

DECLASSIFIED

NND
Authority 968103

By TJ NARA Date 2/15/00

RG

131

Entry FFC Gen Cr

File Enemy Countries

Box 109

- 3 -

be made to former German and Japanese owners. It was indicated by Mr. Cutler that their office is agreed there shall be no return of control over business enterprises but that no further decision has been made.

Mr. Coe then said that the Treasury wishes to cover proceeds of vested property into the miscellaneous receipts of the Treasury. This observation not serious question. Mr. Cutler felt that perhaps Congress would want to credit the payments on reparations and Mr. Hollman said that the view was contrary to Professor Burdard's arguments against non-confiscation. He continued that the question had been much discussed in the Custodian's office and that no decision had been reached. Mr. Aarons stated that the Treasury strongly inclines to think that the proceeds of vesting should redound to the benefit of general taxpayers and should not be returned or devoted to creditors. When the representatives of the Custodian expostulated that the time had not yet arrived for decisions on such matters, Mr. Aik took issue, saying that in his opinion the Custodian and the Treasury have an obligation to formulate and recommend a program to Congress at the earliest opportunity. In response to Mr. Aik's inquiry whether legislation would be needed to turn proceeds into the general funds, Mr. Hollman said "Yes" and Mr. Jones expressed the opinion that the outcome depended on whether Sec. 12 of the Trading with the Enemy Act is applicable. Mr. Hollman said that in any event he would hesitate to recommend to the Custodian that proceeds be covered into the general funds.

Thereupon, Mr. Sleeper inquired what might be the benefit of vesting such liquid assets as bank deposits. Mr. Cutler said that it was advantageous to get title in the United States as soon as possible because whatever action Congress may wish to take will be facilitated. He felt that it was particularly important to act before the end of the war, for vesting afterward, even by Congressional direction, might present some difficulties. Mr. Aik strongly doubted that the labor of vesting would be worthwhile if the only purpose was to hold assets in special accounts until Congress acted. Mr. Cutler said that vesting would unquestionably facilitate Congressional action, while the turning of the proceeds into the general funds had little significance since Congress could always appropriate monies for the relief of former German and Japanese owners. Mr. Hollman agreed, stating further that placing proceeds in special deposit accounts does not deprive the United States of the use of the funds pending final decision. Messrs. Coe and Friedman strongly expressed the opinion that appropriation of general funds is less likely than the mere return of special deposit accounts. Mr. Coe said that the Treasury had strong opinions on the matter and he wondered whether the Custodian could not join in our views. Mr. Hollman promised to take the matter up with the Custodian.

314717

DECLASSIFIED

 NND
 Authority 968103
 BY TJ NARA Date 2/15/00

 RG 131
 Entry FFC Gen Cr
 File: Enemy Countries
 Box 109

- 4 -

Mr. Alk pointed out that the Treasury could vest liquid assets itself and direct their payment into the general funds, but Mr. Creighton questioned the Treasury's authority to control the Custodian's actions once the property had been vested.

Mr. Cutler, in summing up the viewpoint expressed by the Custodian's representatives, said that it seemed illogical to refuse to take an obvious first step because there was some doubt about the validity of further action.

5. Treatment of creditors.

The Custodian's policy concerning creditors, Mr. Hollumra said, is set forth in the legislation which the Custodian had proposed. At present, no creditors are being paid. After some rather indefinite remarks by Messrs. Hollumra and Cutler on the Custodian's policies and a number of creditors' claims which have been filed, Mr. Alk asked for a clearer statement of the Custodian's views on the type of claims which should be recognized. Mr. Hollumra responded that in drafting the bill, the Custodian had limited his recommendations at Mr. Alk's specific request. Mr. Hollumra then inquired pointedly what the Treasury's views on the question were. Mr. Alk answered that although the Treasury's position was not definitely settled, he felt that payments should be made only on the type of claim specified in the bill [i.e., "debt claims which arose prior to vesting with reference to or out of actions or transactions related to" property vested]. Mr. Cutler answered that this view would take care of the hardship cases and that he did not particularly urge the payment of creditors generally, but he felt there was an intermediate group who were entitled to serious consideration--persons having unobjectionable claims against specific debtors in enemy countries who possess assets in the United States. He felt it was not at all clear that the taxpayers should be preferred over such creditors. Mr. Alk said that in his opinion this class of persons is entitled to no consideration, but Mr. Cutler was not satisfied. Mr. Hollumra said that, in a general way, creditors could be placed in five categories:

- (i) persons of the type whose payment was advocated by Mr. Alk, the so-called "house-painter" creditor;
- (ii) American citizens having claims against debtors with property in the United States;
- (iii) non-citizens having the same type of claims;
- (iv) claims of American citizens against debtors with no assets here and also claims for war damage;
- (v) claims of refugees for restitution of property taken from them in their native countries.

