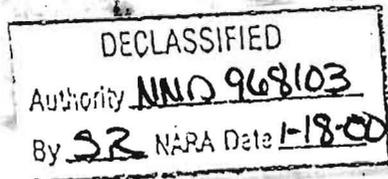
Anyone desiring information as to whether or not he is required to make a report on any series of Form TFR-300 may apply to any Federal Reserve Bank. Questions and answers relating to Public Circular No. 4 and Series A through Series H which were published after consultation with the Treasury Department may be relied upon in preparing Series L where not inconsistent with this Circular or Series L.

SECTION III—PROPERTY CLASSES

Before preparing any report, read this Section in detail.—This Circular requires reports on Form TFR-300, Series L, of all property subject to the jurisdiction of the United States in which persons specified by Instruction B in Section II of the Circular had any interest on the effective dates provided by Instruction B. In this Section, property is classified for purposes of the reports. It is imperative that all property be entered under the correct type on Series L, which requires that the person reporting state whether or not he has reported the value of all property he is called upon to report therein.

The classification herein is identical with that provided in Section III of Public Circular No. 4.

Class A—Bullion, currency, and deposits.—(1) *Bullion*, both gold and silver; (2) *Currency and coin*, United States and foreign; (3) *Demand deposits payable in the United States* in United States dollars or foreign currency, including any and all demand deposits or accounts maintained with any bank or broker, or others, in the national's own name or jointly with one or more other persons, or on which he has authority to draw, or maintained in some other name for the present or future benefit of the national, or in which the national has an interest, whether or not he has the right to draw thereon; (4) *Other deposits payable in the United States* in United States dollars or foreign currency, maintained with any bank, broker, or others, including savings accounts, compound interest accounts, accounts represented by certificates of deposit, postal savings accounts, and any and all other accounts, other than demand deposits, maintained in the national's own name or jointly with one or more other persons, or on which he has authority to



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draw, or maintained in some other name for the present or future benefit of the national, or in which the national has an interest, whether or not he has the right to draw thereon.

Class B—**Financial securities.**—(5) *United States Government obligations*, including all United States bonds, registered or bearer, notes, bills, certificates of indebtedness, savings stamps, matured coupons, attached or detached, and every other such direct obligation of the United States Government, and all obligations evidenced by financial securities guaranteed as to principal or interest by the United States Government, but not obligations not so guaranteed as to principal or interest; (6) *State, municipal, and other local government obligations*, including bonds, registered or bearer, matured coupons, attached or detached, notes, certificates of indebtedness, and any other such obligations of any state, territory, district, or possession of the United States, and of any agency or instrumentality or subdivision thereof, and of all municipal corporations, including, without limitation, cities, towns, townships, counties, parishes, irrigation districts, school, water, drainage, and tax districts, special authorities, and any other similar obligations, and including certificates of deposit with respect to any of the foregoing; (7) *Bonds of domestic corporations*, including mortgage bonds, registered or bearer, and matured coupons, attached or detached, debentures, notes, income bonds, and any other evidences of funded debt, past due or to become due, and all receiver's or trustee's certificates and similar instruments, and any other obligation evidenced by an instrument, negotiable or otherwise, representing funded corporate debt, executed or issued by or in the name of any corporation organized under the laws of the United States or of any state, territory, district, or possession thereof, including all such obligations of any agency or instrumentality of the United States not guaranteed as to principal or interest by the United States Government and including certificates of deposit with respect to any of the foregoing; (8) *Common stocks of domestic corporations*, of whatever class, voting or nonvoting, including debenture stock, participating stock, and any other type or kind of stock [other than preferred stock], interests in voting trusts, stock pools, and similar interests, and any trustee's certificates, by whatever name called, representing shares or beneficial interests in any business trust or other type of unincorporated business organization except a partnership; (9) *Preferred stocks of domestic corporations*, including all stock, voting or nonvoting, issued by any domestic corporation, to which any preference of any kind attaches, over any other issue of stock of that same corporation; (10) *Foreign securities held in the United States*, including mortgage and other bonds, registered or bearer, and matured coupons, attached or detached, debentures, notes, and any other evidences of funded debt, past due or to become due, negotiable or otherwise, executed or issued either within or without the United States by a foreign government or any subdivision, instrumentality, or agency thereof, whether or not incorporated, or by any corporation or other association or organization, business or otherwise, organized and existing under the laws of any country other than the United States, representing funded debt thereof, and all stock, common or preferred of all types or kinds, and any other instrument by whatever name called, representing shares or beneficial interests in any such corporation, organization, or association and including certificates of deposit with respect to any of the foregoing; (11) *Warrants, scrip, rights, and options; other securities*, warrants, scrip, rights, options, or other instruments evidencing the right to receive, purchase, or acquire any financial security or interest therein, absolutely or upon contingency, and all other contracts relating to the purchase or sale of financial securities, issued or unissued; and any other financial securities whatsoever or rights therein, commonly dealt in by bankers, brokers, and investment houses in the United States or elsewhere.

Class C—**Notes and drafts; debts to and claims by national.**—(12) *Checks, drafts, acceptances, and notes*, including all checks, cashier's or official bank checks, sight drafts, time drafts, banker's acceptances, trade acceptances, promissory notes, and any and all other notes, drafts, or bills of exchange, and payment orders and remittances; (13) *Letters of credit*, including all similar instruments or agreements, wherein the obligation of any bank thereunder arises directly or indirectly at the request of, or for the account of, a national or extends to any national

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named in the letter of credit, or otherwise known, who has any rights, contingent or absolute, to receive any payments in any amount pursuant to the terms of the letter of credit or in reimbursement for any unused portion thereof; (14) *Debts, claims, demands, and contracts*, including book accounts, accounts receivable, judgments, awards; indebtedness and claims arising under contracts, policies of insurance, and surety and indemnity bonds; draw-backs, rebates, and refunds; and including all other debts, claims, and demands due or past due for the payment of money whether or not secured in any manner whatsoever [other than any represented by an instrument evidencing funded debt, or classified under some other type], due or claimed to be due to a national from any person or corporation residing or doing business in the United States or subject to the jurisdiction thereof, except where the debt was payable only on special demand and the place where due demand therefor could be made is not within the United States; and any and all contracts and rights under contracts, not otherwise classified, to which a national was a party or in which a national had any interest whatever, present or future, vested or contingent, executory or partly executed, liquidated or unliquidated, regardless of the nature of the contract or the nature and extent of the national's interest therein.

Class D—*Miscellaneous personal property; personal property liens*.—(15) *Warehouse receipts, bills of lading*, and any and all other instruments, negotiable or otherwise, representing claims to or on personal property; (16) *Options and futures in commodities*, traded on any commodity exchange, including any interest in, or present or future claims to, any commodities or the proceeds of the sale of any commodities; (17) *Goods and merchandise for business use, except jewelry, etc.*, including stocks of raw materials, agricultural products, goods in process, finished goods in stock or on consignment, goods on vessels or otherwise in transit, other than jewelry, precious stones, and precious metals; (18) *Jewelry, precious stones, and precious metals*, other than bullion, whether held for personal use, or as stock in trade, or for other commercial purposes; (19) *Machinery, equipment, and livestock, for business use*, all machinery or equipment on hand, stored, or in use, automobiles [business], trucks, automotive or otherwise, and other vehicles, office equipment and furnishings, and whatever else of like or similar type, customarily classified as machinery and equipment, vessels of any type and tonnage, charter parties, and all other interests represented by instrument or otherwise in the ownership, rights to possession, use, or control of any vessel [other than maritime or other liens thereon]; farm machinery and equipment, livestock; and all other tangible personal property used in the operation of any business or occupation; (20) *Objects of art and furnishings for personal use*, including all art objects, coin and stamp collections, household furniture and furnishings, automobiles [personal], and all other tangible personal property not used for commercial purposes; (21) *Liens on and claims to personal property, not otherwise classified*, including trust receipts, bills of sale, contracts for conditional sale or resale, lease-sale arrangements, repurchase agreements, chattel mortgages, pledges; maritime, cattle, timber, and crop liens; and all other instruments not otherwise classified evidencing any lien on, or claim to, personal property, and all other liens on or claims to personal property, not represented by any instrument by whatever name called, arising by agreement or by operation of law.

Class E—*Real property; mortgages; other rights to land*.—(22) *Lands and buildings for personal use*, including only property used exclusively as a dwelling by the national and his family and not more than one other family; (23) *Lands and buildings other than for personal use*, including all property used as a dwelling other than that classified under type 22 preceding, all lands and the buildings, structures, and other improvements thereon used for commercial, manufacturing, mercantile, agricultural, and other business purposes, and interests therein; ground rents, leaseholds, together with rents, accrued or to accrue, tax warrants, easements, mineral rights, oil rights, timber and other rights in or to land or the products thereof or a share therein, royalties, and any other rights in the lands of another; (24) *Mortgages on real property; other rights to land*, mortgage bonds, mortgage notes [other than corporate mortgage bonds or notes represented by financial securities], mortgage participation certificates, guaranteed

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or otherwise, deeds of trust, and any other bond, note, or other instrument secured by a lien on any real property or interest therein; contracts for the purchase and sale of real property, whether or not partially executed, options, and any and all other rights or interests in or liens, vested or contingent, upon real property or upon an interest in real property.

Class F—**Patents, trade-marks, and copyrights; franchises.**—(25) *Patents, trade-marks, copyrights, and inventions*, including patents, trade-marks, registered or unregistered, copyrights, inventions, and secret processes, or any present, future, or contingent interest therein and agreements pertaining thereto; all rights incidental to the ownership of patents, trade-marks, or copyrights, including applications therefor and licenses, by definition or otherwise, immunities, and assignments, relating thereto, and any other contracts affecting or involving the foregoing such as, but not by way of limitation, the right to receive royalties, including any royalties due and unpaid, royalties paid in advance, reciprocal licensing arrangements and contracts by which any information in the nature of technical data, know-how, or otherwise, is transmitted or exchanged, or any right therein by which any license or privilege is granted or may be exercised, to examine the operations of any plant, factory, or other productive unit, to examine or supervise the books thereof, to inspect any finished product, or to have the right of visitation or any other such right incidental to or separate from the right to receive royalties or other compensation; (26) *Franchises, concessions, licenses, and permits*, by any of which any special right or privilege may be exercised affecting the commencement, continuation, or conduct of a business, or as an incident thereto.

Class G—**Estates and trusts.**—(27) *Interests in estates and trusts*, each and every right or interest, present or future, absolute or contingent, in or to any of the property or estate of a deceased person, which may belong to the national or in which he has an interest, whether the same exists by reason of the provisions of a last will and testament or by operation of law in case of the intestacy of the deceased, and all other rights or interests, present or future, absolute, revocable, or contingent, belonging to the national or in which he has an interest, in or to any property or fund held or controlled by a trustee or other fiduciary by whatever name described.

Class H—**Partnership and profit-sharing agreements.**—(28) *Interests under partnership and profit-sharing agreements*, all partnership agreements, general, special, limited, or other type, agreements for joint adventures; profit-pooling and profit-sharing agreements and any and all other rights to receive, or share in, profits of partnerships, business trusts, or other non-incorporated business organizations [not represented by a financial security], whether or not the rights granted under such agreement are security for a debt due, or as a manner or method of liquidating such debt or otherwise.

Class I—**Insurance policies; annuities.**—(29) *Surrender value of insurance policies; present value of annuities*, of all types, including pensions and endowments and pension and endowment contracts, determined in accordance with standard actuarial practice.

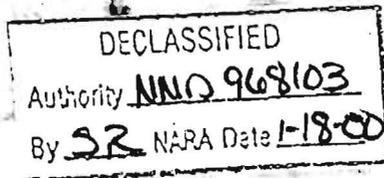
Class J—**Other property.**—(30) *Other property, not classifiable under types 1 to 29*, including any and all other property, real, personal, or mixed, tangible or intangible, or interest or interests therein, present, future, or contingent; debts due or to become due, claims, demands, actions, causes or things in action, or interest therein, not specified, mentioned, or referred to in any of the foregoing property classes designated "Class A" to "Class I," inclusive.

SECTION IV—DETAILED INSTRUCTIONS FOR FILLING OUT FORM

1. **Purpose of form.**—Series L is to be used to report property of certain persons as required under this Circular. See particularly Instructions A and B in Section II.

2. **Instructions applicable to entire Series.**—

(a) *Reading Circular.*—If you have not already read carefully Sections I, II, and III of this Circular, do so before reading this Section. Persons reporting property which previously should have been reported on Series C through Series H of Form TFR-300 and not on Series A or Series B should also read Section V before attempting to prepare a report.



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(b) *Answers required.*—Each question on the Series must be answered, and all the specific information called for must be given. When there is nothing to report under any question or if information is lacking, state “No,” “None,” or “Unknown,” as the case may be, with an explanation if required, *except that in Part C spaces not needed for reporting should be left blank.* No person is excused from furnishing any information he reasonably should have.

(c) *Number of copies required.*—File each report in *quadruplicate.* You should retain for yourself an additional copy of each report.

3. **Effective date of report.**—Each person reporting shall enter in this space the effective date of the report as provided by Instruction B in Section II of this Circular. Great care should be taken that the proper date is entered. Do not enter the date on which the report is filled out or the date on which the affidavit to the report is subscribed and sworn.

4. **Nationality.**—

(a) *General.*—Enter in this space the name of each country of which the person whose property is being reported is a national, as defined in Section 5E of Executive Order No. 8389, as amended. If the person is a national of any foreign country by reason of any fact other than that such person has been a subject or citizen of the country, the facts determining the person's nationality must be stated in question 5 of Part E. In answering question 5, state *all* the facts concerning the nationality of the person, including those relating to his status as a national of the country, if any, of which he has been a subject or citizen.

(b) *Proclaimed List.*—If the person whose property is being reported is listed on The Proclaimed List of Certain Blocked Nationals, insert the words “Proclaimed List” under the nationality caption, in addition to the name of each foreign country of which the person is a national. Do not insert the name of any foreign country merely because the person is listed on The Proclaimed List of Certain Blocked Nationals.

5. **Part A.**—

(a) *Name.*—If the national is an individual doing business under a trade name, give that name in addition to his actual name.

(b) *Citizenship.*—If the national is not an individual, enter the name of the country, State, district, territory, or possession under the laws of which it is incorporated, or, if unincorporated, in which it has its principal place of business. When the national is a subject or citizen of more than one country, state the name of each country, including the United States when that is one of the countries.

(c) *Reason for report.*—

(i) A national entering the United States after October 31, 1941, should enter in this space a statement in the following form: “National entering the United States on _____, 194__,” with the appropriate date.

(ii) An applicant for license under General License No. 42 should make a statement in the following form: “General License No. 42 Application report—application dated _____, 194__,” with the appropriate date.

(iii) A person whose property is blocked by specific direction of the Treasury Department should make a statement in the following form: “Filed pursuant to blocking letter from Federal Reserve Bank of _____, dated _____ 194__,” with appropriate insertions. If notice of the blocking is received from a source other than a Federal Reserve Bank, the insertion should be modified accordingly.

(iv) A person holding property of another person, whose property is blocked by specific direction of the Treasury Department should make a statement in the following form: “Filed pursuant to blocking letter from the Federal Reserve Bank of _____, dated _____, 194__,” with appropriate insertions. If notice is received from a source other than a Federal Reserve Bank, the statement should be modified accordingly. A person reporting without having received any notice should utilize this space for the explanation required under subdivision (4) of Instruction B in Section II of this Circular.

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(v) A person holding property of another person whose name appeared on The Proclaimed List of Certain Blocked Nationals on September 1, 1942, should enter "Proclaimed List—September 1, 1942." A person holding property of a person whose name is added to the List after September 1, 1942, should make a statement in the following form: "National's name added to Proclaimed List on -----, 194--," with the appropriate date.

(vi) Other persons, reporting by direction of the Treasury Department, shall make such statement as may be required by the Department.

6. Part B.—

(a) *Person reporting his own property.*—A person reporting his own property need not fill out this Part further than to enter his name in the Part.

(b) *Persons reporting property of others.*—A person reporting the property of another should state in Part B, as indicated in the margin thereof: (i) his name; (ii) his address; (iii) his business; (iv) the state or country of which he is a citizen or under the laws of which it is incorporated or, if unincorporated, in which it has its principal place of business; (v) if the person reporting is a national as defined in Section 5E of Executive Order No. 8389, as amended, the name of each country of which he is a national; and (vi) his relationship to the national whose property is being reported, *e. g.*, as agent, nominee, trustee, custodian, banker, etc. The information may be given by any method producing a readily legible impression.

7. Part C—Schedule I.—

(a) *General.*—This schedule requires the valuation of all the property of the person whose property is being reported within each property type contained in the classification set out in Section III of this Circular, which must be followed strictly. Property not falling under any of the other types of the classification must be reported under type 30, but no property shall be reported under type 30 if it constitutes property reportable under any other type.

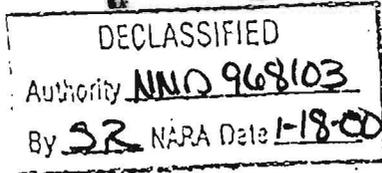
(b) *Valuation.*—Enter in the column for property holdings the total value of the items of each type of property held on the effective date of the report, at the market price at the close of business on the preceding day, or, if such price is not available, at the estimated value on the effective date. In estimating value, the last sale price or bid, if reasonably close to the effective date, may be used as a basis. Concerning the effective date, see Instruction 3 in this Section.

All amounts reported should be given in dollars to the nearest dollar. Do not enter fractions of a dollar on the report. However, in determining the value of a property item consisting of more than one unit, fractions of a dollar in the unit value should not be disregarded. For example, if 10 shares of a particular stock are to be reported and the value of each share was \$116%, so that the exact total value was \$1,163.75, the amount entered on the report should be \$1,164.

(c) *Value expressed in foreign currency.*—Property, the value of which was expressed in a foreign currency, or which was to be paid or liquidated in a foreign currency, shall be valued at the dollar value if dollar market value existed for such property itself; if not, the foreign currency value thereof shall be converted into dollars, in accordance with the instructions relating to exchange rates given in Section VI of this Circular.

(d) *Property of indeterminable value.*—In reporting property of indeterminable value, enter "indeterminable" under the appropriate property type in Schedule I and describe the property in Schedule III, as required by Instruction 9 below. When property of determinable value and property of indeterminable value are to be reported under one property type in Schedule I, the determinable amount should be entered under the property type without indication of the property having indeterminable value, but descriptions of the items should be given in Schedule III in accordance with Instruction 9.

(e) *Inventories.*—If in the regular course of its business, a person engaged in business prepared an inventory of merchandise, and machinery and equipment, or either, within a year of the effective date of the report, and if the information required to be furnished in Schedule I is not available from other existing records of the national, such inventory prepared nearest to the



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effective date and the values indicated thereon may be used in filling out Schedule I, with appropriate notation of such use, including the date of the inventory.

(f) *Orders for goods.*—Orders for goods and contracts for the sale of goods need not be reported, but report must be made of long-term merchandise contracts.

(g) *Goods in transit.*—Goods in transit need be reported only by nationals reporting their own property, but goods in storage must be reported by any person having custody, control, or possession of the goods, including carriers holding goods in storage.

8. **Part C—Schedule II.**—This Schedule requires a statement of the indebtedness of the national payable to persons in the United States, within each indebtedness type as classified and described in the Schedule. State under each type only the total amount of indebtedness of that type being reported. Nationals reporting for themselves should enter all their indebtedness of each type. Persons reporting concerning nationals should enter *only* the indebtedness owed by the national to them. *All amounts should be given in dollars to the nearest dollar. Do not enter fractions of a dollar.* Indebtedness payable in foreign currency should be converted into dollars in accordance with the instructions relating to exchange rates given in Section VI of this Circular.

9. **Part C—Schedule III.**—

(a) *Property items to be listed.*—List in this Schedule, in the order in which the property types are given in Schedule I of this Part, each item of property, concerning which report is being made, having a value of \$1,000 or more on the effective date of the report, *provided* that persons reporting by virtue of subdivision (3) or subdivision (4) of Instruction A in Section II of this Circular shall list all items of property, without exception as to value. Property items included in Class F, *i. e.*, patents, trade-marks, copyrights, and franchises, and in Class H, *i. e.*, partnership and profit-sharing agreements, shall be listed, even though valued at less than \$1,000. However, no reference whatever should be made to any invention with respect to which a secrecy order has been issued by the Commissioner of Patents pursuant to the Act of October 6, 1917 (40 Stat. 394), as amended. Also, list all items of property, the value of which is not readily determinable. Except as provided in this paragraph, property items of a value less than \$1,000 should not be listed in this Schedule, although the value of each must be included in the total value of property of the appropriate type in Schedule I.

(b) *Definition of property item.*—A property item is any unit of property commonly bought, sold, assigned, released, or alienated, except that the total of wholly similar units of the same kind is regarded as one item, such as a number of certificates each for shares of stock of the same issue, or a number of bonds of the same issue, or several head of cattle. The total number of units of such property shall be stated, but in other respects the property may be treated entirely as one item. Several bank accounts with the same institution, or several debts payable by the same debtor, shall be itemized separately in this Schedule if the aggregate amount thereof exceeds \$1,000, even though each individual item is less than \$1,000.

(c) *Method of listing.*—Enter in Column (a) the number of the property type in which the item is included. Enter in Column (b) a short description or identification of the property item. In case of property, such as a patent, commonly referred to by number or other similar designation, state briefly the object or nature of the property in addition to the number or other designation. With regard to property other than debts and claims, enter in Column (c) in addition to other appropriate information, the name and address of the person, if any, with whom the property was deposited or by whom it was held, and give the number or other designation of any safe deposit box or similar receptacle, if any, in which the property was kept. Respecting deposits, debts, etc., owed to the national, state the name and address of the debtor and disregard the location of the evidence of indebtedness. If the property was held by or owned by the person reporting, it will suffice to state "Person reporting" in place of the name and address. Enter in Column (d) the value of each property item on the effective date of the report, as determined in accordance with the provisions for valuation in Instruction 7, above.

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(d) *Continuation sheets.*—Continuation sheets identical in form with Schedule III are provided for the use of persons reporting who find the space in Schedule III insufficient.

10. **Part D—Section I.**—All the information called for in the questions under this Part must be given as of the effective date of the report for each of the property items listed in Part C, Schedule III. In the answers, each item of property shall be designated by the number of its type and by its description, or a summary of the description, in Part C, Schedule III.

11. **Part D—Section II.**—The questions in this Section must be answered by every person reporting on Series L. The purpose of the Section is to obtain definite information whether a report or reports on Series A through Series H of Form TFR-300, in accordance with Instruction D in Section II of this Circular, should be filed by the person reporting on Series L. Persons who answer the applicable part of question 1 in the affirmative and who answer question 2 (a) in the negative must file a report or reports on Series A through Series H unless the property comes within the exemption provided by subdivision (3) of Instruction D in Section II.

12. **Affidavit.**—

(a) *Necessity and manner of execution.*—The report must be signed and sworn (affirmed) to before an officer authorized to administer oaths whose seal must be affixed. Reports will not be accepted unless properly executed. The affidavit need be attested only on the original of the report but the affidavits on copies must be fully conformed except as to the notarial seal.

(b) *Who shall execute.*—Affidavits on behalf of partnerships shall be executed by a partner. Affidavits on behalf of any other organization shall be executed by the president, vice-president, secretary, or some other principal officer authorized to make the report on behalf of the organization.

SECTION V.—SPECIAL INSTRUCTIONS TO PERSONS PREVIOUSLY REPORTING ON SERIES C THROUGH SERIES H

Persons holding property which they should have reported on Series C through Series H of Form TFR-300, if the reporting dates for those series had extended to the date for reporting on Series L, should prepare Part C and Part D, Section I, of Series L as nearly as possible in the same manner as they would have reported on Series C through Series H. It is intended that the reports on Series L of property which previously would have been made on Series C through Series H shall be as closely comparable as possible in data and presentation to reports on those Series. See also Instruction I in Section II of this Circular. Persons who would have reported safe-deposit boxes on Series D should utilize Part E, questions 6, 7, and 8 of Series L, instead of Part C and Part D, Section I.

The provisions of this Section in no way excuse the filing of reports on Series C through Series H which are required under this Circular or under Public Circular No. 4.

SECTION VI.—TABLE OF EXCHANGE RATES

Where the value of property expressed in terms of foreign currency is required to be converted into dollars, the rates of exchange set forth below should be used. If no rate is given for a country, the latest rate next before the effective date of the report, as generally quoted by foreign exchange dealers or other recognized sources of information, shall be used. Such rate should be clearly stated in the report.

The exchange rates given in this table are for use only in preparing reports on Form TFR-300, Series L, and are not intended to be used or relied upon in any other connection or for any other purpose whatsoever. In making reports on Series A through Series H of Form TFR-300

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FEDERAL RESERVE BANK
 OF NEW YORK

FISCAL AGENT OF THE UNITED STATES

June 3, 1943.

Dear Mr. Pehle:

According to your request of May 25 and telemeter message of June 1, 1943, Mr. Roelse, Assistant Vice President, released to the representatives of the press on June 2 for publication on June 3 information regarding the census, notice of which appeared in this morning's edition of the leading newspapers. The Press and Circular Division will, upon receipt of the 3,500 copies of the press release being forwarded to us regarding form TFR-500, circularize all of the financial institutions on our full mailing list. In addition, we have requested Mr. Franklin, Treasurer of the New York Stock Exchange, to instruct the Stock Exchange members who have branches in other cities to furnish their branches with information so that the census will receive the widest possible circularization.

So far today there has been quite a demand for copies of the forms which would indicate that the articles appearing in this morning's papers had received a ready response from the public.

Very truly yours,

Chas. N. Van Houten
 Chas. N. Van Houten, Manager,
 Foreign Funds Control Department.

John W. Pehle, Esq.,
 Assistant to the Secretary,
 Treasury Department,
 Washington, D. C.

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ASSOCIATION OF STOCK EXCHANGE FIRMS

24 Broad Street, New York

Telephone HAnover 2-8266

Bulletin 102

June 25, 1943.

*To the Members of the
 Association of Stock Exchange Firms:*

TFR 500 REPORTS

The Treasury Department will require all persons subject to the jurisdiction of the United States to make a report of any interest, direct or indirect, in any property in a foreign country as of May 31, 1943. Reports must be filed with the appropriate Federal Reserve Bank not later than August 31, 1943. Reports by persons outside the United States must be filed with the United States Consul of the district in which such person is located on or before September 30, 1943.

Copies of Public Circular 22 and all series of Form TFR 500 may be obtained from any Federal Reserve Bank, the Governor of any State, or from any United States Consul.

The enclosed questions and answers have been issued by the Foreign Exchange Committee, and with the consent of that Committee are sent to our members for their use in assisting customers who may be required to file such reports.

Any further questions may be presented to this office in writing, and a reply will be given after consultation with the proper authorities.

WILLIAM W. PEAKE,
 Secretary.

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FEDERAL RESERVE BANK OF DALLAS

Program followed by R. O. Webb and Howard Carrithers at meetings held in Houston, San Antonio, and El Paso, with respect to the census of Foreign-Owned Property on Form TFR-500

(Opening remarks by R. O. Webb)

1. Before beginning a discussion of the census of foreign-owned property, I want to take this opportunity to express, on behalf of the Federal Reserve Bank of Dallas and the Treasury Department, thanks to you for the cooperation you have given us in the past with respect to the enforcement of the freezing control.

The success of this phase of our war effort, of course, depends upon the cooperation of the banks of this country.

While we needed your help in the beginning, we need it even more now because the activities are continuing to expand.

2. The Executive Order is not the same today as it was when it was originally issued on April 8, 1940, when Germany invaded Norway and Denmark - we were a neutral nation then. Its purpose then was designed principally to protect the property interests within the United States of the invaded countries and their nationals. The pattern has changed considerably since the United States entered the war.

3. It may interest you to know that at the present time there are over \$13,000,000,000 of foreign-held property, including money and securities in the United States, and of this amount Foreign Funds Control now controls over \$8,500,000,000 of enemy alien funds.

4. The Executive Order as presently constituted, in addition to protecting the property interests in the United States of nationals of the invaded countries, is designed to:

Prevent the conversion of those assets or property values by the Axis countries for their own benefit.

It is a valuable weapon of economic warfare preventing strategic and other supplies from reaching the aggressors by depriving the Axis powers of the use of dollar assets of the countries they invade.

The control has greatly impaired their ability to finance propaganda, sabotage, and other subversive activities in the United States and other strategic areas.

It has also taken from their control the stock interests of the Axis nations in American corporations, thus relieving those corporations of Axis domination and free to serve this country in its war effort.

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5. As you know, we have just completed taking a census of foreign-owned property in the United States on Form TFR-300 and now a new phase of the freezing control is developing, namely, the census of property in all foreign countries in which any person subject to the jurisdiction of the United States had an interest on May 31, 1943. The report, Form TFR-500, covering the new census differs in many respects from the report, Form TFR-300, covering foreign-owned property held in this country because the situation is exactly the reverse.

PURPOSE OF CENSUS

The Government's need for detailed knowledge of American interests and relationships abroad has constantly increased since the war began. The information obtained from the census will be of assistance in the activities of the Foreign Funds Control Division of the Treasury Department and in the work of other divisions involving economic, financial, and commercial relationships with foreign countries and their nationals. It will also be of aid to other departments and agencies in the performance of their wartime duties, protecting American interests abroad, and combating the economic strategy of the Axis. By means of this census of American property abroad, our armed forces occupying hitherto dominated Axis territory, and the civil authorities following in their wake, will be supplied with accurate information both for facilitating the occupation and for protecting American interests within the area.

We greatly appreciate your presence here today, and while we do not claim to be experts on the subject, we know something about it and sincerely hope we can be of some assistance to you in your efforts to serve your customers who may be required to report their property interests in foreign countries in accordance with the provisions of Public Circular No. 22.

Before issuing Public Circular No. 22, Foreign Funds Control considered it advisable to hold a conference in Washington with representatives of the various Federal Reserve banks to discuss the reporting requirements and the instructions relative thereto. We sent Mr. Carrithers, Manager of our Foreign Funds Control Department, to Washington to attend this conference and as a result I think he can explain the instructions better than anyone else, and tell you how the reports should be prepared. Mr. Carrithers will now take over the discussion.

A general discussion followed of the reporting requirements and the application of the instructions and purpose of the various series of the form; also some discussion was held on other Foreign Funds Control matters. Following the meeting at each point, we visited several of the banks on the second day and discussed in detail their individual problems with respect to this census and other Foreign Funds Control matters.

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TRIBUNE

AUGUST 27, 1943.

TFR - 500

Bankers pointed out yesterday that next Tuesday is the deadline for filing Treasury foreign report 500, representing the census of American-owned foreign property. Citizens living abroad have until Sept. 30 to turn in their reports. However, financial institutions outside of the large financial centers of the country and their clients who may hold reportable Latin American bonds and other assets are still largely ignorant that such a census is going on, if the remarks by out-of-town visitors are any criterion. The comment is made widely that the reports turned in all over the country will fall short of all such assets held by Americans, since there has been little publicity outside of the relatively few financial pages of daily newspapers, magazines and trade publications.

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TFR-500

SURVEY OF AMERICAN STAKE ABROAD

Since last June 3, the Treasury Department has been engaged in making an exhaustive survey of the American stake in foreign countries. Just where has the American dollar gone and in what amounts?

Many thousands of report forms, known as TFR-500, have been distributed by the Treasury, Federal Reserve Banks and commercial banks to corporations and individuals in all parts of the country, in cities, towns and rural areas. Returns are coming in in large volume, showing American investments already recorded in 102 countries. The highest individual investment is one in excess of \$7,000,000 and the lowest, one of \$40. Single corporation investments abroad, when finally recorded, are expected to run in a few cases as high as \$500,000,000.

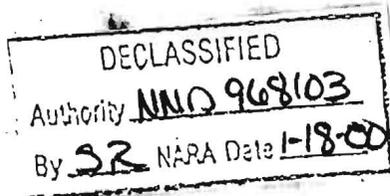
What are the reasons for this survey and to the solution of what win-the-war and post-war problems can it be applied?

The wartime uses are important. They include information to the armed forces and to the Allied Military Government and the conduct of economic warfare by Foreign Funds Control, the Office of Economic Warfare, and other governmental agencies, such as the State Department. The military and occupation authorities can use the survey not only as a source of information about property in territories in which they are interested, but also as an indication of persons who could furnish data other than that contained in the reports.

In the economic warfare field, it is often important to know the set-up of American interests, in neutral countries even more than in belligerent countries. The reports are also needed in discussions with friendly and neutral nations with regard to their wartime business, financial, and economic positions. This use is often of great consequence to American investors because their welfare may be involved in the discussions, which cannot be adequately carried out unless the Government has full knowledge of their position.

Under the present favorable progress of the war, the post-war uses are assuming ever increasing significance. No one would expect a business man about to engage in large financial transactions to approach a conference without gathering the fullest possible information about his relationships with the other persons involved. The same principle must be applied by the Government of the United States in the financial and economic discussions which will inevitably occur in the formulation of the peace and in conducting the affairs of this country after the peace has been made. Moreover, other governments have already collected information on the interests of their nationals. It behooves this government to be equally well informed.

In more detail, here are specific ways in which the TFR-500 survey can be valuable:



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A. War-time Uses:

1. Information of interest to the Army:

- (a) Certain plants adaptable to, and probably used for, vital war production can be identified and located. Some can be turned to good use more quickly by knowing they are American-owned and by the parent company on the job.
- (b) Information regarding areas in which fighting may take place or has just taken place. (Such sources are branch plant manager, emigrant with interest in family estate, refugee who was driven out.)

2. Information of interest to occupation officials:

- (a) Availability of special production facilities and of personnel capable of utilizing such facilities,
- (b) knowledge of trustworthy - non-fascist local citizenry,
- (c) ownership of works of art, antiques and collections (some stored in secret places).

3. Information of interest to economic warfare agencies:

- (a) Office of Foreign Economic Administration: Preclusive buying - buying vital war supplies - developing sources of raw material supply. What are U. S. holdings abroad along these lines. If there are any they should be able to assist.
- (b) Foreign Funds Control: Many applications for licenses involve American-owned assets abroad.

B. Peace table negotiations: U. S. negotiators should have full information or they cannot adequately take care of the interests of these property-holders - "300" will help on the one side and "500" on the other.

1. Information with respect to the general outlines of the Financial settlements:

- (a) Preliminary knowledge of possible value and type of damage to American property and of the problems related to putting U. S. citizens back in possession of their property in countries affected by the war.

2. Information relating to the financial assistance to be given some of the countries of Europe to rehabilitate their industry and economic system:

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- (a) Some of this assistance should, perhaps, be directed toward the rebuilding of certain plants in which Americans are interested,
- (b) The amount of the assistance to be given, above the very minimum required by economic considerations, may be determined by the value and character of existing foreign and American interests in the particular area.
- (c) The amount of assistance to be given will depend also on the foreign assets of the foreign countries, ("300" information).
- C. Post War Problems: The United States must take its place in the activities of the world — a leading place — and it must not attempt to do so while in the dark as to its own interests.
1. Reopening the trade of war areas and of the world as a whole: The terms under which trade is reopened may depend some on the industrial possibilities of the various areas. How soon exchange controls can be dropped will depend in part on the extent of the U.S. and other foreign holdings of obligations of the country. Both the timing and the character of these measures will affect American interests in the country and exporters here. Unless the existence of heavy American interests in the areas were known, their interests could be affected seriously by the action.
 2. International stabilization funds, international monetary and other financial cooperation: None of these projects, which vitally affect the post-war movements of trade and capital, can be intelligibly planned and certainly cannot be put into effect without adequate knowledge of the value and type of United States interests and the number and character of the persons having those interests. Also, foreign assets in the U.S. upon which particular countries can draw and the owners of those funds ("300" information).
 3. Private loans to foreign countries: These should not be made without good balance of payments and industry data. A high concentration of dollar demands on the foreign exchange resources of a country might dictate caution in making further commitments.
 4. Direct investments by American corporations: A definite knowledge that American capital was not engaged in particular areas in special types of enterprises might be a reason for encouraging companies with foreign experience to participate in the needed development when outside capital was required.
 5. The Good Neighbor policy: In the future as it has already, technical assistance will be granted to Latin American countries in balance of payments and industrial surveys (Mexico for example, an International Monetary Committee several months ago and now an International Industrial Committee). The fullest assistance cannot be given without a knowledge of the obligations actually due to Americans and plants owned.

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As stated in Public Circular No. 4, Page 3, a report must be filed by:

- (1) EVERY NATIONAL OF A FOREIGN COUNTRY, IN THE UNITED STATES, WITH RESPECT TO ALL PROPERTY WHATSOEVER SUBJECT TO THE JURISDICTION OF THE UNITED STATES ON JUNE 1, 1940, OR JUNE 14, 1941, IN WHICH ON EITHER OR BOTH DATES HE HAD ANY INTEREST OF ANY NATURE WHATSOEVER, DIRECT OR INDIRECT;
- (2) EVERY PERSON IN THE UNITED STATES WITH RESPECT TO ALL PROPERTY WHATSOEVER HELD BY HIM OR IN HIS CUSTODY, CONTROL, OR POSSESSION, DIRECTLY OR INDIRECTLY, IN TRUST OR OTHERWISE, AND ALL DEBTS OR OTHER OBLIGATIONS WHATSOEVER OWED BY OR ASSERTED AGAINST HIM, AND ALL CONTRACTS OF ANY NATURE WHATSOEVER TO WHICH HE WAS A PARTY, SUBJECT TO THE JURISDICTION OF THE UNITED STATES ON JUNE 1, 1940, OR JUNE 14, 1941, IN WHICH ON EITHER OR BOTH DATES ANY FOREIGN COUNTRY OR ANY NATIONAL THEREOF HAD ANY INTEREST OF ANY NATURE WHATSOEVER, DIRECT OR INDIRECT;
- (3) EVERY PARTNERSHIP, TRUST, ASSOCIATION, CORPORATION, OR OTHER ORGANIZATION ORGANIZED OR EXISTING UNDER THE LAWS OF THE UNITED STATES OR OF ANY STATE, TERRITORY, OR DISTRICT OF THE UNITED STATES, OR HAVING ITS PRINCIPAL PLACE OF BUSINESS IN THE UNITED STATES, WITH RESPECT TO ANY SHARES OF ITS STOCK, INCLUDING ANY RIGHT OR CLAIM TO OWNERSHIP OR CONTROL OR PARTICIPATION IN OWNERSHIP OR CONTROL THEREOF OR PROFITS OR INCOME DERIVED THEREFROM, OR ANY EQUITY IN ANY OF THE FOREGOING, WHETHER OR NOT EXPRESSED BY WRITTEN AGREEMENT OR EVIDENCED BY ANY INSTRUMENT, AND WITH RESPECT TO ALL BONDS, DEBENTURES, NOTES, OR OTHER FUNDED OBLIGATIONS OR ANY EQUITY THEREIN, AND WITH RESPECT TO ANY OTHER OUTSTANDING SECURITIES OR EQUITY THEREIN, IN ANY OF WHICH ANY FOREIGN COUNTRY OR ANY NATIONAL THEREOF HAD ON EITHER OR BOTH JUNE 1, 1940, AND JUNE 14, 1941, ANY INTEREST OF ANY NATURE WHATSOEVER, DIRECT OR INDIRECT;
- (4) EVERY AGENT OR REPRESENTATIVE IN THE UNITED STATES FOR ANY FOREIGN COUNTRY OR FOR ANY NATIONAL THEREOF, HAVING ANY INFORMATION WITH RESPECT TO PROPERTY SUBJECT TO THE JURISDICTION OF THE UNITED STATES ON JUNE 1, 1940, OR JUNE 14, 1941, IN WHICH ON EITHER OR ON BOTH DATES THE FOREIGN COUNTRY OR NATIONAL THEREOF FOR WHICH HE WAS AGENT OR REPRESENTATIVE HAD ANY INTEREST OF ANY NATURE WHATSOEVER, DIRECT OR INDIRECT, BUT SUCH AN AGENT OR REPRESENTATIVE WHO FILES A REPORT IN BEHALF OF THE NATIONAL UNDER PARAGRAPH (1) ABOVE NEED NOT FILE A DUPLICATE REPORT UNDER THIS PARAGRAPH.

WHO IS A "PERSON". THE TERM "PERSON" MEANS AN INDIVIDUAL, PARTNERSHIP, ASSOCIATION, CORPORATION, OR OTHER ORGANIZATION.

WHO IS A "NATIONAL". THE TERM "NATIONAL" AS DEFINED IN SECTION 5 (E) OF EXECUTIVE ORDER NO. 8389, AS AMENDED, INCLUDES:

- (A) ANY PERSON WHO HAS BEEN DOMICILED IN, OR A SUBJECT, CITIZEN OR RESIDENT OF A FOREIGN COUNTRY AT ANY TIME ON OR SINCE THE EFFECTIVE DATE OF THIS ORDER,
- (B) ANY PARTNERSHIP, ASSOCIATION, CORPORATION OR OTHER ORGANIZATION, ORGANIZED UNDER THE LAWS OF, OR WHICH ON OR SINCE THE EFFECTIVE DATE OF THIS ORDER HAD OR HAS HAD ITS PRINCIPAL PLACE OF BUSINESS IN SUCH FOREIGN COUNTRY, OR WHICH ON OR SINCE SUCH EFFECTIVE DATE WAS OR HAS BEEN CONTROLLED BY, OR A SUBSTANTIAL PART OF THE STOCK, SHARES, BONDS, DEBENTURES, NOTES, DRAFTS, OR OTHER SECURITIES OR OBLIGATIONS OF WHICH, WAS OR HAS BEEN OWNED OR CONTROLLED BY, DIRECTLY OR INDIRECTLY, SUCH FOREIGN COUNTRY AND/OR ONE OR MORE NATIONALS THEREOF AS HEREIN DEFINED.
- (C) ANY PERSON TO THE EXTENT THAT SUCH PERSON IS, OR HAS BEEN, SINCE SUCH EFFECTIVE DATE, ACTING OR PURPORTING TO ACT DIRECTLY OR INDIRECTLY FOR THE BENEFIT OR ON BEHALF OF ANY NATIONAL OF SUCH FOREIGN COUNTRY, AND
- (D) ANY OTHER PERSON WHO THERE IS REASONABLE CAUSE TO BELIEVE IS A "NATIONAL" AS HEREIN DEFINED***

On basis of through

WHEN NO REPORT NECESSARY

NO REPORT NEED BE FILED BY:

- (1) ANY PERSON (INCLUDING BANKS, BROKERS, ETC.) IF THE TOTAL VALUE OF ALL PROPERTY OTHERWISE REPORTABLE BY HIM WAS LESS THAN \$1,000. (WITH THE EXCEPTIONS NOTED IN PARAGRAPH F (1) PAGE 5 OF PUBLIC CIRCULAR NO. 4.)
- (2) ANY PERSON IF THE NATIONAL HAVING AN INTEREST IN PROPERTY OTHERWISE REPORTABLE IS ENTITLED TO THE BENEFITS OF GENERAL LICENSES NOS. 28, 42, 68 OR 73.
 - GENERAL LICENSE NO. 28 APPLIES TO NATIONALS WHO ARE CITIZENS OF THE UNITED STATES RESIDING ONLY IN THE UNITED STATES.
 - GENERAL LICENSE NO. 42 APPLIES TO NATIONALS DOMICILED AND RESIDING ONLY IN THE UNITED STATES. WITH RESPECT TO REPORTING, THE TERMS OF THIS LICENSE APPLY TO NATIONALS OF FOREIGN COUNTRIES WHICH HAVE NOT BEEN BLOCKED AS WELL AS TO NATIONALS OF BLOCKED COUNTRIES.
 - GENERAL LICENSE NO. 68 APPLIES TO NATIONALS OF CHINA RESIDING IN THE UNITED STATES.
 - GENERAL LICENSE NO. 73 APPLIES TO CERTAIN CHINESE PARTNERSHIPS.

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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE Jan. 17, 1944

TO Messrs. Pehle, Luxford, and Bernstein

FROM P. D. Dickens, R. H. Hughes, and E. Arnold

Re: Reporting of foreign dollar bonds on Form TFR-500

Summary Statement

Our memorandum of January 1 requested authority to consult Mr. John L. Timoney of the Guaranty Trust Company of New York with respect to a proposal that banks in New York distribute slips to their correspondent banks for use in bringing Form TFR-500 to the attention of clients presenting coupons from foreign dollar bonds. The proposal was disapproved by the New York banks, but with assurances of willingness to cooperate if the problem were attacked under the formal auspices of the Treasury Department or of the Federal Reserve Banks. Since further studies of the census results confirm our opinion that a substantial amount of dollar bonds remains unreported, we recommend that:

- (1) An effort be made to carry out the distribution of slips through the Federal Reserve Banks;
- (2) Banks be asked to give the slips to persons presenting coupons and also to send them to persons for whom they hold dollar bonds in custody;
- (3) Brokers be requested to send the slips to their custody clients; and
- (4) The American Banker be invited to carry an article on the project.

Attached are a complete set of the documents which would be needed in connection with action by the Federal Reserve Banks, including a letter to them pointing out the need for further action and outlining the proposed plan. We have not yet begun to prepare an article for the American Banker because we feel that more discussion with Mr. Timoney, as Secretary of the Foreign Exchange Sub-Committee, would be desirable. In addition to the proposal now advanced we have also considered further the possibility of some compulsory method of reaching bondholders. Although we do not recommend the use of such a method, the most feasible plan which has occurred to us is discussed briefly at the end of this memorandum, for comparison with our actual proposal.

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Events Since Approval of Previous Memorandum

Immediately upon the approval of our previous memorandum, Mr. Timoney was notified by telephone that the Treasury would be glad to have the banks undertake the project then advanced. He suggested that a telephone call from Mr. Pehle to Mr. Loree might be helpful. On January 6 Mr. Timoney held an informal meeting of the banks principally concerned and found that they objected to the project. During the meeting Mr. Pehle called Mr. Loree, who immediately went to the meeting and expressed a firm desire to assist the Treasury. The fundamental objection of the banks appeared to be on the ground that the Treasury or the Federal Reserve Banks should initiate the project. Mr. Loree agreed with the banks' position on this point. All the banks expressed willingness to aid an undertaking started by the Treasury or the Federal Reserve Banks. A second objection of the banks to the proposal advanced by Mr. Timoney was that they would be required to write direct to country banks whose business came to them through intermediate correspondents. Although such direct communication could have been avoided, the project would have been considerably complicated.

We did not feel that the New York banks should be pressed further on the original project but we discussed with Mr. Timoney what alternative could best be adopted. Although the New York banks were willing to send or give a Treasury notice to their correspondent banks as well as to their other clients, we felt that since they would not assume the entire responsibility, the undertaking would be much less complicated if this Department, either directly or through the Federal Reserve Banks, were merely to supply all banks with slips which they could hand to their non-banking customers as coupons are deposited. The New York banks would be relied on only to hand out such slips and to indicate their concurrence in the project through an article in the American Banker. Mr. Timoney expressed the opinion that there would be no difficulty in the issuance of an appropriate article but we have not yet gone into details.

In our discussions with Mr. Timoney and others we were reminded of the fact that many banks and brokers hold securities in custody for their domestic clients. We feel that banks and brokers should be asked to send a copy of the slip to each person for whom they were holding foreign dollar bonds on May 31, 1943, or at least to each person for whom they now hold bonds which came into their possession before that date. Notices to such persons would not duplicate those given to persons presenting coupons at the window since the coupons from custody bonds would ordinarily be cut by the custodian and deposited for the credit of the owner without any action by the latter. Undoubtedly a substantial amount of securities is held in custody accounts in the larger centers and possibly some are held by banks and brokers in other places.

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Discussion of Proposal

The proposal as it now stands has two of the merits of the earlier project—(1) it is identical in being aimed specifically at bondholders; (2) it likewise avoids the question of authority which might arise under the other proposals discussed in our earlier memorandum.

The disadvantage of the proposal is that it tends to raise certain problems more strongly than did the other recommendation. These matters are the possibility of adverse publicity concerning the success of the census, and the question of the Treasury's having an "ulterior" interest in bonds. There is also a possible difficulty which the other approach avoided altogether, i.e., the letter which the Treasury has recently sent to all banks thanking them for their cooperation in regard to the census may have been taken as an indication that the Department had "signed off". In conversations which we have had with Mr. Timoney and one or two Washington bankers we have not received any objections on this ground.

We feel that all of the adverse considerations are inconsequential in relation to the desirability of making sure that the census is complete in the extremely important field involved. Moreover, at least the question of an ulterior interest can be met by a frank statement in the communication to banks. It may be remembered that our position has already been definitely stated in a letter to Congressman Stockman dated November 5, 1943.

It is also our opinion that the undesirable factors would be greatly minimized if the communication with banks was made by means of a letter from each Federal Reserve Bank to the banks of its district. We believe also that a letter from the Federal would inherently be more likely to enlist the cooperation of banks than would a letter from this Department. To achieve the greatest effect, the letter should be individually addressed, although the body may be multilithed or printed. It will be necessary to make sure in advance that the Federal Reserve Banks have no objection, particularly with reference to the matter of sending letters to non-member banks.

Although we have not studied the exact cost of the project, it clearly would not be excessive in the light of our experience with the Foreign Bondholders Protective Council circularization. The printing cost might be slightly higher but the postage will be less because of the much smaller number of mailings. It appears that there are approximately 14,000 banks in the United States, many of which, of course, have branches. We feel that each banking office, whether it is a branch or an independent bank, would need not less than 20 notices, and since

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many offices would require more, we allow 30 notices for at least 15,000 banking offices, making an initial printing of 500,000 notices, with an additional 50,000 for brokerage firms. Each ordinary sheet of letter size paper would yield at least three notices instead of only one as in the case of the Bondholders Council project, which in fact required two pieces of paper for each of 90,000 persons because the Council insisted on including a notice of its own in addition to the Treasury material.

List of Necessary Documents

Attached are the following proposed documents: (1) notice to bondholders; (2) letter from Federal Reserve Banks to banks in their districts; (3) letter from Federal Reserve Banks to brokers in their districts; (4) letter from this Department to Federal Reserve Banks; (5) statement of reasons why foreign dollar bonds are important. Special considerations affecting each document are discussed below.

(1) Notice to bondholders. This notice is designed to present the requirements concerning bonds as compactly as possible, having in mind the various errors which bondholders are prone to make. Directed to these errors are the material in parentheses about Canadian and Latin American issues and the sentence concerning the \$10,000 exemption. On the back of the notice is an order blank which will facilitate orders and will also enable us to maintain some check on the efficacy of the system.

We feel that the notice and order blank should be uniform throughout the country except for the substitution of the name of the appropriate Federal Reserve Bank.

(2) Letter from Federal Reserve Banks to banks in their district. If our general proposal is accepted, we think that the attached letter should be presented to the Federal Reserve Banks only as a suggested form which they may vary to meet local conditions. An exception would be drawn for the paragraph of the letter on the Government's interest in foreign dollar bonds, which should be identical in all districts.

It will be noted that the paragraph just mentioned contains a sentence indicating that the State and Commerce Departments have an interest in the bond results. We feel that this sentence will be highly desirable as a preventative of unjust criticisms of the kind which have been received from the New York Herald-Tribune. Of course, it will be necessary to clear the use of this sentence with the respective Departments. If they object, the deletion of the sentence will require only slight rephrasing of the rest of the paragraph.

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We hope that the Federal Reserve Banks can individualize the letter by typing in the name of the bank or broker to which it is actually addressed. Such treatment would not be an inordinate burden on the Banks, for the number of letters to be mailed by each Federal to banks would average about 1,200 and the number for brokers would be relatively small in most districts. We believe than an individualized approach would add greatly to the efficacy of the letter, particularly since the Federals would be able to direct the communications specifically to the designated Foreign Funds officers of the addressee banks.

(3) Letter from Federal Reserve Banks to brokers in their districts. This letter is essentially the same as that to banks and is subject to the same considerations.

(4) Letter from this Department to Federal Reserve Banks. We have discussed with Mr. Birch the best way of bringing the project to the Federal Reserve Banks. It appears that we should use a letter, to be supplemented by telephone when necessary. Although time is not of the essence, it is important that the project be started shortly in order to cover the March interest in full. Accordingly, the letter conveys some sense of urgency and we believe that it should be followed up if replies are not received quickly.

(5) Statement of reasons why foreign dollar bonds are important. The purpose of this statement is to enable Federal Reserve Banks to answer inquiries in a more informed manner than has hitherto been possible. It is not contemplated that this statement would be published in its entirety by the Banks but they would use the material from it as the occasion demanded.

Compulsory Method of Reaching Bondholders

We believe that the most feasible compulsory method of reaching bondholders would be through a regulation prohibiting banks from receiving coupons for collection, from any person other than another bank, unless one of three forms had been filed. A person presenting coupons at the window would be required to file a form certifying the present ownership of the pertinent bonds and the fact that the owner had reported them on Form TFR-500 or did not own them on May 31, 1943. If such a certificate could not be made, the person would be obliged to submit a form giving the name and address of the owner and other information needed in supplying Form TFR-500 and instructions. Certificates would merely be filed by the receiving bank, subject to order of this Department, but the other form would be mailed to the appropriate Federal Reserve Bank by the receiving bank at bi-weekly intervals.

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The Federals would then send the necessary forms and instructions to the owner. The third form would be a certificate to be filed by the owners of bonds held by banks in custody accounts.

The system outlined entails, we believe, the minimum of difficulty and interference with normal transactions which could be reached in a compulsory method of gaining information. It has certain advantages over our proposal for voluntary action, particularly as it insures uniform action by banks. However, we consider that the idea has objections which definitely outweigh the benefits: (1) much more work would be required on the part of bondholders and banks; (2) the prohibition on receiving coupons for collection would give objectors a definite focus for legal attack, which could be accompanied by allegations of oppression upon innocent investors; (3) the question of the Treasury's motive would be brought to sharpest attention.

CC.
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JSD

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4/23/43.

Messrs. Luxford, Fehle and Bernstein

Messrs. Reeves and Arnold

In accordance with decision at the meeting yesterday regarding exemptions to all persons whose property in all foreign countries had an aggregate value less than \$10,000, except that each such person should report all dollar bonds and all interests in allied foreign organizations, patent license agreements, trademark license agreements, franchises and concessions, and certain contracts, we have prepared the following drafts. The draft marked "A" is for inclusion in the regulations. The draft marked "B" is for inclusion in the public circular.

WHR
 E.A.

CC - Messrs. Dickens
 Hughes
 Olson
 Schmidt
 Stewart ✓

WHR:ees:ESD

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DRAFT "A"

Section 137.3 Exemptions.

(a) No report on Form TFR-500 is required (1) from any person whose property in all foreign countries had an aggregate value less than \$10,000, or (2) from any other person respecting property in any foreign country if the total value of all his property in such country was less than \$1,000. These exemptions shall not apply to bonds payable by their terms in United States dollars whether or not alternately payable in another currency or to interests in allied foreign organizations, patent license agreements, trademark license agreements, franchises and concessions, and such contracts as may be specified by the Secretary of the Treasury all of which shall be reported by any person regardless of the value thereof.

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DRAFT "A"

Section 137.3 Exemptions.

(a) No report on Form TFR-500 is required (1) from any person whose property in all foreign countries had an aggregate value less than \$10,000, or (2) from any other person respecting property in any foreign country if the total value of all his property in such country was less than \$1,000. These exemptions shall not apply to bonds payable by their terms in United States dollars whether or not alternately payable in another currency or to interests in allied foreign organizations, patent license agreements, trademark license agreements, franchises and concessions, and such contracts as may be specified by the Secretary of the Treasury all of which shall be reported by any person regardless of the value thereof.

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DRAFT "B"

3. Exemptions.—

A. Exemption based on value of property.

(1) Every person whose property in all foreign countries had an aggregate value less than \$10,000, as determined by methods of valuation herein prescribed, is exempt from reporting any of such property EXCEPT

(a) All bonds, regardless of value, payable by their terms in United States dollars whether or not alternately payable in another currency (property types 8, 9, and 10, in part);

(b) All interests in allied foreign organizations, patent license agreements, trade-mark license agreements, franchises and concessions and certain contracts, regardless of value (property classes A and I).

(2) Every person whose property in all foreign countries had an aggregate value of \$10,000, or more, as determined by methods of valuation herein prescribed, is exempt from reporting property held in any one foreign country where the value of all property therein is less than \$1,000, EXCEPT

(a) All bonds, regardless of value, payable by their terms in United States dollars whether or not alternately payable in another currency (property types 8, 9, and 10, in part);

(b) All interests in allied foreign organizations, patent license agreements, trade-mark license agreements, franchises and concessions and certain contracts, regardless of value (property classes A and I).

(3) The value of any property for the purposes hereof shall be the higher of "cost or face value" or "book, market or estimated value." In arriving at the value of property no deduction shall be made for offsets, liens or other reductions from gross value. If a foreign country is divided into more than one jurisdiction in the table appearing in Section X of this Circular, the exemption may be applied to each jurisdiction separately.

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MEMORANDUM

VALUATION OF INVESTMENTS IN
FOREIGN SUBSIDIARY COMPANIES OWNED BY AMERICAN CORPORATIONS

This paper, prepared in connection with the proposed census of foreign property owned by Americans, is limited to foreign subsidiaries of American corporations. By "subsidiary" is meant a company (or, in some instances, a partnership) in which voting control of more than 50% is held by the parent company. In most instances, such companies were customarily consolidated with the accounts of the parent company prior to the outbreak of the war and companies located in neutral countries or otherwise unaffected by the war are still consolidated.

Consolidation is based in part upon the incident of controlling stock ownership. However, another prerequisite is the existence of a community of interest among the companies consolidated. It would not be logical, for example, to consolidate a fishery and a steel mill, but the consolidation of oil producing, refining, transporting and selling companies is a recognized and well-founded corporate practice. Where such a consolidation of related and closely-knit interests existed prior to the outbreak of the war great harm may be done to some of the companies by the enforced removal of others from the business picture. That, however, is incidental to the main question of basic valuation with which we are here concerned.

Our problem is the dollar value to be assigned to the investment account of the American company. In most instances, these investment accounts represent long-term holdings. Very often the parent company has been plowing back earnings over a period of years, enhancing the value of the investment without reflecting this enhancement in the investment account. In those rare instances where the parent company has drawn money in excess of the current earnings of a foreign subsidiary the resultant lessening of the value underlying the investment account often has not been reflected.

Whichever way the trend has been, we cannot ask for a report based only upon the original cost of the investment to the parent company without taking the chance of overlooking changes such as those noted above. In a few instances, the old method of changing the investment account yearly to reflect changes in the net worth of the subsidiary represented by stock held by the parent may still be in use. However, the majority of companies carry their investments at cost, and our procedure must recognize this fact.

Since the cost of the investment is not an entirely valid figure we must reach further back to the underlying value. It is at this point that we run into the question of the translation of foreign currency balance sheets. The method to be used in such translation to U. S. dollars must be carefully chosen in order to insure the most accurate results. Two methods are discussed herein so as to develop the entire picture. In such discussions we must discount the question of how to establish the proper exchange rates between blocked countries and the U. S. as at any date since the war began. That is a question for the economists, and the solution will probably be a freezing of exchange rates as at some "normal" date just before the Anschluss or some other significant date.

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The general procedure in consolidating foreign subsidiaries is to start by translating the balance sheet of each company into the common denominator of U. S. dollars. This is done because the investment account of the parent is stated in U. S. dollars and generally represents U. S. dollars spent, and because the capital stock and surplus of the parent company represent equities in dollar assets, payable in dollars. The translation of the balance sheets is accomplished by various sets of rules, of which the two described below represent, in the writer's opinion, the low and the high points in logical procedure.

The "least-effort" method which is also the least accurate is the translation of all accounts in the balance sheet at a single rate -- the rate in effect at the close of business on the balance sheet date. The effect of this practice, of course, is to reflect all values as if the assets were sold on that day for the exact number of foreign currency units at which they appear on the balance sheet, the liabilities were all paid off on the same basis, and the resulting balance of foreign currency was transmitted to the parent company in dollars. Actually, however, we are not dealing with a liquidation, which is what the use of the current rate for all balance sheet accounts reflects. Therefore, this method cannot be accepted as truly accurate, although where it is used we will probably have to accept it.

The best method which has come to the writer's attention uses various exchange rates for various purposes, depending upon the type of account involved. This method is used by such companies as International Telephone & Telegraph Company and Texas Corp., and is recognized as sound by leading accountants. It must be remembered that any translation of an amount from one currency to another necessarily results in an approximation of value, but the approximation is closest where the rates are applied as described below.

Current assets and current liabilities are translated at the rate in effect at the balance sheet date. This is logical, because such accounts are always considered as representing items which will become cash within a short time.

The income account is translated at the average rate for the period. Naturally, the shorter the period the closer the dollar figure will be to actual dollar equivalents spent. There are certain minor exceptions to this rule, but they are not important for our purpose. The theory underlying this rate is, of course, that income is earned and expenses are incurred at equal intervals throughout the period, so that the average rate represents the dollar value that would have been involved.

Fixed capital accounts should be accumulated on a foreign currency and dollar equivalent basis throughout the life of the company, so that there is no question of translation at the balance sheet date. The theory is that fixed capital is valued at cost, so that the cost in U. S. dollars should be computed at the date of purchase and continued throughout the life of the asset. Retirements, on the same theory, are credited at the dollar value applicable to a particular item or group of items.

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Accounts with affiliated companies are generally translated at current rates inasmuch as they are eliminated in consolidation. A certain amount of arbitrage difference results from this practice but it is generally a very small net figure for an entire system of companies.

Fixed liabilities, such as funded debt, which will be paid at some date certain in the future, are carried at the dollar value in force at the time they were issued. It is probable that they will not be paid off at exactly that dollar value, but, on the other hand, there is no way to forecast what rate will be in effect at the date of payment. In view of this uncertainty it would not be logical to record fluctuations from date to date, so the dollar amount is frozen. This position is bolstered by the fact that it is generally considered that the proceeds of the sale of funded debt will be applied to the purchase or construction of fixed capital items, which are carried at a frozen dollar value as pointed out above.

Common and preferred stock, representing a permanent investment in the company, are also carried at dollar value as of the date of issuance.

The balances of depreciation and other reserve accounts are accumulated at dollar and foreign currency values. Depreciation reserve, for example, receives credits from income at the average rate for the period. Debits for retired property are made at the dollar value applicable to the property item. Similarly, the source of the debits or credits to other reserve accounts will rule the dollar value to be assigned.

Capital and earned surplus also have accumulated dollar values, with the addition that, unless some special account is provided on the balance sheet, the net debit or credit arising from translation of the other balance sheet accounts is reflected as an increase or decrease of earned surplus dollar value.

Any other balance sheet accounts are translated or accumulated at rates arrived at by the application of the above principles.

There are, of course, gradations of practice between the two methods set forth above. It is suggested, however, that the second one be adopted as standard wherever the choice lies with us.

RHHughes:f 6/23/42

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Conclusion

As has been mentioned above, investments in the stocks and bonds of foreign subsidiaries do not represent an interest in any specific assets of such companies. They are, rather, evidences of ownership of the net assets which would remain after all outside obligations had been satisfied. In setting a value upon such investments, therefore, we can not attempt to allocate the dollar value of any particular asset to any investment, with the exception that the dollar value of outstanding mortgage bonds is assumed to be secured by an equivalent dollar value of property.

It is suggested, therefore, that the value of any investment in a controlled foreign company, discounting the effects of physical or economic warfare, should be set, for reporting purposes, at the underlying book value of such investment as at some date prior to the outbreak of the war or, if valid figures are available, at the most recent date possible. Such figures will be ascertainable from the foreign currency and dollar balance sheets of foreign subsidiaries, and our requests for information should, therefore, include requests for such data.

The evaluation of any individual method of translation of the foreign currency values must be left to later analysis. To begin with, we should have the carrying value of the investment on the books of the American company which owns it and the financial statements indicated above, both as at some date which, to the best of the company's knowledge, will represent a fairly normal situation. In addition, it would be helpful to know the original cost of the investment and the accounting method followed by the owning company with respect to its investment accounts.

RH Hughes

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MEMORANDUM FOR THE FILES:

March 26, 1943.

Legal authority of the Secretary of the Treasury to require a census of certain property located in foreign countries.

The Secretary of the Treasury proposes to issue Special Regulation No. 1 requiring the filing of a report on Form TFR-500 by every person subject to the jurisdiction of the United States having at the close of business on December 31, 1942 any interest in any property located in any foreign country on such date.

The authority of the Secretary of the Treasury to require the submission of such reports does not rest upon inference, argument or conjecture. Such authority was clearly delegated to the Secretary of the Treasury by the President, acting pursuant to the power and authority conferred upon him by section 5(b) of the Trading with the enemy Act as amended by the First War Powers Act, 1941. Section 5(b) of the Trading with the enemy Act as amended by the First War Powers Act, 1941, reads in pertinent part as follows:

"During the time of war or during any other period of national emergency declared by the President, the President may, through any agency that he may designate, or otherwise, and under such rules and regulations as he may prescribe, by means of instructions, licenses, or otherwise * * * investigate * * * transactions involving, any property in which any foreign country or a national thereof has any interest, by any person, or with respect to any property, subject to the jurisdiction of the United States; * * * and the President shall, in the manner hereinabove provided, require any person to keep a full record of, and to furnish under oath, in the form of reports or otherwise, complete information relative to * * * any interest in foreign property, or relative to any property in which any foreign country or any national thereof has or has had any interest * * *."

A mere recitation of the relevant provisions of this Act unequivocally establishes the full authority of the President to require any person subject to the jurisdiction of the United States to furnish reports concerning his foreign property holdings. A comparison of the clause underlined in the above quotation with the language of the previous Act makes it clear that authority was conferred upon the President to require such reports. Section 5(b) of the Trading with the enemy Act, as amended by the Public Resolution of May 7, 1940, provided in pertinent part as follows:

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*** and the President may require any person to furnish under oath, complete information relative to *** any property in which any such foreign state, national or political subdivision has any interest ***."

It will be noted that the language "in the form of reports or otherwise" and "any interest in foreign property" does not appear in this Act but was added by the amendment contained in Title III of the First War Powers Act, 1941.

The term "foreign" has a well recognized meaning. It is defined in Webster's New International Dictionary, Second Edition, as "Situating outside a place or country; specif: a Situated outside one's own country; as foreign nations; foreign cities." Thus "foreign property" means property situated outside the United States; and the Act unmistakably provides that the President may require reports by any person with respect to such property. To ascribe any other meaning to the express language of the Act is to render meaningless the clauses added by the amendment of 1941.

The authority to require the submission of such reports is also derived from the provisions relative to "property in which any foreign country or any national thereof has any interest". Can there be any doubt in anyone's mind as to the interest which any foreign country has in any property located within its boundaries? The sovereign right, among others, to tax, to regulate transfers, to appropriate for public purpose, and the right of escheat, are sufficient in themselves to constitute an interest in property so as to render such property reportable under the Act.

It is equally clear that the President has delegated to the Secretary of the Treasury full power and authority to require the submission of such reports. Section 5(b) of the Trading with the enemy Act, as amended, specifically provides that the President may act "through any agency that he may designate".

By Executive Order No. 9193 issued July 6, 1942 the President expressly delegated to and conferred upon the Secretary of the Treasury all of his comprehensive power and authority under section 5(b) of the Act, with the exception of certain authority delegated to the Alien Property Custodian. Section 3 of Executive Order No. 9193 provides as follows:

"Subject to the provisions of this Executive Order, all powers and authority conferred upon me by sections 3(a) and 5(b) of the Trading with the enemy Act, as amended, are hereby delegated to the Secretary of the Treasury or any person, agency, or instrumentality designated by him ***."

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In order to make certain that no question could be raised with respect to the authority of the Secretary of the Treasury to exercise all of the powers conferred upon the President by section 5(b) of the Act, Section 12 of Executive Order No. 9193 provided as follows:

"Any orders, regulations, rulings, instructions, licenses or other actions issued or taken by any person, agency or instrumentality referred to in this Executive Order, shall be final and conclusive as to the power of such person, agency or instrumentality to exercise any of the power or authority conferred upon me by sections 3(a) and 5(b) of the Trading with the enemy Act, as amended * * *."

Many further reasons could be ascribed as proof of the authority of the Secretary of the Treasury to require such a census. For instance, it could be shown that such a census is essential to the proper administration of foreign property controls and therefore the authority to obtain such reports falls within the powers of the President to "take other and further measures" for the proper enforcement of these controls. However, the language of the Act itself and the express delegation by the President are so clear and explicit that it is unnecessary to discuss the various other reasons that could be set forth to establish the authority of the Secretary of the Treasury.

Stark

Copies to Messrs. Pehle, Lurford, Aarons, Reeves

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A PRELIMINARY REPORT ON THE
CENSUS OF FOREIGN-OWNED PROPERTY

U. S. Treasury Department
Division of Monetary Research

October 29, 1941

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THE CENSUS OF FOREIGN-OWNED PROPERTY

1. Preparation and Distribution of Reports

When the Executive Order was amended on June 14, 1941, requiring a census of all foreign-owned property subject to the jurisdiction of the United States, work was immediately begun on the report forms for TFR-300. Consultations were held with various Government agencies, particularly the State Department and the Justice Department, and with the Federal Reserve Banks. Our object was to devise report forms that would give the Treasury Department the information required and that would at the same time facilitate the reporting of foreign-owned property.

The eight series of TFR-300, Series A to H, provide all large groups of reporters with forms particularly suited to reporting the types of property they hold. Series A and B are designed as general report forms: Series A for reporting the property of individuals not engaged in business; Series B for reporting the property of governments, business enterprises, non-profit associations, and trusts. Series C to H are designed as special report forms for particular purposes: Series C for reporting securities by issuers of securities; Series D for reporting safe deposit boxes by safe deposit companies; Series E for reporting deposits and similar property by banks; Series F for reporting securities by banks; Series G for

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reporting securities and contracts by brokers; Series H for reporting policies and claims by insurance companies. When the freezing order was extended to China and Japan, Series I was added for reporting property owned by China or Japan or their nationals on July 26, 1941.

A study was made to determine the number of report forms that would probably be filed in each series in order to provide a basis for our printing order. Our first estimate was that a minimum of 500,000 and a maximum of 800,000 reports would be filed. As orders for forms came in from large reporting groups it became apparent that our maximum estimate was more likely to be realized. Accordingly, more than 8 million report forms were printed and nearly 7.5 million were distributed among the Federal Reserve Banks and the territories and possessions. Exhibit I shows the number of report forms printed, distributed, and held by the Treasury. On the basis of reports that have already come in, and on the basis of distributed forms, it is now estimated that approximately 750,000 reports will be filed on all series of TFR-300. This estimate is discussed more fully in section 6 of this report.

Public Circular No. 4 was prepared as a circular of instructions on TFR-300. It was keyed to the report forms by numbers which referred to the appropriate instructions in the Public Circular. It also provided a standard table of exchange rates for determining the value of property expressed in terms

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of foreign currencies. It should be noted that the Public Circular served as a fundamental guide to the Federal Reserve Banks in answering questions regarding TFR-300. The care with which the Public Circular was prepared and the frequency with which it was consulted are evidenced by the high quality of the reports we have received.

As a further aid in reporting, conferences were held with representatives of large reporting groups for the purpose of discussing reporting problems. Such conferences were held with representatives of banks, brokerage firms, insurance companies, export and import companies, railways, and shipping companies. As a result of these conferences, sets of questions and answers were prepared covering every important problem in reporting. Trade groups gave these questions and answers wide circulation. All of this has contributed to a better understanding of the purposes of the census and to greater uniformity in reporting.

The completion of this preparatory work was facilitated by the thorough cooperation of the Division of Monetary Research, the Office of the General Counsel, and the Division of Foreign Funds Control. Particularly, the work of Mr. W. Harvey Reeves, Mr. Elting Arnold, and Mr. Joseph H. Murphy has been invaluable in connection with the report forms, the public circular, and the conferences of the large reporting groups.

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2. Safeguarding the Returns

At all times one of our primary considerations has been the safeguarding of reports on TFR-300 to assure their confidential nature. In our meetings with representatives of the Federal Reserve Banks we placed great stress upon the need for care in selecting personnel employed on the census. It was suggested that the people in charge of the actual handling of the reports should be experienced workers of excellent reputation. Wherever possible, even workers in subordinate positions were to be taken from the personnel that had been employed by the Federal Reserve Banks for some time. In every instance where additional help was needed, a thorough investigation of the applicants was undertaken to determine their complete reliability for this work. Precisely the same precautions were taken in selecting personnel for the census in the Treasury Department. Furthermore, the Secret Service has examined the physical facilities for receiving, keeping, and transmitting reports on TFR-300 in all the Federal Reserve Banks and in the Treasury.

The reports are handled with the utmost care so that every report can be accounted for at the Federal Reserve Banks and at the Treasury. Notice was sent to all of the Federal Reserve Banks and to the governing officials of territories and possessions to comply with the following standardized procedure for handling reports:

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1. All reports are time stamped to show their receipt by the Federal Reserve Banks or by the territories or possessions.

2. After examination of the reports to see that they meet certain minimum requirements, three copies of all reports are sent to the Treasury by registered mail.

3. Under separate cover a letter in duplicate is sent to the Treasury stating the number of reports on each series that has been forwarded. When the reports have been verified and counted, one copy of the covering letter is receipted and returned, and a second copy is kept in the Treasury as part of the record of incoming reports.

Within the Treasury a thorough check is kept on the reports that have been filed. All reports are numbered and placed in blocks of 100 by series. After editing, the three copies are segregated. The copies are then transmitted to the Division of Foreign Funds Control and to the Department of Justice while the originals are retained by the Division of Monetary Research for the purposes of the census. At every stage of receiving and sending reports, receipts are given and taken, and a file is maintained on incoming and outgoing reports.

3. Verifying and Editing

While the report forms were being prepared our staff was simultaneously occupied with the development of procedures for editing, recording, and tabulating the census reports. All the

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procedures for editing and recording have been completed and are now available in mimeographed form. The greater part of this work has been done under the supervision of Mr. H. F. Shambarger and Mr. Austin Nisonger.

The processing of TFR-300 reports involves two stages: first, verifying and editing; second, coding and punch card recording. Incoming reports are verified by inspection of the packages and then by counting. Reports transmitted from the New York District are classified by series and by nationality and are assigned distinctive serial numbers at the Federal Reserve Bank. Reports from outside New York are classified by series and nationality but are assigned distinctive serial numbers by the Editing Unit. For control purposes reports are kept in blocks of 100.

All reports are examined to make certain that they meet the reporting requirements. Series A, B, and I are edited by professional economists. The remaining series are edited by a clerical staff trained for the purpose. A report deficient in any respect is withdrawn for editing and Form DMR-3 (Exhibit II), showing the serial number, is put in its place. In this manner the block of 100 is kept intact. A careful check is kept on every stage of the work of the Editing Unit: counting, numbering, editing, sorting, and dispatching. The work sheet used for this purpose is shown in the form attached as Exhibit III. These work sheets are kept on file so that a record is available of the persons responsible for every part of the work on the reports.

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In the editing process care is taken to see that the information called for is reported. In addition, the property schedules are inspected to make certain that the property types are properly classified and valued and that details of such property are reported under property items. The editing of reports also requires the elimination of some types of duplication. At present we have a staff of 21 engaged in this work under the supervision of Mr. John W. Gunter who is in charge of the editing of TFR-300 reports. As suitable personnel become available, the staff of the Editing Unit will be increased to 30.

When the editing of a block has been completed, the reports are sorted into the original and two carbons and are dispatched to Foreign Funds Control, the Department of Justice, and to our Coding and Punching Unit. The transmittal sheet, Form DMR-2, attached to the blocks sent to Foreign Funds Control and the Department of Justice is shown as Exhibit IV. These transmittal sheets are made out in duplicate and one copy is received and returned to the Division of Monetary Research.

Reports received by the Treasury through October 28, 1941, numbered 116,000. All of these have been verified and counted and 80,000 have been edited and dispatched to Foreign Funds Control, to the Department of Justice, and to our Coding and Punching Unit. Exhibit V shows the precise number of reports received, counted, and edited. The districts in which these

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reports were filed are shown in Exhibit VI. It should be added that not all of the reports filed with the Federal Reserve Banks and the territories and possessions by October 28, 1941 have been sent to the Treasury. From information received from the Federal Reserve Banks of New York and Boston it appears that more than 50,000 reports are now held awaiting inspection prior to transmittal to the Treasury.

4. Coding and Punching

After the reports have been edited they are transmitted to the Coding and Punching Unit. Transmittal sheet, Form DMR-1, for the Coding and Punching Unit is shown as Exhibit VII. This block sheet remains with the original block and serves as a routing and work sheet for coding and punching operations. In this manner it is possible to maintain a complete record of every stage of the coding and punching operations.

The process of coding consists fundamentally of recording in numerical code the information to be punched on Hollerith cards. For this purpose procedures have been developed which provide codes for every type of information of which a record is made. For example, for recording citizenship, residence, and nationality a country code is used. All countries, territories, and possessions have been assigned code numbers. Similarly, all types of property have been assigned code numbers, and codes have been developed for the personal and business information reported on the various series. As far

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as possible, the report forms are pre-coded. For example, all report forms already show the code numbers for the various types of property reported in Schedule I. For other information code numbers are inserted when the report is examined in the Coding and Punching Unit.

When the coders find that some information has not been reported and the report has not been withdrawn for editing, a notice of the deficiency in information is returned to the Editorial Unit on Form DMR-5, a copy of which is appended to this report as Exhibit VIII. These deficiency notices are held by the Editorial Unit until the report is returned, at which time the deficiency is corrected. In this manner we secure a second check on the completeness of the reports during the coding operation.

When reports have been completely coded they are ready for recording on punch cards. A card has been designed for recording all of the information on all series of TFR-300. A sample of this card is attached as Exhibit IX. In addition to the property cards, a name card and an information card are punched. The punched cards are always verified to make certain that no error has been made in recording the information on the TFR-300 reports. The final stage in the Coding and Punching Unit is the preparation of a register listing the information punched on the cards. This register can be used as a concise printed record of the TFR-300 reports. The register also provides a final test of the completeness of the report.

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The coding and punching operations have already begun and a report on progress in these operations will be available within a few days. For this work we have assembled a staff of 181 coders and punchers who have had extensive experience in the Treasury Department, in the Department of Justice, and in the Commerce Department. The work of the Coding and Punching Unit is under the supervision of Mr. Vernon Billman.

5. Tabulation

When the cards have been punched, all of the information on the reports will have been recorded in such a form that we may keep mechanical records of all data which may be of interest on TFR-300. For example, the information that can be compiled on cards from reports on TFR-300, Series A, is as follows:

1. Information with respect to the national
 - (a) Name
 - (b) Address
 - (c) Nationality
 - (d) Citizenship
 - (e) Profession or occupation
 - (f) Serial number

2. Information with respect to the reporter
 - (a) Name
 - (b) Business or occupation
 - (c) Nationality
 - (d) Citizenship or where organized
 - (e) Relation to the national
 - (f) Serial number

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3. Information with respect to the property
 - (a) Total amount of property according to class interval
 - (b) Amount of property of each type according to class interval
 - (c) Amount of property of each type on June 14, 1941
 - (d) Amount of property of each type on June 1, 1940
 - (e) Any substantial change in property holdings of each type between June 1, 1940 and June 14, 1941
4. Additional information regarding the property reported
 - (a) Other interests in the property reported
 - (b) adverse claims or legal proceedings
 - (c) Other information on the value or ownership of the property
5. Additional information regarding the national
 - (a) Other names used by the national
 - (b) Other citizenship of the national
 - (c) Alien registration number
 - (d) Reason for nationality if other than citizenship
 - (e) Does the national lease or have access to a safe deposit box?
 - (f) Are contents of safe deposit box entered in the report?
 - (g) Executive offices in business enterprises

For series other than Series A similar information will be recorded on punch cards.

After this information has been transferred to Hollerith cards, tabulation of the reports will begin. Reports will be prepared for use by Foreign Funds Control showing the value of holdings by types of property for the nationals of each country. These

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reports will show what part is held by nationals who are not citizens of the United States residing in this country or residing abroad, and what part is held by nationals who are citizens of the United States residing in this country or residing abroad.

It is hoped that facilities will be available for a thorough study of all reports on TFR-300. The information that has been reported for the census comprises the most complete body of data ever collected on foreign property interests in the United States. When these data are tabulated in comprehensive form they should prove of inestimable value to the Government in formulating economic policy during the period of emergency and in the post-war period. We plan to hold consultations with Government officials and economists for the purpose of determining what tabulations should be made.

Before the final work of tabulation is begun the task of collating reports must be undertaken. The reporting system we have used was designed to give multiple reports on foreign-owned property in this country. While this method of reporting increases the work of unduplication it is at the same time extremely useful as a check on the completeness and accuracy of the property reports. To a considerable extent the elimination of duplication is already being done in the process of editing. Procedures have been formulated which will result ultimately in the complete elimination of all duplications.

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As the cards are punched a weekly index will be printed directly from the name cards which will provide us with an alphabetical list of the nationals for whom TFR-300 reports have been made. From time to time these weekly indexes will be combined. Ultimately, of course, a complete visible index will be prepared of all nationals for whom property reports have been filed on TFR-300, and of all persons having an interest in foreign-owned property. Such an index should be extremely useful in facilitating the administrative work under the freezing order.

Precedence will be given to the tabulation of TFR-300 reports for nationals of Japan, China, Germany, and Italy, so that the property reports for these four blocked countries will be made available for Foreign Funds Control purposes at the earliest opportunity. A further advantage that will be served in tabulating the property reports of China and Japan is that they will provide us with a test group for eliminating all types of duplication in the TFR-300 reports. In this way we can determine the shortcomings of our procedures and modify them before the more difficult task of collating all other TFR-300 reports is begun.

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6. An Estimate of Reports

A survey was recently completed which indicates that approximately 750,000 reports will be filed on TFR-300. This estimate is based on the number of forms distributed, on reports received, and on opinions of Federal Reserve Banks and representatives of large reporting groups. It should be added that these estimates are in close agreement with independent estimates for the New York District made by Mr. H. A. Bilby and Mr. A. J. Stanton who are in charge of TFR-300 reports for the Federal Reserve Bank of New York.

A total of about 8,400,000 forms will have been distributed to the Federal Reserve Banks and other distributing centers. Probably one-third of the distributed forms will not come into use, being retained as samples or excess by reporters. The remaining 5,600,000 forms will be used directly or indirectly for reporting purposes. Allowing an average of seven forms for each report, it is estimated that the forms distributed should result in 800,000 reports.

An analysis of the reports received shows that the districts outside New York transmitted 46,000 reports to the Treasury through October 28, 1941. Our earlier surveys indicated that approximately 20 percent of all reports would come from outside New York. On the basis of reports received, more than 150,000 reports will be made in districts outside

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New York. Even allowing for a slightly higher ratio than 20 percent for these areas, the indicated number of reports is approximately 750,000.

Although the number of reports received from New York through October 28, 1941 was only 70,000 which is relatively small, an additional 30,000 were in transit to the Treasury and in the Federal Reserve Bank awaiting examination. The reports are now coming in at a rate that indicates 150,000 additional reports will be filed in New York by November 1, 1941. Despite the fact that only 250,000 reports will be filed before the closing date, we estimate that 580,000 reports in all will be filed in the New York District. The New York banks and many other large reporters have been granted extensions. The effect is clearly evident in the reports received. While the New York banks are expected to file about 200,000 reports, we have so far received only a few hundred from the large banks. These were filed at once primarily for the purpose of having the completeness of the reports examined by our Editing Unit. For these reasons an estimate of 330,000 reports to be filed in New York after November 1, 1941 is not regarded as too high.

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The present estimate of reports on TFR-300 may be summarized as follows:

1. Total reports that will be filed - 750,000
2. Reports from the New York District - 580,000
3. Reports from outside the New York District - 170,000
4. Reports filed by November 1 - 350,000
5. Reports to be filed after November 1 - 400,000

E. M. Bernstein
Assistant Director of Monetary Research

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TREASURY DEPARTMENT

Office of the Secretary

Census of Foreign Property Form TFR 300-A:
To be used if the total property to be
reported herein by or for a national of
any foreign country amounts to less than
\$ _____.

REPORT

Relating to property under the jurisdiction of the United States on either or on both June 1, 1940, and June 14, 1941, in which property on either or both dates a foreign country or any national thereof (as defined in Executive Order No. 8389, as amended) had any interest.

To be executed and filed in quadruplicate on or before July 14, 1941, with the proper Federal Reserve Bank or the Governor or High Commissioner of a territory or possession of the United States as prescribed in Section 130.4(b) of the Regulations of April 10, 1940 as amended, under Executive Order No. 8389, as amended.

WHAT PROPERTY MUST BE REPORTED AND WHO MUST MAKE THIS REPORT

Property to be reported:

As required by the Regulations of April 10, 1941, as amended, issued pursuant to Executive Order 8389, as amended, property which must be reported includes ALL PROPERTY as therein defined, subject to the jurisdiction of the United States on the opening of business on June 1, 1940, and all property subject to the jurisdiction of the United States on the opening of business on June 14, 1941, in which, on the respective dates, or either of them, any foreign country or any national thereof had any interest of any nature whatsoever, direct or indirect.

For further description of property see Regulations of April 10, 1940, as amended June 14, 1941, and in particular Section 130.2c thereof.

Includes all property under jurisdiction of United States on respective dates above mentioned in which a national of any country other than the United States owns or in which he has any financial interest, present or future, absolute or contingent or otherwise, and whether or not said property or the transfer or alienation thereof is in any manner affected by any Executive Order or other order, rule or regulation of this Government.

A Report must be filed by:

1. Every person in the United States directly or indirectly holding, or having title to, or custody, control or possession of such property on either or both of the aforementioned respective dates, and by
2. Every agent or representative in the United States for any foreign country or any national thereof having any information with respect to such property, and by
3. Every partnership, trustee, association, corporation, or other organization organized under the laws of the United States or any subdivision thereof having custody, possession or control of any property in which any foreign country or national had any interest whatsoever on either of the aforementioned dates.

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For description of parties required to file reports, see Section 130.4 A of the Regulations of April 10, 1940, as amended June 14, 1941, issued pursuant to Executive Order No. 8389, as amended.

[Includes nationals of all foreign countries, as defined in Executive Order No. 8389, as amended, and particularly Section 5D thereof.]

This form is to be used for reporting property the value of which (or interest therein, direct or indirect, present or future, contingent or absolute, of any foreign country or national thereof,) was less than \$ _____, both on June 1, 1940, and on June 14, 1941, if within the jurisdiction of the United States on both dates and if not, on whichever date the property was with the jurisdiction of the United States. Property owned by (or in which) such foreign country or national thereof (had an interest) in an amount of \$ _____ or more, on either or both dates, should be reported on Form TFR-300B.

NO REPORT NEED BE FILED IF NEITHER OF THE FOLLOWING CONDITIONS ARE MET

- A. That the total value of all property concerning which this report would otherwise be required is less than \$1,000.
- B. That the national is a generally licensed national as defined in General License No. 42 of Executive Order 8389. *an individual* The privilege of being a generally licensed national extends only to a national ~~and individual~~ of a foreign country who was domiciled and residing only in the United States at all times on and since the effective date of the order as to him, ~~and~~ at all times on and subsequent to June 17, 1940 if such effective date is subsequent to June 17, 1940 provided, however, that the privilege is not extended by said license to any individual who is a national of a foreign country by reason of any fact other than that such individual has been a subject or citizen of a foreign country at any time on or since such effective date.

[No national of any foreign country is a generally licensed national, unless, if a national of Norway or Denmark, he was on April 6, 1940, and continuously since that time has been, domiciled and residing only in the United States; if of the Netherlands, Belgium and Luxembourg on May 10, 1940 and continuously subsequent to; and all other countries, whether or not specifically named in Executive Order No. 8389, as amended, on and continuously ~~and~~ subsequent to June 17, 1940.] *June 17, 1940*

INSTRUCTIONS FOR PREPARING REPORT

Further detailed instructions relating specifically to the items to be included under each Schedule of this report are given with each such Schedule, and all should be consulted before any answers are recorded.

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TREASURY DEPARTMENT

Office of the Secretary

Census of Foreign Property Form
 TFR 300 : To be used only by
 banks for reporting deposit
 accounts.

REPORT

Relating to bank deposits under the jurisdiction of the United States on either or on both June 1, 1940, and June 14, 1941, in which deposits on either or both dates a foreign country or any national thereof (as defined in Executive Order No. 8389, as amended) had any interest.

INSTRUCTIONS

1. General Requirement for Report - As required by Section 130.4 (a) of the Regulations of April 10, 1940, as amended, issued under Executive Order No. 8389, as amended, a report must be made with respect to all property subject to the jurisdiction of the United States on the opening of business on June 1, 1940, and with respect to all property subject to the jurisdiction of the United States on the opening of business on June 14, 1941, in which on the respective dates, any foreign country or national thereof had any interest of any nature whatsoever, direct or indirect, regardless of whether a report on Form TFR-100 with respect to any such property shall have previously been filed.
2. Scope of this Form - Form TFR-300 - is to be used only by a bank which does not have custody, possession, or control of any property of, and which is not indebted to, or a creditor of, or in any way connected with, the person whose property is being reported, except that a deposit account or accounts, payable in United States dollars on time or demand, in which such person has an interest was or were maintained with the bank submitting this report. This form may not be employed if the account or accounts of the person whose property interest is being reported are guaranteed, or the payment of overdrafts thereon is in any other way secured by the obligation of a third person or persons. Appropriate forms are prescribed for use where the bank is otherwise indebted to the foreign country or national thereof, or has custody, possession or control of any other property of such a country or national, or is a creditor of or in any other way connected with such country or national thereof. This form may be used, however, by a bank to report deposits where the only other relation of the bank to the reportee is that of lessor or licensor of a safe deposit box, vault, or other receptacle, provided that the bank does not have a right of entry into such box, vault, or other receptacle without consent of the reportee or some third person. In such a case, a separate report on form TFR-300, must be filed by the bank. (This report relates to banks and safe deposit companies not having access to boxes of customers)

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ALTERNATE

To The Secretary of the Treasury:

The undersigned, hereinafter referred to as the reporter, in pursuance of section 5(b) of the Act of October 6, 1917 (40 Stat. 415), as amended, and the Order and Regulations issued thereunder, relating to transactions in foreign exchange and foreign-owned property and providing for the reporting of all foreign-owned property, hereby makes the following report:

PART A.

Name of Party Making Report: _____

Address: _____
 Number Street City County State Country

PART B.

Name of Foreign Country or National
 Thereof Whose Property Interests
 Are Being Reported: _____

Last Known Residence or Address: _____
 (Give the residence or address of the person whose property interests are being reported, as the same is registered or recorded on the books of the party reporting, together with any information showing any subsequent change of residence or address.)

Country of Which Person Whose
 Property Interests are Being
 Reported is a National: _____
 (If account is held ~~or safe deposit box is registered~~ in the name of some person other than the foreign country or national thereof whose interests are being reported herein, this fact should be indicated.)

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ACCOUNTS AND DEPOSITS

June 1, 1940

June 14, 1941

1. Name of depositor as shown by the books:

2. Nationality thereof:

3. State the name of any other person having an interest in said account of any nature whatsoever, direct or indirect:
 - (a) Nationality thereof:
 - (b) Describe such interest as to nature and amount:

4. Nature of the deposit:
 - (a) Time or demand:
 - (b) Currency in which payable (American or foreign, and if foreign indicate the country of the currency in which payable.)

5. Balance on June 1, 1940, indicating in any pertinent case the following facts:
 - (a) Whether debit or credit balance; ~~and if the former, describe in detail the nature of the guaranty behind the same, with appropriate information regarding the origin thereof and the name and nationality of guarantor.~~

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5. (Continued)

June 1, 1940

June 14, 1941

(b) Any claims, known to the reporter, existing against this balance on the dates specified, indicating -

(1) The name and nationality of the claimant:

(2) Any relevant facts regarding the origin of the claim.

6. Balance on June 14, 1941, indicating in any pertinent case the following facts:

(a) Whether debit or credit balance:

(b) Any claims, known to the reporter, existing against this balance on the dates specified, indicating -

(1) The name and nationality of the claimant:

(2) Any relevant facts regarding the origin of the claim.

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File TFR 300 Turning Over In FFC
Box 368*Office Memorandum* • UNITED STATES GOVERNMENT

TO : Mr. Orvis A. Schmidt

FROM : Elting Arnold

SUBJECT: Divulging information from Form TFR-300

DATE: April 8, 1946

In response to your request for a history of the Control's position with respect to divulging information from Form TFR-300, there is attached a memorandum of October 27, 1944, which was prepared by Messrs. Day, Dickens and me. Pages 2-5 of the memorandum summarize the history which I have brought down to date by one or two footnotes.

The memorandum, pages 6-7, recommends that information should not be furnished to foreign governments. As you know, I have changed my opinion on this point after a great deal of consideration. My primary reason is that we cannot properly conclude the defrosting without an overall comparison of information between the United States and each foreign government involved. While there are possible alternative methods of effecting the comparison, I think that handing over a list derived from Form TFR-300 would undoubtedly be the simplest.

I also attach a copy of Mr. Foley's memorandum of January 28, 1942, to Secretary Morgenthau concerning the furnishing of information to the British Government. The memorandum bears a notation of approval by Secretary Morgenthau. I do not see anything in the file to indicate that he wrote a separate memorandum. The Canadian request for information, which was apparently received on September 16, 1942, was handled by correspondence between Mr. Plumptre of the Canadian Legation and Messrs. White and Pehle. The Treasury replies stress the confidential nature of the information.

EQ

Attachments

Copies to: Messrs. Ball, Dickens and Richards

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Authority <u>NND 968103</u>
By <u>JW</u> NARA Date <u>1-19</u>

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Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Andrew N. Overby
 DATE: 9/5/46
 FROM : John S. Richards, Acting Director, Foreign Funds Control
 SUBJECT: Furnishing information from TFR-300 reports to foreign governments.

In view of the proposed meeting on the desirability of furnishing information from Form TFR-300 reports to foreign governments, I am supplying herein brief comments on the considerations and history of the problem.

Considerations

The considerations which have been regarded within the Department as really pertinent are discussed in the attached memorandum of May 31, 1946, which Mr. Schmidt submitted to Secretary Vinson. Although I am inclined more and more to the belief that the information should not be furnished, I think that the memorandum presents all the pertinent considerations with two exceptions. The statement on page 1 of the memorandum that information has not been given to any foreign government is not entirely accurate for information on bank accounts and securities holdings was, to various extents, secretly furnished to the Governments of the United Kingdom, Canada and South Africa in 1942 to aid in their mobilization of assets for war expenditures. Secondly, the memorandum does not mention the point that if information is given to the French it will be embarrassing to deny it to any other government with which a defrosting arrangement has been established. While we may feel sure that the French Government will not impose unduly harsh penalties on persons who have failed to declare their assets, we could not have the same confidence with regard to some other countries which may eventually be included under General License No. 95. Unless we are prepared to draw a distinction between countries it might be regarded as necessary to withhold the information from all. On the considerations pro and con, there is also attached a copy of a memorandum sent to Mr. Schmidt by Mr. William Harvey Reeves, an attorney in New York, who was intimately associated with the TFR-300 census during his employment by the Treasury Department from 1941 to 1943. The memorandum agrees with the statement made by Mr. Schmidt that while the reports were collected under the promise that they would be treated as highly confidential it was made clear that the information would be used for official purposes of this Government. Mr. Reeves then expresses the view that the use of the information would be harmful to the United States since it would tend to repel foreign investment in this country, destroy the position of the New York money market, and impair the ability of the United States to obtain payments on its large foreign credits by driving trade and commerce away.

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On May 29, 1946, almost simultaneously with the submission of Mr. Schmidt's memorandum to Secretary Vinson, Mr. Michael Hoffman, former acting director of Foreign Funds Control, stated in a newspaper article in the New York Times, that this Department had committed itself to give TFR-300 information to the French Government. The appearance of the article fortified Mr. Schmidt's intention to discuss the problem with the Loree Committee. By memorandum of June 10, Mr. Schmidt reports that he informed the Committee that the Treasury had not made the commitment described by Mr. Hoffman and that the Department would discuss the problem with the Committee before it made a final decision. He found that the Committee's great anxiety over the subject was relieved by this statement.

On June 17 Mr. Schmidt again discussed the problem with Secretary Vinson. He told Mr. Vinson that no evidence could be found of a definite commitment not to reveal TFR-300 information to friendly foreign governments. When Mr. Vinson asked, however, whether the bankers thought we had made such a commitment, Mr. Schmidt replied that apparently some of them did. Mr. Vinson stated that he was inclined to believe that the information should not be given since action contrary to the feeling of the public in this respect might tend to injure the trust and confidence of the people in this Government.

As you know, a French mission is now in this country to discuss mobilization of securities. Members of this mission apparently believe that at sometime Secretary Vinson did give an oral commitment to supply information. As was agreed, Mr. Glasser is investigating this matter and will report on it at the meeting.

A copy of Mr. Schmidt's memorandum about his meeting with Secretary Vinson is attached.

John S. Richards

Attachments

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MEMORANDUM FOR MY FILE

June 17, 1946

This morning I was talking to Secretary Vinson concerning some of the major problems of Foreign Funds Control and I mentioned the question of giving TFR-300 information to the French. I pointed out that I had, in earlier memoranda to him, suggested the desirability of a meeting in his office of such persons as Joe O'Connell, Frank Coe, E. M. Bernstein, Luxford, and Joe Friedman to canvass and to finally dispose of the problem. Secretary Vinson then asked whether we had made a commitment to the bankers at the time the TFR-300 census was taken not to reveal the information to anybody. I told the Secretary that I had had this point canvassed thoroughly by Mr. Arnold and that I had also discussed the point with Mr. Harvey Reeves who worked with Foreign Funds Control at the time the census was taken but who is presently working for the law firm of Sherman and Sterling in New York City. Reeves indicated that according to his recollection and understanding the extent of the Treasury's commitment had been of a two-fold character:

- (a) that Treasury would see to it that the TFR-300 information was carefully guarded and carefully handled so that it would not inadvertently come to the attention of outsiders or would not be given to people to use for their private purposes, and
- (b) that the information would be used for the official purposes of the United States Government.

Secretary Vinson then asked whether the bankers thought that we had made a commitment not to reveal this information to foreign governments and I replied that apparently some of them did have that feeling. Secretary Vinson then stated that without intending to finally dispose of the matter without a meeting he was inclined to feel that the information should not be given. He stated that any feeling on the part of the public that we had made a commitment was just as important as whether we felt we had not made such a commitment. He went on to say that in these times it was very important that the remaining free and democratic governments be held in the highest confidence and trust by their people, that a decision by us to give TFR-300 information to foreign countries would be in the direction of undermining the trust and confidence of any people who felt that they had obtained a commitment that the information would be held confidential. Secretary Vinson also conjectured that if the French had a vigorous enforcement program they could probably uncover the bulk of the assets hidden in the United States even if we did not give them TFR-300 information so he was not sure whether the additional assistance would warrant running the risk to which he had just referred.

JAS.

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Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Richards
 FROM : A. N. Overby
 SUBJECT: Furnishing information from TFR-300 reports to foreign governments.

DATE: September 6, 1946

Following the conference in my office on this subject this afternoon, I saw the Secretary and reviewed with him the problem involved. I read him the main portions of Mr. Schmidt's memorandum of June 17 to the files on his discussion of this matter with Secretary Vinson. I also indicated to him that U.S. data on this subject indicate French assets at about \$340,000,000 whereas the French data so far collected indicate a total of \$230,000,000, or a discrepancy of \$110,000,000. I advised him that total U. S. credit already extended to France is approximately \$2,000,000,000 and that France has applied to the International Bank for an additional credit of \$500,000,000. I described our interest in having the French realize the maximum on their foreign assets but pointed out that furnishing the information to the French might create a precedent which might in the future be embarrassing in our relations to other governments to whom we might deny similar information.

After considering the pros and cons of the matter the Secretary stated his decision, which was that we should not furnish information from TFR-300 reports to the French Government. His primary reason was the revelation of such information might be justly regarded as an act of bad faith on our part. He suggested that we urge the French to undertake a more vigorous enforcement program on their own census. He commented that "if the shoe were on the other foot" the French might not be too cooperative in furnishing us with information and he recalled that after the last war the French were not particularly helpful in providing us with information which we desired in connection with income tax investigations.

I also mentioned to him that from our own point of view we might find it desirable to undertake a new census at the end of six months, after due notice to the bankers and others, for the purpose of obtaining data on those assets which had not meanwhile been certified by the French under the certification procedure. I pointed out that our public relations position would be much better in this case than it would be if we revealed information we now have. The Secretary agreed that we should proceed with consideration of this alternative but that we should approach the subject from the point of view of our own interest and not be too influenced in our decision by the need to provide the information to the French Government. If the interests of our

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own defrosting program indicate the wisdom of such a new census, he sees no great objection.

Accordingly I suggest that you clear this decision on our part with the State Department to assure that they are in accord with our attitude. I also assume that we will have to reply to Mr. Plum's letter of April 3, 1946, on this subject. I suggest that the reply, when made, be cleared with the State Department.

and

cc: Mr. O'Connell, Mr. Glasser

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Secretary Snyder

OCT 8 1947

Frank A. Southard

Supply of TFR-300 information to British.

In view of the newspaper report (Hoffman's article in the New York Times of October 5, 1947), that we furnished the British in 1941 with information on private British holdings in the United States derived from our wartime census of foreign property holdings, you may receive inquiries from both the press and the bankers with whom you are scheduled to meet today.

In anticipation of these inquiries the following information may be helpful.

A. Release of TFR-300 information to British.

1. At the time the TFR-300 census was taken the financial community was assured that the information would be handled on a confidential basis and would be used only for the official purposes of this government. This assurance was given in order to secure the complete cooperation of the financial community in reporting foreign owned assets.

2. In January, 1942, on the basis of an informal request of Mr. Stopford, then Financial Attache of the British Embassy in Washington, Secretary Morgenthau approved furnishing to the U.K. information derived from the TFR-300 reports relating to funds held in the U.S. by (a) citizens of the U.K. wherever resident, and, (b) persons other than citizens of the U.S. resident in the U.K.

3. In September, 1942, we agreed to furnish similar information to the Canadian and South African governments.

4. The process of supplying TFR-300 information to these governments was never completed since they found that it was not particularly helpful and since the Control found that the furnishing of this information hindered the editing of its census.

5. The fact that we supplied this information to these three governments was known only to a few people in the respective governments and has never been disclosed to the public. Any inquiries in this direction have in the past been countered by a denial.

B. Rationale underlying TFR-300 decision re British.

1. Treasury records do not disclose the rationale which motivated our furnishing this information to these three governments.

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2. In retrospect, it would appear that the information was given to these governments on a finding by the Secretary of the Treasury that a successful mobilization of foreign exchange assets by these governments would further the war effort and would serve an official purpose of this government. It cannot be denied that the financial problems of the U.K. and U.S. were closely related during the war.

3. Although similar requests were received from other allied governments during the war, they were uniformly denied because it was not found that an official purpose of this government would be served, and because of possible danger from the enemy to persons whose property was reported. In all these deliberations the case of the U.K. was never considered as a precedent. It is significant to indicate, however, that we have furnished TFR-300 information on specific persons to some of the allied governments where it was demonstrated that an official purpose of this government could be served. For example, in some cases we gave information to the French with respect to the assets in the U.S. of collaborators, since both this government and the French government had a common objective in defeating their operations.

C. Recommendations re bankers' inquiry re British situation.

Although we have always denied that we furnished TFR-300 information to foreign governments, you may wish, if the question is raised by the bankers, to inform them on a confidential basis that early in the war we did cooperate informally with the British by supplying them with information concerning some of the private British holdings in the U.S. This admission may be coupled with the following explanations:

1. It was apparently found early in the war by Secretary Morgenthau that it served an official purpose of this government to make this information available to the British. It appears that it was shortly discovered that the information was not particularly useful to the British and that the furnishing of the information handicapped certain of our operations. Accordingly, we discontinued supplying this information to the British.

2. The British case was never considered a precedent for giving this information to other allied governments. The numerous requests received from foreign countries for similar information have uniformly been denied.

3. Congressmen and other persons appear to be troubled by the fact that certain foreign governments are requesting our financial assistance at a time when their nationals have substantial dollar assets here which have not been disclosed to those governments. You may wish to assure the bankers that, should the Congress raise this question, it will be informed of the circumstances under which the TFR-300 information was obtained.

D. Recommendation re press inquiry on British situation.

You may wish to indicate to the press that you prefer not to comment on this matter. You might add, however, that the Department is continuing to study the

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problem of foreign private holdings in the United States. The same response might be made to any other question arising about the Hoffman article.

This approach to a possible press inquiry is recommended to avoid any of the above explanations which would serve not only to further complicate a difficult situation which the staff is presently studying, but would immediately cause us to receive renewed requests from foreign governments which, in the light of present conditions, are becoming more and more difficult to handle. Moreover, any news comment on this problem before your scheduled meeting with the bankers, might be embarrassing.

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C O P Y

October 27, 1944

MEMORANDUM

Re: Divulging information from Form TFR-300 reports to foreign countries and American creditors of nationals of such countries.

Problem

With respect to "defrosting," the question has arisen whether information from specific reports on Form TFR-300 should be furnished (a) to foreign countries and (b) to American creditors of nationals of such countries. The problem will be considered primarily in relation to the Netherlands, one of the countries most nearly in a position for defrosting action.

Conclusions

In view of the history of the Control's position and the discussion appearing below, we consider:

(1) Supplying information from Form TFR-300 to American creditors would be highly inexpedient. Such action would conflict directly with the Treasury's declarations on the confidential nature of reports and with the principles on which those declarations were based. It is not necessary to furnish creditors with the information in order to avoid injustice even if data from the reports are given to the Netherlands or other foreign governments.

(2) The Control should not generally supply the Netherlands government with information concerning the American assets of its nationals, even those resident in the Netherlands. We doubt that the gain to the governments of the United States and the Netherlands would be commensurate with the loss of faith in this Department which might result, assuming that the Control would not wish to hide behind pledges of secrecy by the Netherlands. Information from reports might well, however, be made available in some kinds of specific cases, such as those involving property of a decedent in the Netherlands whose interests here cannot feasibly be established from other sources. *

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* We have recently agreed to furnish the Netherlands with information of this kind.

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History of the Control's position
 with respect to divulging information

(1) Nature of statements. The Control has consistently and frequently stated that reports on Form TFR-300 are highly confidential and that information concerning the property of particular nationals can be divulged only for purposes of this Government and under close safeguards. Nothing on the subject was included in the press release announcing the census but strong statements were embodied in letters to several persons who feared to report, including one inquiry made through Congressman Plumley of Vermont, and were made orally on many occasions in dealing with potential reporters. They were also set forth in numerous letters to creditors, to states of the Union which desired information on the property of particular nationals, and to the Department of State with regard to inquiries from abroad, one of which came from the Government of Switzerland.

Probably the most extensive and formal of the Control's general statements was its letter of November 26, 1943 to Senator Kilgore concerning a request that representatives of the Sub-committee on Technological Mobilization of the Senate Military Affairs Committee be given access to reports on Forms TFR-300 and TFR-500. After dwelling at length on the possibilities of financial or even bodily harm to nationals in Europe if information from either form came into improper hands, the letter stated:

"Aside from these considerations, the Department has been impelled to view these reports as highly confidential for the same reasons that motivated the Congress closely to restrict the use and availability of income tax returns. Thus, both the Congress and the Department have recognized that the ordinary desire for privacy in both personal and business affairs may be a deterrent to full and complete disclosure to the Government unless adequate assurances of secrecy are extended and fulfilled."

The Control continues to make analogous statements whenever occasion arises.

(2) Reasons for Control's position. Underlying the statements made by the Control there may be discerned several reasons, some rather clearly indicated in the statements themselves but others not so definitely expressed. They are:

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(a) the strong possibility during enemy occupation that financial or bodily harm would come to nationals from the furnishing of information even to persons to whom it might otherwise legitimately be given.

(b) the necessity of keeping faith with nationals who had cooperated in the reporting program in the belief that the reports would be held in the highest confidence consistent with their real utility to this Government.

(c) the desirability of maintaining proper relations with American persons reporting the assets of nationals. Many such persons, including banks and financial institutions as a group, were very seriously concerned over the requirement of divulging information about their clients' holdings, which they had always regarded as a matter of great confidence. It was also desirable to prevent reporters from being harassed by creditors of nationals who would otherwise not have been able to discover assets in the reporters' hands and who might on occasion have no more than an arguable or nuisance claims.

(3) Response of Control to actual requests for information. Requests for information derived from specific reports have been received by the Control from a number of different kinds of persons and institutions. The response of the Control with regard to each category is indicated below.

(a) Persons reporting and their agents. Persons reporting and their authorized agents have always been permitted to inspect reports which they had filed, and to obtain copies when real need was shown, but great care has been taken that no unauthorized person should gain access to a report under this rule. This subject is covered in detail by Confidential Circular No. 154, as amended on June 27, 1942.

(b) Nationals whose property was reported. The Control has refused to permit nationals to inspect reports concerning their property which had been filed by other persons. On this matter, Confidential Circular No. 154 provides that any private "person desiring information of any sort concerning a report on Form TFR-300 rendered by another person should be told that divulging information in such cases is contrary to the policy of this Department. This rule applies even if the person desiring the information is the national whose property has been reported".

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(c) Creditors. Under the provisions just quoted, private creditors of nationals have uniformly been denied information derived from reports. The files contain numerous letters dealing with such cases, which seem to have aroused no adverse reaction.

(d) Federal agencies. The Control has been liberal in giving access to Federal administrative agencies which had any direct war use for information from reports or which desired to further some other strictly governmental purpose, such as the enlargement of the revenues. The rules were early embodied in Confidential Circular No. 113. Recently the circular has been amended to impose, at least in theory, somewhat greater restrictions which bring the provisions reasonably in line with those applying to federal income tax returns.

Only one request for information seems to have been received from a federal legislative source, namely that of the Sub-committee on Technological Mobilization referred to above.* In this instance, the Control showed hesitancy to allow access but stated that it would leave the determination to the Committee on the basis of the considerations expressed in the Control's letter. The Committee in fact never renewed its request.

(e) States of the Union. Requests for information from Form TFR-300 have been received from at least four state agencies, all of either Pennsylvania or California. Two of the requests had to do with the collection of taxes. The significance of their rejection on the ground of confidence is increased by the fact that this Department solicited reports from all states and their subdivisions in the census and hence was under a certain obligation to cooperate. The most recent communication which was last formally answered on April 21, 1944, was from the Attorney General of California with regard to reports of real estate in California belonging to Japanese nationals which might be forfeited as being held contrary to California land laws.

(f) Foreign governments. Requests by foreign governments for information from specific reports have been a subject of great consideration almost from the time of the final date for filing reports. The action of the Control falls into two categories.

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* Subsequently requests were received from Congressman Beckworth, to whom an analogous answer was given.

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Great Britain, Canada, and the Union of South Africa were given information respecting property of certain kinds, reported as belonging to their respective nationals within their own territories, which they wished to vest for foreign exchange purposes. Before the projects were completed, the Control stopped furnishing the information on the ground that the editing of the census was being too greatly hindered. As far as we know, the countries involved have never requested renewal of the projects—certainly not in any strong manner.

All other general requests from foreign governments have been denied. Although we are not certain that we know specifically of all of the cases, requests for information to be used in vesting or "protecting" property of their nationals have been received at least from Luxembourg, Belgium, Latvia, Lithuania, the French Committee, and the Netherlands. The latter has been by far the most persistent and has been the subject of many memoranda, one of which, written on August 21, 1943, from Mr. Minskoff to Mr. Luxford, reviews the question of governmental requests at length. The Netherlands' request appears to have been last refused on June 29, 1944 in a letter from Mr. Schmidt to the Netherlands Embassy.

Relationship to Form TFR-500

Forms TFR-300 and TFR-500 undoubtedly are linked in the mind of the public, especially persons having substantial foreign connections, who were usually obliged to file reports on both forms. In issuing Form TFR-500, the Control strongly emphasized its confidential nature. When informal inquiries were made whether the reports would receive the protection accorded to reports on TFR-300, our reply was that they would be treated with even greater confidence, if that could be possible. In the passage quoted above from the letter to Senator Kilgore, the Control formally indicated that some general considerations apply equally to both forms.

It is extremely likely that any action which could be regarded as a violation of confidence respecting Form TFR-300 would immediately arouse apprehension in relation to Form TFR-500. Many persons who reported on the latter are, moreover, very sensitive about having the information reach the hands of foreign governments.

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Discussion

(1) American creditors. In our opinion, supplying information from Form TFR-300 to American creditors would be highly inexpedient. Not only would such a step violate the Control's position on the confidential nature of reports, but also failure to supply the information need not cause injustice to the creditors.

All that creditors can reasonably ask of the Control under ordinary conditions is that the freezing not be lifted without such notice as will enable them to protect themselves through the regular processes of justice; that is, the Control should not deprive creditors of a chance to use their normal remedies, such as attachment. If the unusual circumstance of giving information to the Netherlands government were introduced, we feel positive that the proper means of assuring American creditors of equality would be an undertaking by the Netherlands that it would satisfy the claims of creditors in the United States out of the American assets of the debtors. We understand the Netherlands government would in fact be prepared to proceed on the more liberal basis of making dollar assets available for the creditors of solvent Dutch debtors who had insufficient funds in this country.

A general survey of the nature and amount of American claims against Netherlands nationals convinces us that the problem of administering an agreement of the kind we suggest would not present any difficulties of staff or organization. It should always be remembered, also, that most commercial debtors in countries like the Netherlands will be anxious to meet their obligations or settle them in a reasonable manner, so that only a small part of the total claims should necessitate any serious effort under the agreement.

We believe no significant outcry from creditors need be feared if either of the steps suggested is taken in the appropriate circumstances. Our present course of denying creditors any information has never met with appreciable protest, either here or in New York. If creditors are assured that there is no discrimination against them, we feel sure they will not object significantly to any modified position which the Control takes.

(2) Foreign Governments. In concluding that the Control should not generally supply the Netherlands with information concerning the American assets of its nationals, even those resident in the Netherlands, we obviously are not concerned with the reason hitherto most often advanced for denying information to foreign governments, namely the probability of harm from the enemy. We feel, however, that the other principles underlying

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the Control's statements apply forcefully. Respecting some countries, although probably not the Netherlands, there is also a possibility that information given on a general basis might be employed in factional actions with which the Control would wish no connection. The disclosures to the British countries we regard as well advised only as actions in furtherance of the war effort.

Concerning its nationals at home, the Netherlands Government, we feel, can take a census of its own just as this Government did on Form TFR-500. With respect to persons outside the Netherlands, particularly those in the United States, it is highly doubtful in any event that this Department would wish to cooperate with the Netherlands in any general program of vesting. The Control could assist a Netherlands' census by making available property type totals which would enable the Netherlands Government to know the general direction in which to project its efforts and would form a basis for judging their success.

We do believe, however, that specific information might well be made available in certain types of cases. For example, there undoubtedly are decedents in the Netherlands whose property interests here are not well known to their heirs and can be fully established only through inquiry in this country. We would feel no hesitancy in supplying the Netherlands Government with information in such cases, nor do we see any objection to giving the information on specific request where the Netherlands Government asserts that a question of disentangling concealments of enemy property or looting schemes is involved.

(3) Burden on Control. In reaching our conclusion we have not given any weight to the work which the Control would have to undertake, since the magnitude of the job would depend largely on the detail desired. However, it is clear that even a list giving minimum detail regarding specific reports could not be prepared entirely by machine.

EArnold:as - 10/31/44

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COPY

January 28, 1942

To: Secretary Morgenthau

From: Mr. Foley

The TFR-300 reports provide extensive information with regard to the property holdings of British nationals, many of whom have failed to report their dollar holdings to the British Government. Stopford has informally indicated to Pehle that his Government would be very grateful if this information could be made available to it.

The Foreign Funds Control has made a study of 75,000 reports to indicate the magnitude of the property holdings of British nationals. This group of 75,000 reports includes 5,658 with citizenship or residence in the United Kingdom. Their total property holdings amount to \$554 million. These reports and property holdings are as follows:

Property Holdings of Nationals of the United Kingdom*			
Residence	Citizenship	Number of Reports	Property Holdings
United Kingdom	United Kingdom	2,859	\$332,598,809
Outside U. K.	United Kingdom	2,314	165,975,989
United Kingdom	Other than U. K.	485	55,680,309
			<u>\$554,206,107</u>

* It should be noted that this compilation is taken from only 75,000 reports.

Of these property holdings of \$554 million, fully \$395 million is in the form of deposits and \$120 million is in the form of securities. Among the large depositors are the following individuals:

Name	Residence	Citizenship	Amt. of Deposits
C. E. Embiricos	United Kingdom	Unknown	\$ 466,000
Zannis L. Cambanis	United Kingdom	Unknown	697,000
Eleanor L. Patenotre	United Kingdom	United States	121,000
Louise G. Emmet	United Kingdom	United Kingdom	494,000
William Bernstein	United Kingdom	United Kingdom	150,000
Thomas N. Cole	United Kingdom	United Kingdom	1,358,000

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Among the large security holders are the following individuals:

<u>Name</u>	<u>Residence</u>	<u>Citizenship</u>	<u>Amt. of Securities</u>
G. C. Cassels	United Kingdom	United Kingdom	\$ 105,000
Benjamin Shamosh	United Kingdom	United Kingdom	140,000
Eleanor L. Patenotre	United Kingdom	United States	2,534,000
Emma W. Crookshank	United Kingdom	United Kingdom	293,000

On the basis of our study, it would appear that the total number of reports on TFR-300 filed for British nationals will approximate 40,000, and that the total property holdings reported will exceed \$2.5 billion. It should be kept in mind, of course, that some of these funds are held by British banks in the United States with the full knowledge of the British Government and for governmental purposes.

Subject to your approval, information as to the funds held in the United States by the following classes of persons will be furnished informally and confidentially to Mr. Stopford of the British Embassy:

- (a) Citizens of the United Kingdom, wherever resident
- (b) Persons, other than citizens, of the United States, resident in the United Kingdom.

No information will be transmitted with respect to the holdings of citizens of the United States residing in the British Empire without raising the matter further with you.

(initialed) E. H. F., Jr.

Approved:

(signed) H. Morgenthau, Jr.

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Memorandum as to Publicity of Information obtained in Census of Foreign-Owned Assets in the United States (TFR-300) and particularly concerning propriety of transmitting such information to a foreign country.

On June 2, 1946, an article was published in the New York Times, written by Michael J. Hoffman, who was formerly associated with the Foreign Funds Control of the Treasury Department and now is correspondent on the staff of the New York Times. This article, date lined at Paris, stated categorically that the Treasury had agreed, to give to the French Government information obtained by it by census report TFR-300, relating to French assets in the United States.

An official spokesman for the United States Treasury has stated that no such agreement has been made but did not deny that such information had been requested by the French and other foreign governments. Therefore, it may be assumed that consideration had been and will be given by the United States government to the desirability and propriety of giving to various governments detailed information concerning American held assets of their own nationals.

The census was first announced in June 1941 by the Treasury Department and the requirement for the taking of the census was contained in Executive Order 8389, as amended June 14, 1941. The census was part of the program already

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undertaken by the Treasury Department to control foreign funds within the United States in furtherance of policies of this government in relation to the then existing world situation. It had been found after a year of operation, during which the control had been extended progressively to the assets of overrun countries that more comprehensive controls would be necessary to support foreign policies of the United States. To implement those policies by specific orders, regulations and licenses better information was needed than was then available.

No project for a comprehensive census of all foreign owned property within the United States had ever before been attempted. The Treasury has on numerous subsequent occasions pointed out not only the necessity for the census but has mentioned specific instances of the importances of these figures first in the defense effort and then in the war effort of this country. The comprehensiveness of the figures has been one of its main features and in this connection the Treasury has stated (Census of Foreign-owned Assets in the United States, Treasury Department, 1945, page IV, III, "Never before was as complete information available for analysis for the holdings of foreigners in this country."

It is known that with the cessation of actual hostilities in Europe the various allied governments have themselves taken stock of their internal and external assets

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and it is most natural that they would seek to verify their own figures by reference to the figures meticulously collected and correlated by the United States Treasury. Various foreign governments in seeking solution of post war problems must consider foreign exchange and the availability of dollar assets, and also questions of revenue from taxation. These are current pressing problems. The solution may vary in various countries, some perhaps will institute a scheme of direct confiscation, others avoiding such direct confiscation nevertheless desire to have available dollar credits, and all wish to collect taxes. Not only are these important in themselves but have a direct relation to the borrowing powers of the particular governments.

Recognizing that foreign governments would desire these census figures for their own particular uses which might or might not be approved by this government or might be of advantage or concern to this government, and to the citizens generally, it is necessary to determine what interest the United States has and might have in delivery of information collected here to a foreign government. While this government would, of course, desire to assist all friendly governments in rehabilitation our government has its own problems of rehabilitation. Those problems which are the more obvious ones for Europe in the destruction of property do not here exist but that very fact and the

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fact that the United States is looked upon as the one country capable of rendering substantial assistance to those more closely affected by actuality of war indicates that it is the part of wisdom in the first instance to consider the position of the United States and how its position may be maintained and strengthened.

This memorandum is devoted to a consideration of these factors.

Representations made by the Government when the Census was taken.
Confidential nature of information.

When the census was first announced, it was pointed out by various banking groups and others that never before had they been required to give such information concerning their customers and depositors. The relation between a depositor and a banker or customer and broker and in general, all financial dealings between parties had been considered by its very nature "confidential". There is no specific Federal Law in the United States making this relation a confidential one or imposing penalties for a breach of this relation, although such laws do exist in foreign countries and in one other country judicial decisions have tended in that direction. However, throughout the world the relationship has been looked upon as confidential and in the United States the obligation of confidence has been

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scrupulously observed. Bankers, to use them as a principal class for illustration, have normally never given out information concerning their depositor's accounts, outstanding loans, security deposits, and the like without the consent of the customer unless required to do so by subpoena or other proper order of a competent court or in what would amount to the same thing, in a suit involving the bank where the information was necessary and material.

It is not surprising, therefore, that the requirements of giving all information concerning accounts of foreign clients should have come as somewhat of a shock to the banking community. It was recognized, however, that the information was needed by the government and no serious question was raised as to the right of the government to compel it. In spite of the novelty of this census, the cooperation of the banks was commented on favorably on numerous occasions by authorized spokesmen of the Treasury Department. However, it must here be emphasized that while the banks cooperated and lightened the burden of the Treasury in many respects, that the banks did this because of an Executive Order issued under Section 5(b) of the Trading with the Enemy Act. It was not a voluntary disclosure of this information and, of course, it was a disclosure only to the government itself.

Because of these factors, the banks as was natural,

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requested the government to state the purpose of securing the information and the uses to which it would be put. Doubtless, the banks not only made this request for their own assurances, but to answer the same questions asked of them by depositors, some of whom having passed through unhappy experiences in Europe, looked with vast suspicion upon such a census as being the preliminary step to a confiscation.

It has been suggested by some that representations made by the Treasury Department in reply to queries included a definite representation that the census figures would not be given to any foreign government. This question is not necessarily concerned with the main question of the memorandum as to the effect which the giving of these figures might have on the United States but is concerned with the propriety. The question of representations, therefore, will be first considered. It is worthy to note, however, that up to the present time, being a period of little more than five years from the time the census was first announced, there has been no adverse criticism either as to the protection given by the Treasury to the information received, nor to the uses to which it has so far been put.

The questions then to be considered are what representations were made and what they mean as understood by the Treasury. These are confined to the detailed or

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specific information and not to general statistical information obtained from the census. It is believed that no representations were made by the Treasury Department in writing. The representations were made orally by various authorized spokesmen of the Treasury. At this late date it would be impossible, as well as useless, to try to recall exact words spoken by any Treasury official or the exact wording of any particular question or answer. However, the Treasury was well aware of the concern of the bankers and others and such representations as it made were seriously meant and it is believed that all were consistent. It may be said that the first and what may be termed the overall representation was that the census was taken for the benefit of the United States and in support of the domestic and foreign policies of the United States. Here, however, careful analysis is necessary for the obvious initial purpose of the freezing control was to protect the property of the invaded countries and this, in turn, in furtherance of the United States policy not to recognize conquest and the fruits of conquest. Thus, while the policies were those of the United States and to maintain the position of the United States in the world, the property to be beneficially affected was foreign property. Then, as policies progressed and the property of Germany and Japan and others was ~~seized and controlled~~, it became the policy of

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the United States to affect adversely such property so that it could not be used in furtherance of conquest. In the first instance the results on the property itself was the same; property was immobilized. In no case, however, was it intended that the foreign country whose property was to be conserved would be allowed to handle its own property in its own way even though some of the governments-in-exile of the invaded countries were themselves, being in England or other places, free from Nazi domination. This may best be shown by illustrations. When the property of Chinese nationals was frozen, it was stated that this act was taken at the request of the government of China. It was also stated that the policies, however, in regard to that property would be those of the United States, that is China would not be a controlling power over them. Also the Netherlands by its government-in-exile promulgated certain protective decrees of its own relating to property outside of Holland. To these decrees the United States took a sympathetic attitude but gave only very limited official support. For the announced purpose for which they were published, however, our courts recognized their extra-territorial effect. *Anderson v Transidine*

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If this information now be given to a foreign country, it can only be so for the purpose of enabling that

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country to establish its own policies which are intended to affect the very property still under the control of the United States; an obvious change of position by the United States government and one which, as will be more particularly explained hereafter, would have the effect of making the United States appear to be in the position of approving, if not enforcing these unknown policies to be promulgated by such foreign state.

More specifically, it would appear that the government made representations along the following lines:

1. That the lists would not be made public, i.e. printed in the newspapers, Federal Register or the Congressional Record or otherwise be made available generally.
2. That the government would guard the information carefully against examination or use by any unauthorized person.
3. That the government recognized the "confidential nature" of the information.
4. The overall representation, that the information was necessary to this government in framing and carrying out its own policies.

These representations then may be said to break down into two major questions, the first of which may be characterized by the word "secrecy" and the other by the word "use". As to the first, obviously the census would

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have served no purpose in the war effort if it could not have been used. The statistical use which has been made and now made public is not in issue, that is generally approved. Such specific use as the Treasury has so far made of the census has not been the subject of objection.

The issue, therefore, seems to arise on this one point. Should the representations of the Treasury be properly construed as a promise that detailed figures, i.e., figures concerning individual (including corporate) holdings be given to any other government to be used by that government in that government's discretion and without control by the United States government. This is the point of departure.

It is believed that the Treasury did not stultify itself by representing that it would not use the figures or information in any particular way or refrain from using them in any particular way. The question even more narrowly then is: Is the delivery of this information to the French government for the use and benefit of the United States?

If the giving of this information to France is primarily of importance to the United States, then it is believed the information may properly be given even though incidental or substantial advantage should arise to a particular foreign country. If, however, the direct advantage does not inure to the United States, the information should not

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be given even though some incidental advantage may be reaped by this government. Above all, it may be said that this information should not be given as a favor or even as a bargaining point in connection with any other consideration. It is one to be considered individually and on its merits.

In commercial relations where such a difference of interpretation has occurred, there are always the courts to decide whether or not representations written or oral include or exclude any particular act committed or contemplated. In this case there is none. Even if definite commitments had been made by this government, on this one particular point which it is believed was not done, these commitments cannot legally bind the government. The good faith of the government is the only deterrent. Also considerations of what is proper government policy may change. The government, itself must ultimately make the decision. It is believed therefore, that the government should not only use the greatest care in making this decision but should give opportunity for interested persons to be heard, not so much on the basis of representations made but rather on the basis of the advantage or disadvantage to the United States of giving such information. It is hoped that the government, therefore, would use the greatest care in making this final determination.

Is disclosure of Census Information of
Advantage or Disadvantage to the United
States?

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Since it is conceived that the real issue is the advantage of the United States in this matter, some of the more serious consequences of such a disclosure will here be discussed for it is believed that little, if any advantage will be gained by the United States and serious disadvantage will hereafter accrue if these figures be given to a foreign government. The problem can be divided into two groups, one is for what purpose will the foreign governments use these figures and the second is, what effect will these disclosures have upon the United States either (a) flowing from the primary act of giving up information heretofore considered confidential and (b) as a secondary result from such actions as are or may be taken by any government recipient of this information.

As to this secondary point designated (b), it may be pointed out that whatever policies a foreign friendly government which may institute affecting, or designed to affect, property within the United States made after disclosure by the United States, will appear by inference to be approved by our government. Certainly the act of giving the information concerning the assets to be affected, implemented and encouraged and made possible the act of the foreign government this in turn making our own government a collaborator in such acts. Some foreign governments who were within the allied nations during the war have shown strong tendencies to create and enforce national policies which may be considered as wholly inimical to private

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property. The giving of this information will assist these governments to carry out these schemes even if the United States does not so contemplate, it clearly will be considered by the foreign government and by the citizens within the United States as having assisted. It is questioned if our government wishes to assume such a position and accept the responsibility of future acts of foreign governments in relation to the external assets to that government's citizens which are within the United States. It must be remembered once the information is given the United States can neither recall it nor control its use.

The matter is even more fundamental to the interest of the United States than these considerations. It is known that the foreign governments wished this information for various obvious reasons such as to implement foreign exchange laws and to collect taxes and to hunt down Nazi property held in neutral names. There can be no criticism of any country desiring to institute such policies as it may consider wise and necessary in protection of its dollar position in the collection of taxes and to unearth hidden enemy property and the conclusion is aptly drawn to be drawn that anything done to facilitate these purposes is good and that withholding of any information could only

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be to the benefit of black marketeers, tax dodgers and Nazi collaborationists. Because of the war/^{time} methods of financial penetration by German financial machinations, financial operations generally have come under unwarranted suspicion. The ordinary confidential relationship necessary in financial operations has been seen by some as a mere device to enable banks and brokerage houses and others to act as a "fence" or "cloak" for past and future plans for German domination. The wartime considerations carried over into peace time operations induced conclusions and are both unwarranted and are bad economics. So long as private enterprise may exist individuals owning and operating private property must have the opportunity to handle their affairs in their own way without continued scrutiny by business rivals which may be national rivals too. Competition which is still the great regulator of economic activity in the United States requires by its very nature the protection of a confidential relation between the business man and his financial sources. This confidential relationship, like many another good thing, may have been put to evil uses but that is no reason why it should be destroyed. It is therefore desirable to consider the more fundamental difficulties and disadvantages which would arise were the United States to take this first serious step in divulging to foreign countries information existing between banks, brokerage houses and other financial institutions and their foreign customers.

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HISTORICAL CONSIDERATIONS.

Capital within any country and there invested in productive enterprises is a source of wealth to that country, even though the increments on the capital are paid to a foreign nation. The history of this country has always been that of endeavoring to attract foreign capital. With the founding of our country the colonies, then the new United States, were like a business with vast potentials but no working capital and efforts were made to secure foreign capital. English capital was even invested in the First Bank of the United States and at a much later period heavy railroad financing was carried on by foreign capital.

It is elementary economics that certain conditions are required within a country to attract capital or, for that matter, to encourage accumulations within the country itself. Among these are a stable government. This would include one untroubled by frequently recurring revolutions. Taxation could be confiscation, particularly if made in the form of capital levies and the like. There must be opportunities for profitable investment. Laws must be fair and the tribunals exercising the law must do so in an even handed manner between native and foreigner. There must be general recognition of the sanctity of contract and the protection of private property. All of these condi-

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tions have existed in the United States from its inception. Much has been said in the past about the United States being a refuge for oppressed peoples or those having no economic opportunities in their own country. The same can equally be applied to foreign capital.

A country should, therefore, be very loathe to create any situation which would cause a flight of capital. In addition to the considerations mentioned, a flight of capital might reach proportions which could be in the nature of a run on a bank, that is, if we were accustomed to having use of certain amount of capital, removal of large portions would cause maladjustments and even might permanently bring about lowered industrial activity. Foreign capital profitably and regularly employed is an asset but uneasy capital always seeking to place itself in liquid form for quick removal could cause unpleasant repercussions in the land where temporarily deposited or invested. It therefore is a matter of self interest to retain the confidence of those foreigners who seek to invest their money in what may be summed up as a "safe place."

THE NEW YORK MONEY MARKET.

New York is a great money market. Prior to the war and increasing throughout the war, the position of the dollar throughout the world increased in importance as the

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standard of world exchange. In international transactions where the underlying goods involved may not originate in or be destined to the United States, payments and contracts relating to the payments may pass through the United States because of the dollar exchange acceptable to both parties. England has long enjoyed a preeminence in this field and has made a great deal in what is termed exchange transaction or invisible items in the balance of trade, by reason of the position of the pound sterling throughout the world. Circumstances have lessened the importance of pounds sterling and increased the significance of the dollar. America has an opportunity to increase its national income because of this fact. The flight from other currencies to the dollar, for numerous reasons, was most noticeable before the war, the relative stability or security of the dollar in comparison to other exchange being one, but by no means at that time the only factor. The stability of the dollar, while a major factor, requires additional factors to encourage this type of legitimate international financial trade and one of these factors comes under the head of "secrecy" as to the transactions. Since this word as already observed, is somewhat in disrepute, let it be said here that secrecy does not mean any evasion of

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American law or even any withholding of information from this government. That this government would have a right to know the amounts and the kinds and directions of such transactions may well be admitted. This is, far different from the type of revelations which are now contemplated.

EXTRATERRITORIALITY.

Considerations in the last paragraph lead us then to the more definite examination of revelation of specific information to the French. Except for the circumstances of the war, the necessary control by our governments and the essential nature of information secured on the TFR-300, France could never have secured this information. France could have passed any decrees which it might have pleased - they would not have been effective; France could have instituted any types of action which its attorneys could imagine - they would have been futile. It is only by reason of peculiar circumstances that the information which France was powerless to secure could be supplied to it by the United States government, since its sovereignty did not extend into the United States. The case of Anderson v. Transadine is not contrary, it is an exception and relates strictly to war conditions. ^{AD & MA OR THE NEW} ~~LIBRARY~~ by using the sovereignty of the United States ^{FOREIGN FUNDS CONTROL} ~~for a~~ war time measure and then by

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executive agreement, France could be put in possession of this information. This permits the foreign country to do, through the agency of the United States, what it could not do for itself. It removes the confidence of the business community in its own government which then is acting merely as an agent, for the foreign government. The result is to destroy a part of the legitimate business which the country might enjoy and relinquish that business to foreign nations who have not adopted such a policy. Furthermore, if this country aided a foreign country in this manner, it would be natural to expect it would further assist by here enforcing the foreign decrees.

WORLD POSITION.

Returning again to the results of such a policy, it must be pointed out that if the United States is to retain the position as a maritime power, if it is to do foreign trade for its own advantage, it necessarily must, to secure the full advantages of its position, finance shipments for itself and others through dollar exchange. It needs the confidence of foreign capital holders who would wish to use the facilities which the United States has to offer.

The foreigners and Americans alike knew that with the existing policies of the United States; its protection for friendly aliens under the Constitution, their interests

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would be protected. For this government to hand this information over to another foreign government would, in fact, force the American bankers to create a breach of this confidential relationship, to their ultimate disadvantage and to the disadvantage of the country. Only the most cogent reasons of our own national security and foreign policy should compel the government to place the bankers in this peculiar and anomalous position which cannot but have the effect of destroying their potential future business and with that the advantages to be gained both directly in the form of taxes and indirectly by the increase of business within the United States.

THE UNITED STATES AS A CREDITOR NATION.

The United States, generally speaking, was until World War I, a debtor nation and with that war became a creditor nation. Its position in that regard has been greatly increased in this war and contemplated government loans either direct grants of the government through legislation as the contemplated British loan or through any instrumentality of government, the amount of outstanding credits which must be serviced will be of staggering amount. An oft repeated excuse, even if in most instances not a reason, for many defaults occurring after 1929 in the outstanding dollar credits was the lack of available dollar exchange. The Breton

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Woods scheme is designed to prevent such results if they occur merely because of temporary international circumstances which for the time being has dried up the available source of a needed foreign currency. But neither this system nor any other which can be devised can long act as a substitute for normal conditions under which excess dollar credits in the United States would be available to foreign nations for the servicing of their loans. Balance of payment by the shipment of gold is outmoded. The United States government should continually be conscious of the necessity of every legitimate procedure by which foreign nations would ship to or through the United States and by which every available invisible item of a trade balance should be maintained. It is suggested that a proposal to give the TFR-300 figures to France would ultimately have the effect of withdrawing useful device of trade from the United States rendering it more difficult for foreign nations to have available the requisite amount of dollar exchange needed.

ENFORCEMENT OF PENALTIES CONTRARY
TO OUR POLICY.

Statements have been made, although not officially, that if delivery of any TFR-300 figures is made to the French, it will be under an agreement not to enforce penalties. It is feared, however, that such assurances could

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scarcely by their very nature be kept. It is unlikely that France would wish to forego penalties against people who might have been found to be tax dodgers, nor would it be fair for France to do so if these same penalties were enforced against persons found to be tax dodgers by other means than through the medium of the TFR/figures. The most that can be said would be that this phrase "penalties" would not cover perhaps jail penalties but it could scarcely cover more than that. This country is not responsible for the law of a foreign country and it has normally always avoided enforcing penalty provisions of a foreign country's laws. Therefore, we have a situation here where once again by in-direction the government of this country would be instrumental in enforcing within this country a type of penalty which France would not otherwise be able to enforce.

INFORMATION BECOMES WORLD WIDE.

The information outlined in the last preceding paragraph would not be confined to France. If the government gives this information to one country, it is difficult to see how it can refrain from giving it to all other countries who are members of the United Nations. Since, furthermore, the neutrals are presumed to also search their country for hidden German treasure, there would be argument by them that they also should receive this information. Thus the informa-

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tion would be world wide and the United States government could not prevent trading of information between the various governments. These very circumstances might make it necessary for our government ultimately to publish the figures in their entirety.

THE TAX TREATY WITH FRANCE AS
AN EXAMPLE OF SIMILAR TREATIES.

There remains to be considered the treaties with France relating to double taxation.

The treaty between the United States and France became effective January 1, 1945. The principal purpose of this treaty is to avoid double taxation as between persons and corporations subject to income tax in both countries. Title II of the said treaty designated "Fiscal Assistance" calls for certain exchange of information between the two contracting states. Article 23 of Title II, provides that each contracting state undertakes to lend assistance and support in the collection of the taxes to which the present convention relates, together with interest, costs in addition to the taxes and fines not being of a penal character according to the laws of the state requested. The provisions of this treaty to which brief reference has been made, called for consideration as to whether or not the delivery of TFR-300 figures is contemplated under this treaty or may be said to have been called for. In the first place, although the

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treaty became effective on January 1, 1945 it was, in fact, negotiated in 1939. In 1939 no TFR-300 figures were available or even contemplated. These were collected only as a war time measure for a war which did not begin in Europe until after the negotiation of this treaty, although it came sufficiently early to prevent its coming into force until after the war. Thus, when the treaty was proposed, no such figures as here discussed could have been in contemplation as TFR-300 was not even thought of until, at the earliest date, the spring of 1940, when the property of the first invaded countries was frozen. It is clear, therefore, that the framers of this treaty had in mind exchange of current information relating to income of persons subject to taxation in both countries and only as to the income. This current information could be obtained from income tax statements made to our government and from the ownership certificates for bonds and coupons which have long been in use. It clearly contemplated a current situation which thereafter would be kept current.

We may admit that the war, the effects of the war and the efforts to prevent another war, will undoubtedly affect international relationships leading to greater disclosures in the future than have been made in the past. These may even be greater than was contemplated by the treaty makers in 1939 but it is suggested ^{FOR THE 30 VM 8 02} ~~that~~ it is not wholly fair since ^{FOREIGN FUNDS CONTROL} ~~not~~ then contemplated to ^{consider} ~~consider~~ the TFR-300 figures as

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being within this treaty. France has no comparable figures to give to the United States. They are much broader and more complete, particularly as to past transactions and amount of general capital than contemplated by the treaty which relates only to current income. Next it should be noted that any new law, particularly those regulatory in their nature contemplate the future, not the past. Many such laws have made crimes of acts which were previously legal and openly indulged in by the business community generally. These were clearly not crimes when committed. It would be merely the continuation of such acts which, having by law been declared to be unsocial, have been forbidden with penalties for their continued observance. Thus, the giving of the TFR-300 figures if not an ex post facto interpretation of the treaty lends support to an ex post facto use of the treaty. This is contrary to the general basis of American jurisprudence. Also the government although this treaty has been in force since January 1, 1945 has at no time as far as is now known, defined or implemented the terms to which brief reference has been made above. No one knows what procedures will be instituted by this government or by France in carrying out the provisions of this treaty. No one knows the extent to which or the type and form of information which will be exchanged. When any new law as this comes into effect, the persons affected thereby have a

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Authority NND 968103By JW NARA Date 1-19

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right to know what their duties and obligations are. As collateral to this question, it may be pointed out that the TFR-300 forms require of persons to report not only the foreign property they held as of the date the census was announced but also of the date approximately one year earlier. Of all groups who and it is believed, did successfully and with reasonable accuracy, fulfill this requirement, the bankers, because of the completeness of their records, did so the best. The purpose of this double reporting was obvious. It was a war time use to trace the flow of capital, particularly German and Japanese capital during this period after the war had begun but before the controls had been instituted in most instances. It is here pointed out that since any transfer of German, Japanese or other funds within that time was legal and continued until those funds were frozen, no one was liable for any transfers which were then made. No one has ever suggested that they should have been but here arises an opportunity where a foreign power would be unable to use such figures in a way which would have the effect of making these transactions illegal and enforcing penalties for them. Substantial justice cannot be done by trying to reconstruct the past and punish it. Some will be brought to book, others will escape any penalties. It has always been recognized that the only thing to do as a matter of supreme practicality, as well as justice, is to draw the

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veil over the past and begin anew whenever a new system or new procedure goes into effect. It is here suggested that this should be done and that the treaty between France and the United States in effect January 1, 1945 should not be used as an excuse to create an act or set up a procedure which can only lead to results contrary to the general policies of the United States. It is therefore believed that the treaty should be considered as relating only to the future and that in respect to it, this government should let it be known as to what type of information and reports would be required which it will in the future divulge on a reciprocal basis to France. Since the question of reciprocity has already been considered, consideration of mutuality in the treaty need not be further considered.

RECEIVED
FOREIGN FUNDS CONTROL
TREASURY

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By JW NARA Date 1-5-00

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File FPC Gen. correspondence
Box 9-5

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Handwritten initials:
MP
WJH
JB
HKA

September 30, 1953

Mr. L. H. Mains
Stock Transfer Department
The Ohio Oil Company
Findlay, Ohio

Dear Mr. Mains:

Your letter of September 17, 1953 addressed to the Secretary of Treasury in which you inquire with respect to the status of three accounts you are holding for nationals of Estonia, Austria and Sweden has been referred to this Office for reply. According to your letter, the accounts are valued at \$158.67, \$29.84 and \$568.26, respectively.

You are advised that these accounts appear to have been unblocked under General License No. 97, a copy of which is enclosed. This license unblocked accounts which on February 1, 1948 were valued at \$5,000.00 or less with the exception of those accounts referred to in paragraphs two and three of the license. While General License No. 97 was recently revoked, the revocation did not affect any property previously unblocked by the license.

Also enclosed for your information are copies of the revocation of General License No. 97 and General Licenses Nos. 101 and 102, together with a related press release.

Very truly yours,

Dallas S. Townsend
Assistant Attorney General
Director, Office of Alien Property

(Signed) Henry G. Hilken

By _____
Henry G. Hilken, Chief
Intercustodial & Property Branch

Enclosures

DECLASSIFIED
Authority NND968103
By JW NARA Date 1-5-00

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130494

August 24, 1953

Mr. A. M. Rosenson
Chief, Monetary Affairs Staff
Department of State
Washington 25, D. C.

Dear Mr. Rosenson:

Reference is made to your Interdepartmental reference slip dated August 3, 1953 enclosing for our comments a draft of a proposed instruction to certain American Diplomatic Consular Officers regarding the general unblocking on June 27, 1953 accomplished by the issuance of General Licenses 101 and 102.

We have re-written the draft to clarify certain of the points contained in yours, and are enclosing for your convenience two copies. You will note that the changes are relatively minor.

Very truly yours,

Paul V. Myron
Deputy Director
Office of Alien Property

By _____
Philip Blacklow, Acting Chief
Intercustodial & Property Branch

Enclosure

DECLASSIFIED
 Authority NND968103
 By JW NARA Date 1-5-00

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Form DS-14 5-14-48	DEPARTMENT OF STATE WASHINGTON
INTERDEPARTMENTAL REFERENCE	
DATE <u>August 3, 1953</u>	
REFERRED TO <u>Mr. Henry Hilken, Chief, Inter-custodial and Property Branch, Office of Alien Property, Dept. of Justice</u>	
RE: <u>World War II blocked assets freed for friendly countries.</u>	
WRITER <input type="checkbox"/> HAS <input type="checkbox"/> HAS NOT BEEN INFORMED OF THIS REFERENCE	
COMMENTS: <u>As agreed with Mr. Gewirtz of your office, there are transmitted for your comment or clearance two copies of a proposed instruction to Certain American Diplomatic and Consular Officers regarding the Attorney General's recently announced removal of all remaining World War II freezing controls applicable to property in the U.S. of certain countries.</u> <u>The return to this office of one copy of such proposed instruction with clearance of your office noted thereon will be appreciated.</u> <div style="text-align: center;"> <p><u>130494</u></p> <p><u>Ans. AUG 24 1953</u></p> </div>	
OFD:MN:AMRosenson	SIGNATURE <u>[Signature]</u>
DIVISION	

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Authority	NND968103
By	JW NARA Date 1-5-00

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UNCLASSIFIED

DRAFT INSTRUCTION

SUBJECT: WORLD WAR II BLOCKED ASSETS FREED FOR FRIENDLY COUNTRIES

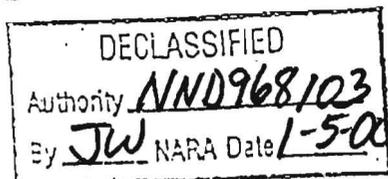
TO: Certain American Diplomatic and Consular Officers.

The Office of Alien Property of the Department of Justice, with State Department concurrence, has removed all remaining World War II foreign funds blocking controls on property belonging to 14 countries and located in the US. US blocking action began in April 1940 when Germany invaded Norway and Denmark. Under the unblocking action, the only countries now remaining subject to these controls are those within the Soviet orbit whose assets have not previously been unblocked. At the same time, the Office of Alien Property has unblocked all remaining blocked accounts which were worth \$100 or less on June 1, 1953.

The countries affected by the unblocking action are Austria, Belgium, Denmark, France, Greece, Italy, Luxembourg, the Netherlands, Norway, Sweden, Switzerland, Lichtenstein, Japan and West Germany. The countries whose assets will remain blocked are the former enemy satellite countries (Bulgaria, Hungary and Rumania); the Baltic countries (Estonia, Latvia and Lithuania); Poland and Czechoslovakia; and East Germany. The blocked assets of these countries will not be increased by this action, but will merely remain subject to the controls already in effect.

The assets of friendly European countries were involved in the blocking actions because most of these countries fell to Germany during the war and the blocking served as a deterrent to forced transfers. Subsequently, the blocking was extended to enemy countries as well as

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neutral countries to prevent use of their assets for purposes inimical to the US and to preserve them for possible reparations.

The current transactions of those blocked countries which were not unblocked in full have been free since December 7, 1945 except for East Germany for which the date was December 31, 1946. Up to December 1948, persons who had blocked assets of certain friendly countries could get release of such assets by a certificate from their own government stating that no enemy interest was involved. After that time, no assets could be unblocked except by a special authorization of the Office of Alien Property. A large amount of assets was still blocked in 1948 since some owners did not wish to reveal to their own governments that they owned assets in the US, because of past and future tax problems and possible penalties under the foreign exchange control regulations of their own countries. This amount has since been gradually reduced, mainly by vesting of enemy assets and the unblocking of assets of friendly countries. To assist this process, the US has, since 1948, turned over to Western European countries receiving Marshall Plan aid, lists of US blocked assets belonging to their nationals.

This instruction is being sent to the following Foreign Service Posts:

MISSIONS

Athens
Bern
Bonn (HICOG)
Brussels
Copenhagen
Hague The
Luxembourg
Moscow

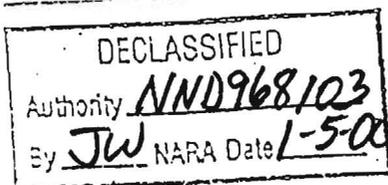
Oalo

Paris
Praha
Stockholm
Tokyo
Vienna
Warsaw

CONSULATE

Zurich

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MM:mf

Mr. Henry G. Hilken, Chief
Intercustodial & Property Branch
Max Wilfand, Chief
Foreign Funds Section

April 17, 1952

Blocked accounts exceeding \$2,000 in value held in the names of financial institutions located in those Western European countries to be unblocked in the near future.

mm
At the meeting held at the Guaranty Trust Company of New York on March 17, 1952 with members of the Sub-Committee on Foreign Funds Control of the Foreign Exchange Committee it was decided that each member of the Sub-Committee would informally report to this Office those blocked accounts exceeding \$2,000 in value held in the names of financial institutions in the ten blocked countries which received aid under the Marshall Plan and Switzerland and Liechtenstein. In addition, the members of the Sub-Committee agreed to advise us as to the number of accounts valued at \$1,000 or less which were blocked as German or Japanese.

I am listing below those accounts which, according to the records of the custodians, would be unblocked if and when the twelve countries involved are made part of the generally licensed trade area. While one bank reported all its blocked accounts, I shall limit this memorandum to those accounts in the names of financial institutions which are valued in excess of \$2,000. In addition, the number of Japanese and German accounts valued at \$1,000 or less will be given for each reporter. Where appropriate, I have noted the extent to which our records differ from those of the banks' and the action to be taken to bring about uniformity in our respective records. The reports should be made available to the Vesting Section for comparison with the satellite reports and for possible vesting action with respect to the enemy accounts.

I. Manufacturers Trust Company, 55 Broad Street, New York, N. Y.

The Manufacturers Trust Company reported that it had no accounts valued at \$2,000 or more in the names of financial institutions in the twelve countries to be unblocked.

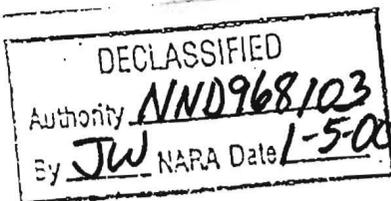
It also reported that it had two enemy accounts valued at \$1,000 or less, each of which accounts was blocked as German. The total value of the two accounts was given as \$229.38.

II. Dominick & Dominick, 14 Wall Street, New York, New York

Dominick & Dominick reported accounts in the following names:

1. Du Pasquier Montmollin & Cie., Neuchatel, Switzerland
50 shares International Nickel of Canada and a \$1,000 Kreuger Toll 5% bonds, due 1959 represented by certificate of deposit. Our records indicate that the International Nickel stock was claimed to be owned by

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April 17, 1952

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an Antoine Pigot of French nationality. License application NY 867282 was filed to unblock the stock, but no action has as yet been taken because we have not obtained the necessary proof. The Kreuger Toll certificate of deposit was claimed to be owned by a Mary Wilson whose last residence was in Belgium but whose present whereabouts are unknown. Vesting action was not taken with respect to this property because the owners of the property had been identified. The intended unblocking action will free this property.

2. Credit Commercial de France, Paris, France.

The property reported in this name consists of 185 shares of International Nickel of Canada, valued at \$8,170. The shares were received by Dominick & Dominick from the Bank of Toronto, Montreal, in January 1952. They were blocked by Dominick & Dominick because the transfer agent in the United States advised that the shares were registered in the names of a French national and were therefore blocked on their books. Since the stock certificates came into the United States subsequent to the out-off date in General License 9h, they should not have been blocked and Dominick & Dominick need not have reported them.

3. Union de Banques Suisses, St. Gall, Switzerland.

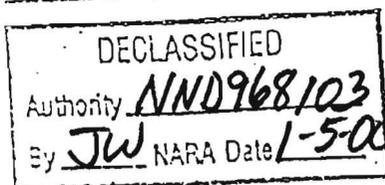
The property in this name consists of a cash account in the amount of \$6865.50, and is involved in connection with the administration of the assets of the Estate of Paula Mez, deceased. There is some German interest in the estate and the Estates and Trusts Section of the Litigation Branch is handling the matter. The account in question, in addition to being blocked as Swiss, should be regarded as subject to General Ruling No. 11A. Dominick & Dominick should be so advised before unblocking action is taken.

4. Union de Banques Suisses, Zurich, Switzerland.

The property in this name consists of a cash General Ruling No. 6 account in Canadian dollars valued at \$5,120.62. Cover for these Canadian dollars is kept with the Dominick Corporation of Canada, Montreal. These Canadian dollars represent income and principal collected on certain Canadian bonds in 1949 which bonds were once held by Dominick & Dominick in the blocked account of Union de Banques Suisses, Zurich, Switzerland. There is no indication of what disposition was made of the bonds. No vesting action was taken on this account because cover for the property was maintained in Canada. Further, there is some question as to whether it is free under General License 9h.

Dominick & Dominick did not advise us as to the number of enemy accounts valued at \$1,000 or less.

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III. Brown Brothers Harriman & Co., 59 Wall Street, New York, N.Y.

1. Banque de Paris & des Pays, Bas, Amsterdam.

The property in this name consists of an ordinary cash blocked account valued at \$5,109.40. No vesting action was taken with respect to this account because, according to the OAP-700 report, the property belonged to an individual of Jewish origin who disappeared during the Nazi occupation. Presumably these are heirless assets.

2. Pierson & Co., Amsterdam, Holland.

The property in this name consists of a sub-account in the name of Otto Dahl &/or Mrs. Stefanie Dahl, non-residents, Netherlands, containing cash valued at \$1,672.66 and securities valued at \$11,604. The OAP-700 report indicates that the identified owners are presumed to have died in 1943 as victims of German persecution. Vesting action was not taken because the property fell into the category of heirless assets.

3. Societe Generale Alsacienne de Banque, Strasbourg, France.

The property consists of a cash account valued at \$1,133.11 and securities valued at \$11,462. The OAP-700 report indicates that the property belongs to one M. Sally Hecht, a Jewish refugee whose whereabouts are unknown and who is presumably dead. For that reason no vesting action was taken.

Brown Brothers Harriman & Co. reported fifteen enemy accounts valued at \$1,000 or less. The total value of these accounts was approximately \$2,000. In addition, they reported an account valued at \$1,075 in the name of German Atlantic Cable Co. & B.H.H. & Co. Special Deposit Account pursuant to Section 7, Article 2 of Indenture dated 4/1/25.

IV. J. P. Morgan & Co., Inc., 23 Wall Street, New York, New York.

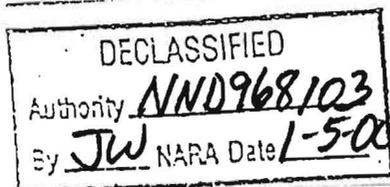
J. P. Morgan & Co. advised they held no property in blocked accounts in financial institutions located in the twelve countries except for property in which Iron Curtain nationals had an interest. It did not advise regarding enemy accounts valued at \$1,000 or less.

V. Hanover Bank, New York 15, New York.

The Hanover Bank reported no accounts in the names of financial institutions which would be completely unblocked when our contemplated unblocking action was taken.

The Hanover Bank also advised that they had three German accounts valued at \$1,000 or less. The total value of these accounts was approximately \$220.

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VI. Bank of the Manhattan Co., 40 Wall Street, New York, N.Y.

Accounts in the following names were reported:

1. Credit Suisse, Zurich, Switzerland.

General Ruling No. 6 account valued at \$27,892.04. Our files indicate that this account was vested pursuant to Vesting Order 17800. An examination of the Collection & Custody work file indicates that the property has not yet been reduced to possession.

2. Union Bank of Switzerland, Zurich, Switzerland.

The property reported consists of a General Ruling No. 6 account valued at \$9,387.01. Our files indicate that this property belonged to a Rumanian national and for that reason was specifically excluded from Vesting Order 17607. The Bank of the Manhattan Company should be advised to block this account as Rumanian.

3. Banque de Brussels, Brussels, Belgium.

The property reported consists of a regular blocked account valued at \$827 plus property of indeterminable value. According to our files no report on Form OAP-700 was filed with respect to this account, probably because the bank took the position that the property was not valued at \$1,000.

4. Rotterdamse Bank N.V., Amsterdam, Holland.

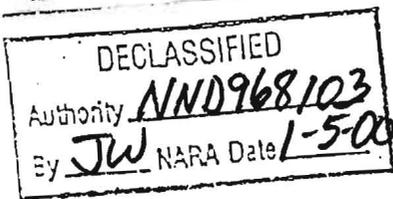
The property consists of a regular blocked account valued at \$5,980. Our records indicate that the OAP-700 with respect to this property was sent to the Vesting Section. The property should be blocked as German and the Bank of Manhattan should be so advised.

5. N.V. Wabrust Maatschappij voor Beheer en Belegging, Amsterdam, Holland.

The property reported consists of a regular blocked account valued at \$16,000. Our records indicate that this property probably consists of 200 shares of Shell Oil Co. stock and cash valued at \$1,881.62. The foregoing stock and cash were specifically excluded from Vesting Order 18688 because we had been advised that the property belonged to an Hungarian living in Rumania. The Bank of the Manhattan Company should be advised to block the property as Rumanian.

The Bank of the Manhattan Company advised that it had seven enemy accounts valued at \$1,000 or less, the aggregate value of which accounts amounted to \$3,000.

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VII. The National City Bank of New York, New York 15, New York.

This Bank reported that it had no accounts in the names of financial institutions located in the twelve countries which would be affected by the unblocking of those countries. They also reported that they held about thirty cash and securities enemy accounts valued at \$1,000 or less, the total value of which accounts is less than \$6,000.

VIII. Guaranty Trust Company of New York, 140 Broadway, New York, N. Y.

1. Banque Commerciale S. A., Luxembourg, Luxembourg.

The property consists of three accounts:

- a. a regular blocked cash account in the amount of \$40,773.68,
- b. a blocked General Ruling No. 6 cash account valued at \$13,875.62, and
- c. a General Ruling No. 6 cash account with the additional identification of "New A/C".

A portion of these accounts was vested by the Vesting Section and I am preparing a vesting order to vest the balance. The reports were recently returned to the Foreign Funds Section by the Vesting Section.

2. De Nederlandsche Bank N.V., Income Tax Refund Account, Amsterdam, Holland.

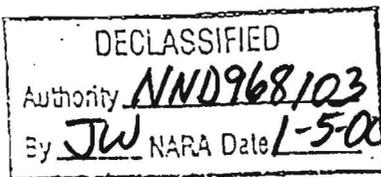
The property consists of a regular blocked cash account valued at \$2,237.90. According to our records a report on OAP-700 was not filed with respect to this property, possibly because the refund was not paid until after the reporting date. In addition it is noted that the account is in the name of the official certifying agency of the Netherlands Government. Under these circumstances I do not think the matter should be pursued any further.

3. N.V. Escompto En Handelsbank, Amsterdam, Holland.

The property reported consists of a regular blocked cash account valued at over \$12,000. Our records indicate that this account was unblocked by license No. NY 867633, dated March 13, 1952.

4. Havero Handelsvereniging Overzee N.V., Rotterdam, Holland.

The property reported consists of a regular blocked cash account valued at \$7,890.15. The OAP-700 reported that \$2500 of this account belongs to a Rumanian national. The balance was reported as owned by individuals whose identity was revealed and who appeared to be non-enemies. For that reason no vesting action was taken. The Guaranty Trust Company should, however, be advised that the account should be blocked as Rumanian so that the unblocking of the twelve countries would not free the account.



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5. Union Bank of Switzerland, Zurich, Switzerland.

The property reported consists of a regular blocked cash account valued at approximately \$2500. Our records indicate that this property was specifically excluded from Vesting Orders 17606 and 17607 because it belonged to satellite nationals. The Guaranty Trust Company should be so advised.

6. Union Bank of Switzerland, Lausanne, Switzerland.

This property consists of a cash General Ruling No. 6 account valued at about \$2500. Our files indicate that the Guaranty Trust Company is trying to ascertain whether this account was unblocked by license No. NY 866895. If it was not so unblocked, the property was vested pursuant to Vesting Order 17631.

7. Wohl & Landau, Zurich, Switzerland.

The property reported consists of a regular blocked cash account valued at about \$2400. The OAP-700 report indicates that the property was owned by various non-enemies whose identities were revealed. No vesting action was therefore taken.

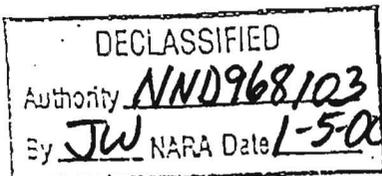
8. Societe Generale Alsacienne de Banque, Basle, Switzerland.

The property reported consists of a cash General Ruling No. 6 account valued at almost \$24,000. In addition the Guaranty Trust Company reported a securities account in the name of the Zurich office of the same bank. The securities account which is subject to General Ruling No. 17 was not vested because of Hungarian ownership of the property. The Guaranty Trust should be so advised. In reporting the securities account the Guaranty Trust indicated that there was a General Ruling No. 6 account in the name of the same bank held in its foreign department. This is probably the cash account which is listed in the name of the Basle office referred to above. The General Ruling No. 6 cash account was not vested because of the Hungarian ownership. Guaranty Trust Company should be advised to block not only the securities account as Hungarian but also the cash General Ruling No. 6 account.

9. Bethlehem Steel Export Corporation in Trust under Directive License No. NY 423428-D.

The property reported consists of a regular blocked cash account amounting to approximately \$7500. Our files indicate that the property is owned by a Belgium corporation, the owner of which had left Belgium in May 1940 and fled to Portugal from which country he went to Brazil. In light of these facts no vesting action was taken on the accounts.

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10. Brenca N.V., Amsterdam, Holland.

The property reported consists of securities in a regular blocked account. The securities are German dollar bonds whose face value is \$2610. No vesting action was taken on the property because Mr. Payne advised that the bonds were worth approximately 2% on their face value.

11. Credit Suisse, Zurich, Switzerland.

The property reported consists of a General Ruling No. 17 securities account valued at \$2,000. Our records indicate that this property was specifically excluded from Vesting Order 17977 because it was owned by a Hungarian. The Guaranty Trust should be so advised.

12. Themis Financial Co., Zug, Switzerland.

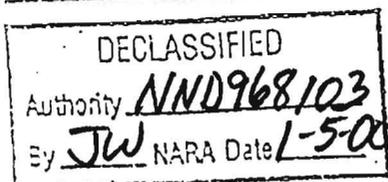
The property reported consists of securities subject to General Ruling No. 17 valued at about \$17,500 plus some German dollar bonds of indeterminate value. While the report indicates that there was only a Swiss block on the account, it is noted that the Guaranty Trust Company also reported a General Ruling No. 6 cash account in the name of the same national and a regular blocked cash account, both of which are blocked under General Ruling No. 11A. Under these circumstances I think that the Guaranty Trust should be advised to block the securities account under General Ruling No. 11A.

13. Union Bank of Switzerland, Lausanne, Switzerland. Special A/G No. 1.

The property reported consists of a regular blocked cash account valued at slightly over \$1,000. Our files indicate that the Guaranty Trust is checking its records to ascertain whether the property has been unblocked under license No. NY 866895. If it has not been so unblocked, it has been vested under Vesting Order 17631.

The Guaranty Trust Company has listed every German and Japanese account regardless of its value. I have not counted the number of these accounts or their value. This report as well as reports of the other banks will be forwarded to the Vesting Section for appropriate action.

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IX. Bankers Trust Company, 16 Wall Street, New York, New York.

Bankers Trust Company reported accounts in the following names:

1. Martins Bank Ltd., London, England, for L. Van Den Eynde of Brussels, Belgium

The property consists of a cash balance amounting to \$10,365.62. This account was formally held in the Commercial Bank And Trust Company which was recently taken over by the Bankers Trust Company of New York. While we have no record of the receipt of an OAP-700 report with respect to this account; Mr. Farrell of the Bankers Trust Company advised me by phone that the records of the Commercial National Bank and Trust Company indicate that an OAP-700, dated October 31, 1950, was sent to this Office. Our records do show that license NY 865902, dated September 5, 1950, was issued to Lucien Van den Eynde with an address in Paris, France unblocking \$10,263.48 which represented the balance in an account held by the Irving Trust Company. The license was issued on the basis of an application which showed that Mr. Van den Eynde was a Belgium citizen and was accompanied by a statement of beneficial ownership and non-enemy interest issued by the Office des Changes. A check of the TFR-600 reports does not indicate that the Irving Trust Company held such an account though there is a TFR-600 filed by the Commercial National Bank and Trust Company showing an account valued at \$10,365.62. It may be that the application erroneously stated that the account was held at the Irving Trust Company. At any rate, even if the account at the Bankers Trust Company is still blocked, we would not have vested it pursuant to the Snyder-Vandenberg Program because the beneficial owner was identified and the information in our files indicated that he was eligible for unblocking. Accordingly, there would appear to be no objection to the unblocking of this account through the issuance of the proposed amendment to General License 53.

2. Schumann & Cie., Lyon, France.

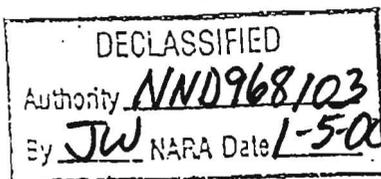
The property consists of a cash account valued at approximately \$7,000. Our records indicate that the French Government advised us that residents of Rumania owned this account. Before the proposed amendment to General License 53 is issued Bankers Trust Company should be advised to block the property because of the Rumanian interest in the account.

Bankers Trust Company reported no German and Japanese accounts valued at \$1,000 or less.

I. Irving Trust Company, One Wall Street, New York, New York.

The Irving Trust Company advised by letter dated April 8, 1952 the number of accounts on its books blocked as "dual nationals". The one

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account reported exceeding \$2,000 in value was a General Ruling No. 17 account valued at about \$4,100. Our records indicate that a 1/4 interest in this account was vested by Vesting Order 15904. An application is pending to unblock the remaining 1/4 interest.

I called Mr. Timoney in regard to the Irving Trust Company report and suggested to him that the Irving Trust Company had perhaps misunderstood the understanding reached at the meeting on March 17, 1952 since its letter referred to accounts blocked as "dual nationals". I further told Mr. Timoney that the Irving Trust Company had not advised us of the number of German and Japanese accounts valued at \$1,000 or less. Mr. Timoney told me that he would call Mr. Messerer of the Irving Trust Company to clarify the nature of the report that this Office wished to receive. As yet nothing further has been received from the Irving Trust Company.

XI. Chase National Bank of the City of New York, 18 Pine Street, N. Y.

Chase National Bank reported accounts in the following names:

1. Banco de la Nacion Argentina, Blocked Switzerland, a/c Contesse de Contades Andre, Mee Andre Thome Marguarite, Geneva, Buenos Aires, Argentina.

The property reported consists of a deposit account valued at approximately \$32,000. When we examined the OAP-700 reports relating to Switzerland, it was decided that no vesting action would be taken with respect to the account since the beneficial owner had been identified and was a non-enemy.

2. Pancada Moraes & Co., Banqueriros, Lisbon, Portugal.

The property reported consists of a custody account valued at about \$3600 which is blocked. No vesting action was taken because the OAP-700 report shows that the property was identified as owned by a Frenchman. A copy of the OAP-700 report was sent to the French Government.

3. Credit Lyonnais S.A., Paris, France.

The property in this account consists of securities valued at \$1450. The OAP-700 report indicates that the property is owned by the French Government and for that reason no vesting action was taken.

4. Netherlands Trading Society East, Inc., Dover, Delaware, Head Office Account, Rotterdam Dutch Residents Account, Nederlandsche Handelsmaatschappij N.V. Rotterdam, Netherlands.

The property reported consists of a custody account valued at over \$21,000. Our files show that the property is claimed to be owned by Wodan Handel-

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By	JW NARA Date 1-5-00

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maatschappij N.V., a case which is still pending in the Vesting Section. Before any action is taken to unblock the Netherlands, the Chase National Bank should be directed to block this account under General Ruling No. 11A.

5. Union Bank of Switzerland, Zurich, Switzerland.

The property reported consists of a General Ruling 17 securities account valued at approximately \$2700. A check of our records indicates that this property probably represents the Hungarian interest in the estate of Irene Spitz-Szentmiklessy. Before unblocking Switzerland the Chase National Bank should be advised that this account should be blocked as Hungarian.

6. The last account reported is a Corporate Trust Account consisting of "Qualified" Participation Certificates Series B of the I & F assets Realization Corporation and has a face value of over \$30,000. The certificates are registered in the name of Gebrueder Arnhold. I have been advised that Gebrueder Arnhold is an old German private banking house owned by persecutees who are now in the United States. The certificates represent participation in certain unliquidated assets in the corporation consisting of the unpaid balance of certain Mixed Claims Commission Awards of unknown value. The Chase National Bank has blocked this account because they have been advised by the New York Trust Company, agent of the corporation in liquidation, that Gebrueder Arnhold is a blocked national. No vesting action was taken with respect to this account because the registered owners of the certificates were persecutees and because of the indeterminable nature of the property reported.

The Chase National Bank also reported that it held 96 German and Japanese accounts, valued at \$1,000 or less, totalling \$13,387.85. In addition, it had one custody account blocked as German which contained securities estimated to be valued at less than \$1,000.

M. W.

Attachments

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By <u>JW</u> NARA Date <u>1-5-00</u>

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HGH:PB:PG:JMCD:mwb

I. & P. 972

FFC

May 11, 1953

MEMORANDUM TO: Mr. Harold Lee, Chief
Department of Justice Overseas Branch
APO 108, c/o Postmaster
New York, New York

FROM: Henry G. Hilken, Chief
Intercustodial & Property Branch

SUBJECT: Maps of Germany and the City of Berlin

As a corollary to the termination of the vesting program the Office is preparing to issue a general license under Executive Order No. 8389, as amended, which will completely unblock all countries except for areas behind the Iron Curtain. Thus, the Western Zones of Germany and the Non-Soviet Sectors of Berlin would be unblocked but the Russian and Polish administered areas of Germany would continue to be blocked.

Under the contemplated unblocking program as it will apply to Germany, we must have certain reference sources which will enable us to locate readily the particular zone of Germany or Sector of Berlin in which an applicant or correspondent resides.

I would appreciate therefore your forwarding to me any available detailed maps of Germany and the City of Berlin and any other reference material which might be of assistance to us in this new program.

signed Henry G. Hilken

H. G. H.

Handwritten initials and scribbles on the left margin.

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 By JW NARA Date 1-5-00

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 Box 915

B

ROTTERDAMSCHЕ BANK N.V.

ROTTERDAM, 9th October, 1952.
 AMSTERDAM

Dear Sirs,

Transfer of balances outstanding in account "K".

Please be advised that De Nederlandsche Bank N.V. have issued a general licence, valid until 1st January, 1953, on the strength of which balances outstanding in account „K” as per 30th June, 1952 may be transferred, provided that the balances were still available as per 30th September, 1952, and provided that the account holder is established or resides in one of the following countries:

- | | | |
|-----------|-----------|--------------------------|
| Argentina | Greece | Spain |
| Belgium | Israel | Turkey |
| Brazil | Italy | Sterling Area |
| Canada | Luxemburg | United States of America |
| Denmark | Norway | Sweden |
| Finland | Austria | Switzerland |
| France | Portugal | |

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The foregoing is not applicable to balances in compulsory reinvestment accounts (accounts designated „Non transferable reinvestment accounts Dutch securities”, or „K sub E”), to accounts „K” pertaining to estates of deceased persons or subject to special stipulations.

Rubricated Accounts "K".

Transfer of balances in the so-called rubricated accounts (i.e. balances of which the owner resides in a third country), is only possible to the owner in so far as he established or resides in one of the abovementioned countries. Non-residents residing or established in the United States of America or in Canada, may, if desired, be credited in an account „T” (transferable Guilders account) in their own names on our books.

If you have one or more rubricated accounts „K”, as meant above, on our books, please let us have your instructions for the transfer in question not later than 31st December, 1952, thereby stating name and address of the relative client, the name of his banker and the amount due to him.

Method of transfer.

In so far as the Monetary Agreement entered into between your country and the Netherlands provides for payments both in Guilders and in the currency of your country, we are under the obligation to effect the transfer to the debit of an account under the Monetary Agreement maintained in your country or, in other words, in the currency of *your* country.

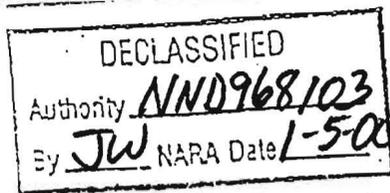
As regards the rubricated accounts, the transfer is to take place in the currency of that third country.

As said above, residents of the United States of America or Canada may, alternatively, be credited in a „T” account in Guilders.

If you wish to avail yourselves of the opportunities described above, we shall be pleased to receive your instructions to that effect before 31st December, 1952.

Yours faithfully,
 ROTTERDAMSCHЕ BANK N.V.

~~Foreign Funds File - not to be~~
 Incorporated in Office of Alien Property Files



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STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : The Files

FROM : Paul Gewirtz, Acting Chief
Foreign Funds Section

SUBJECT: Applications involving citizens and
residents of recipient countries

DATE: July 23, 1952

On July 21, 1952 I discussed with Mr. Hilken the growing volume of applications involving interests of citizens and residents of recipient countries which are being held pending the issuance of a General License unblocking such property. Generally speaking in such cases unblocking would be in order if statements from the appropriate recipient Government were furnished.

Mr. Hilken agreed that either of the following two courses could be followed in disposing of these applications.

1. We can request the statements from the appropriate Governments.
2. We can require sufficient documentary evidence of residence and citizenship to be furnished by the applicant, and if we are satisfied, in view of the long period during which the recipient Governments have had the copies of reports on Form OAP-700, we could issue the appropriate licenses and advise the Governments concerned.

PG
P. G.

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By JW NARA Date 1-5-00

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Guaranty Trust Company of New York

New York Offices
140 Broadway
Cable Address: "Fidelitas"
Fifth Avenue at 44th St.
Cable Address: "Notromco"
Madison Avenue at 60th St.
Cable Address: "Guarmadis"
Rockefeller Plaza at 50th St.
Cable Address: "Guarrock"

140 Broadway
New York 15, N. Y.

Foreign Offices
Cable Address: "Garrtus"
—
London
Paris
Brussels

March 18, 1952

Foreign Department

In replying please refer to

1F1

128516

mu 3/24/52

Mr. M. Wilfand,
Chief, Foreign Funds Section,
Office of Alien Property,
Department of Justice,
Washington, D.C.

Dear Max: Sub-Committee On Foreign Assets Control

Enclosed are two copies of my notes with respect to the meeting of the above Committee which was held at our offices on March 17, 1952. I have mailed copies to all who were present, and to the absent members, the Chase and Irving Trust.

If you think it necessary for me to supplement or clarify the notes in any way do not hesitate to let me know.

We were very pleased to have you and Henry with us, and I am sure we all found the meeting enlightening and interesting.

Yours very truly,

John L. Timoney
John L. Timoney
Chairman and Secretary
Sub-Committee on
Foreign Assets Control

AB
Enc.

Foreign Funds File - not to be incorporated in Office of Alien Property File

Com
140 Broad
New York 15

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By JW NARA Date 1-5-00

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FOREIGN EXCHANGE COMMITTEE
SUB-COMMITTEE ON FOREIGN ASSETS CONTROL

. A meeting of the Sub-Committee was held on March 17, 1952, at the offices of the Guaranty Trust Company of New York for the purpose of discussing drafts of a proposed amendment to General License No. 53 and a proposed Press Release with respect to the amended license.

. The following attended the meeting:

Mr. J. L. Timoney
Assistant Manager
Guaranty Trust Company of New York

Mr. H. G. Hilken
Chief, Intercustodial and Property Branch
Office of Alien Property
Department of Justice
Washington

Mr. M. Wilfand
Chief, Foreign Funds Section
Office of Alien Property
Department of Justice
Washington

Mr. Harding Cowan
Assistant Counsel
Federal Reserve Bank of New York

Mr. W. C. Gorsuch
License Examiner, Foreign Funds Section
Office of Alien Property
New York

Mr. J. F. Rath
Vice President
Bankers Trust Company

Mr. J. C. Lucey
Manager
Brown Brothers Harriman & Co.

Mr. C. B. McGuire
Assistant Vice President
Bank of the Manhattan Company

Mr. H. F. Berthoud
Manager, Foreign Dept.
Dominick & Dominick

Mr. E. C. Hoechner
Assistant Treasurer
Bank of the Manhattan Company

Mr. L. Heaton
Assistant Vice President
Hanover Bank

Mr. J. P. Huber
Second Vice President
Guaranty Trust Company of New York

Mr. C. K. Jahnke
Hanover Bank

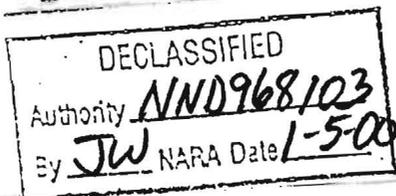
Mr. R. M. Taylor
Assistant Secretary
Guaranty Trust Company of New York

Mr. F. Timper
Manufacturers Trust Company

Mr. C. L. Swanson
Guaranty Trust Company of New York

Mr. G. C. Henckel
Assistant Vice President
J. P. Morgan & Co. Inc.

Mr. A. Drysdale
Assistant Vice President
National City Bank of New York



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3. In accordance with established practice no stenographic record of the meeting was taken, so the following notes represent my personal recollection of the points of importance which transpired.
- (a) Mr. Hilken and Mr. Wilfand described to the Committee what the Office of Alien Property had in mind, and hoped to achieve in amending General License No. 53.
 - (b) In view of what was said, the representatives of two of the banks directed attention to certain cash accounts on their books in amounts of over \$10,000.- which would be unblocked under the proposed amendment to General License No. 53, and which were now blocked solely because of the fact that the depositors were nationals of one of the presently blocked countries.
 - (c) Mr. Hilken said he could not understand why the cash in the referred to accounts had not been vested by the Office of Alien Property. He observed that either the banks concerned had failed to report the accounts on the Form TFR-700 reports, had failed to take note of a dual blocking, or had not yet complied with a Vesting Order, or the Office of Alien Property had somehow or other overlooked the items.
 - (d) It was decided, therefore, to defer consideration of the proposed amendment to General License No. 53, for the time being, and the banks represented at the meeting were requested to write a letter in duplicate to Mr. Max Wilfand, The Office of Alien Property, Department of Justice, Washington 25, D.C., listing the names of the cash accounts, and Custody accounts of Financial Institutions which were blocked on their books, and where the cash balance, or securities valuation was \$2,000.- or over as of March 17, 1952.
 - (e) The banks were requested when listing the accounts to show the title and address of the account, the name of the countries under which the account is blocked, the type of blocked account (regular blocked, General Ruling No. 6 account, or General Ruling No. 17 account) and the amount. It was agreed that a reporting bank could, if it wished to do so, omit from its list accounts which were blocked because of the interest of a national of Bulgaria, Hungary, Roumania, Poland, Czechoslovakia, Estonia, Latvia, or Lithuania.
 - (f) The members were also requested to state in their letters the number and the total amount in dollars of the accounts of a value of \$1,000.- or less which were blocked as nationals of Germany or Japan.
 - (g) I was requested to pass the above information on to the Chase Bank and the Irving Trust Company which were not represented at the meeting, and I was authorized to inform the two banks that the Office of Alien Property would be glad to write to them if they preferred to receive the request in writing.

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 By JW NARA Date 1-5-00

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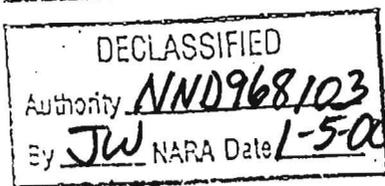
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- (h) Upon receipt of the letters from the banks, and subject to their right to communicate with other banks and brokerage houses for similar information, the Office of Alien Property will take whatever action is necessary, and thereafter will re-draft the proposed amendment to General License No. 53 and the proposed Press Release. Mr. Wilfand said he would send no copies of the re-writes of the proposed documents.
- (i) Mr. Hilken stated that following the issuance of the amendment to General License No. 53 the Office of Alien Property would give consideration to issuing a document which would free all outstanding blocked accounts of a value of \$1,000.- or less, with the exception of accounts in which nationals of one of the eight countries behind the Iron Curtain have an interest.
- (j) In response to an inquiry as to the intention of the Office of Alien Property with respect to the accounts which will continue blocked after the issuance of the above referred to documents Mr. Hilken informed the Committee as follows:
- (1) That it is the present expectation of his office to complete the vesting of known German and Japanese property by July 1, 1952, and if and when a license is issued unblocking accounts of a value of \$1,000.- or less, custodians will be invited to file applications for the unblocking of any remaining German and Japanese accounts of a value in excess of \$1,000.-.
 - (2) That he could make no guess as to the future of the accounts which are blocked as nationals of one of the eight countries behind the Iron Curtain as their future will be dictated by the outcome of problems involving our foreign relations.

March 18, 1952.

John L. Timoney
 Chairman and Secretary
 Sub-Committee on
 Foreign Assets Control

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STANDARD FORM NO. 64

MW:mwf

Office Memorandum • UNITED STATES GOVERNMENT

TO : The Files

FROM : Max Wilfand, Chief
Foreign Funds Section

SUBJECT: Unblocking of the ten recipient countries and
Switzerland and Liechtenstein

DATE: March 18, 1952

A meeting was held at the Guaranty Trust Company of New York yesterday to discuss the documents which had been prepared to effect the unblocking of the ten recipient countries and Switzerland and Liechtenstein. Representatives of all members of the Sub-Committee on Foreign Funds Control of the Foreign Exchange Committee, except the Chase National Bank and the Irving Trust Company, were present. Messrs. Hilken, Gorsuch and I represented the Office of Alien Property.

1. At the meeting it was decided that before issuing the unblocking documents the members of the Sub-Committee would informally submit to the Office a list in duplicate of all blocked cash and custody accounts exceeding \$2,000 in value as of March 17, 1952 held in the names of financial institutions located in the countries to be unblocked. The list would identify the person in whose name the account is held, the address, the title of the account, type of account, the value of the account and the nationality or nationalities under which the account is blocked. It was agreed that the reporting bank could omit, if it is so desired, any account blocked because of the interest therein of a person resident behind the Iron Curtain. The list would serve as a check on the procedures of the Office and the New York financial community in connection with the processing of OAP-700 reports for purposes of vesting under the Snyder-Vandenberg Program. After these lists are submitted, the Office would determine whether or not it wanted similar lists from other banks and brokerage houses not represented on the subcommittee.

2. Mr. Timoney undertook to contact representatives of the Chase National Bank and Irving Trust Company for the purpose of having those institutions send the information which those members present at the meeting undertook to furnish this Office.

3. It was also decided that each member would advise as to the number of German and Japanese accounts it held in which the value of the property in each account was \$1,000 or less.

4. Mr. Hilken stated that the Office was giving consideration to the unblocking of German and Japanese accounts valued at \$1,000 or less provided that the statistics the Office obtains from the members of the committee warrant such action.

5. Mr. Hilken also expressed the hope that the vesting of German and Japanese property would be completed by July 1, 1952. Further, if and when a license was issued unblocking German and Japanese accounts valued at \$1,000 or less, it was suggested that the following

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By JW NARA Date 1-5-00

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procedure should be followed to obtain the release of accounts valued at over \$1,000. The custodians of the accounts should write the Office calling its attention to the accounts and the Office would either vest or unblock.

6. The press release drafted in connection with the proposed unblocking was reviewed and several suggestions were made for the purpose of simplification and clarification. It was agreed that I would send Mr. Timoney a revised press release to incorporate the suggestions.

M.W.
M.W.

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By JW NARA Date 1-5-00

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AGH:MM:mew

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March 11, 1952

Mr. John L. Timoney, Secretary
Sub-committee on Foreign Funds Control
of the Foreign Exchange Committee
Guaranty Trust Company of New York
140 Broadway
New York, New York

Dear Mr. Timoney:

In accordance with your conversation with Mr. Wilfand, there are enclosed herewith five copies of drafts of (1) a regulation which has the effect of unblocking the ten European blocked countries which received aid under the Marshall Plan and Switzerland and Liechtenstein, and (2) a press release relating thereto.

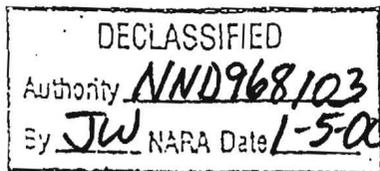
This will also confirm that Mr. Hilken and Mr. Wilfand will be in New York on Monday, March 17, 1952 to attend a 10 a.m. meeting of your sub-committee at the Guaranty Trust Company for the purpose of discussing the enclosed drafts.

Very truly yours,

Harold I. Baynton
Assistant Attorney General
Director, Office of Alien Property

By (Signed) Henry G. Hilken
Henry G. Hilken, Chief
Intercustodial & Property Branch

Enclosures



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TITLE 8 - ALIENS AND NATIONALITY
CHAPTER II - OFFICE OF ALIEN PROPERTY
DEPARTMENT OF JUSTICE

PART 511 - BLOCKED ASSETS

Part 511 is hereby amended by amendment of paragraph (d)(1) of § 511.153 (paragraph (4)(a) of General License No. 53) to read as set forth below and by the revocation of §§ 511.206 and 511.217 (General Ruling No. 6 and General Ruling No. 17).

§ 511.153 General License No. 53.

* * * * *

(d) As used in this section:

(1) The term "generally licensed trade area" shall include all foreign countries except the following:

- (i) Germany and Japan;
- (ii) Bulgaria, Hungary and Roumania;
- (iii) Czechoslovakia and Poland;
- (iv) Estonia, Latvia and Lithuania.

§§ 511.206 and 511.217 (General Ruling No. 6 and General Ruling No. 17) are hereby revoked.

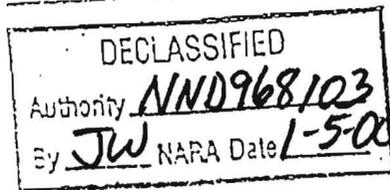
(Sec. 5, 40 Stat. 415, as amended; 50 U. S. C., App. 5, E. O. 8389, Apr. 10, 1940, 5 F. R. 1400, as amended by E. O. 8785, June 14, 1941, 6 F. R. 2897, E. O. 8832, July 26, 1941, 6 F. R. 3715, E. O. 8963, Dec. 9, 1941, 6 F. R. 6348, E. O. 8998, Dec. 26, 1941, 6 F. R. 6785, E. O. 9193, July 6, 1942, 7 F. R. 5205; 3 CFR 1943 Cum. Supp.; E. O. 9989, Aug. 20, 1948, 13 F. R. 4891; 3 CFR 1948 Supp.)

Executed at Washington, D. C. this ____ day of March, 1952.

For the Attorney General

Harold I. Baynton
Assistant Attorney General
Director, Office of Alien Property

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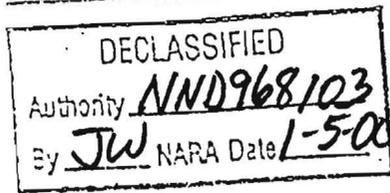
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GAFT
PRESS RELEASE
MARCH 11, 1952

Attorney General J. Howard McGrath today announced the unblocking of Austria, Belgium, Denmark, France, Greece, Italy, Luxembourg, Norway, The Netherlands, and Sweden, the ten European blocked countries which received aid under the Marshall Plan, and Liechtenstein and Switzerland. This action, the Attorney General stated, followed the completion by the Office of Alien Property of the vesting program made public by the Department of Justice on October 11, 1950 and more fully described in the letter of February 2, 1948 from Secretary of the Treasury Snyder, as Chairman of the National Advisory Council, to Senator Arthur H. Vandenberg, then Chairman of the Senate Foreign Relations Committee.

Harold I. Baynton, Assistant Attorney General, Director, Office of Alien Property, explained that today's action, while affecting only a relatively small amount of property, was a major step in terminating the freezing controls instituted by this Government in April 1940 when Germany invaded Norway. The unblocking was effected by including the 12 countries involved in the generally licensed trade area as defined in General License 53 and by revoking General Rulings 6 and 17. As a result the only blocked countries, insofar as the regulations of the Office of Alien Property are concerned, are (1) Germany and Japan; (2) Poland and Czechoslovakia; (3) Bulgaria,

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Hungary, and Roumania; and (4) Latvia, Lithuania and Estonia.

Mr. Baynton stated that most of the property belonging to residents of the 12 countries involved which was originally blocked in 1940 and 1941 has already been released from blocking controls pursuant to general and specific licenses issued by the Treasury Department and the Department of Justice. The effect of today's amendment of General License 53 and the revocation of General Rulings 6 and 17 is to unblock the remaining blocked property, including General Ruling 6 accounts and accounts subject to General Ruling 17, to the extent that persons in any of the 12 countries involved or other non-blocked countries and who were in any such country on October 5, 1945, had interests in such property.

Mr. Baynton stressed that today's action did not unblock the following property:

(1) Property in this country on December 31, 1945 in which a citizen of Germany or Japan and present at anytime on or since January 1, 1945 in any country against which the United States declared war.

(2) Any account in which there is reason to believe there is an interest of any person resident in any of the remaining blocked countries. Of course, if such property has already been unblocked by special or general license, or if acquired in the future, it is in no way affected by today's action. It is still free property.

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(3) Securities which appear on the lists appended to General Rulings 5 and 5B, commonly referred to as looted securities.

(4) Property which has been vested by this Office and which has not yet been reduced to possession. Title to such property is still in the Attorney General and must be surrendered to him pursuant to the terms of the appropriate vesting order.

Finally, Mr. Baynton called attention to the fact that Foreign Assets Control, Treasury Department, now exercises controls over property in which certain Chinese and North Korean nationals have an interest. Today's action does not, of course, release or otherwise affect the Treasury Department controls over such property.