314718

DECLASSIFIED

 NND
 Authority 968/03
 By TJ NARA Date 2/15/00

 RG 131
 Entry FFC Gen Ca
 File: Enemy Countries
 Box 109

- 5 -

6. Need of legislation.

No special discussion was devoted to this point since it had been touched on extensively under items 3, 4, and 5.

7. Techniques of vesting.

Mr. Gee opened this topic by inquiring in general terms whether, if a program was agreed on by the Custodian and the Treasury, the Custodian would join in a memorandum to the President outlining the objectives and the steps to be taken, including any legislation which might be needed. No objection was registered to the suggestion.

Attention was then directed to the technique of vesting. Mr. Gee said the Treasury felt that a delegation of power by the Secretary to the Custodian was much more desirable than an amendment of the executive order. He believed that to avoid "friction" it was important to have only one agency in the field of unfreezing and he suggested that a subcommittee explore the details of conferring vesting authority. Mr. Aarons then said that the main point of the Treasury was that there should be no action on property held in the names of persons in non-enemy blocked countries until the Treasury had designated the property for vesting. Mr. Hollnara stated that in an earlier meeting /covered in a memorandum of December 29, 1944 by Mr. Selding/ he had told Mr. Schmidt that the Treasury and the Custodian should coordinate their efforts so that the Alien Property Custodian would be fully informed on all "tainted" property in non-enemy names while the Custodian would turn back to the Treasury the "clean" cases over which he had assumed supervisory jurisdiction.

Mr. Aik expressed surprise that the Axis satellites had been included in the Custodian's latest letter (since he had understood that action at this time was to be confined to Germany and Japan). On this matter, Mr. Hollnara answered that the State Department had just written the Custodian that Bulgaria and Rumania should be treated like Italy while presumably Hungary should be classified with Germany. Mr. Hollnara indicated with some heat that Mr. Aik's view showed a lack of confidence in the Alien Property Custodian's policies toward vesting. He said that the Custodian wants all the authority with respect to "vesting" while the Treasury should have it with respect to "unfreezing".

Mr. Jones interpreted that the Department of Justice strongly favors a direct delegation from the President to the Custodian. It makes the situation much clearer, avoiding problems such as whether the person whose property is vested must sue one or two agencies in trying to recover it. He felt that a delegation approved by the President would not be very satisfactory and that if the President's approval was desirable and could be obtained, it would be as easy to have the executive order amended. It was tentatively concluded that Messrs. Cutler and Aik and

314719

DECLASSIFIED

No 968103
Authority
By TJ NARA Date 2/15/00RG 131
Entry FFC Gen Cor
File Enemy Countries
Box 109

- 6 -

such other persons as they might desire would meet to explore the possibilities of techniques in conveying vesting authority.

* * * * *

Mr. Cutler requested that the Treasury supply the Custodian with a memorandum of its views. After the meeting, most of the Treasury representatives stayed to discuss the outcome and it was agreed that we should comply with the request. Otherwise, it was concluded that the Treasury should not proceed further until some response is given by the Custodian to the numerous unsettled questions.

DECLASSIFIED

Authority 968/03By TJ NARA Date 2/15/00

RG

131Entry FFC Gen CorFile Enemy CountriesBox 109

MEMORANDUM FOR THE PRESIDENT:

You will recall that under Executive Order No. 9193 of July 6, 1942, control of dollar balances, securities and other liquid assets of the enemy countries and their nationals was conferred upon the Treasury, while the Custodian's Office was empowered to deal with enemy-owned property requiring active management. The Order provides, however, that if the Treasury should decide to vest any property, it shall be vested in, and dealt with by, the Custodian upon the terms directed by the Treasury.

We believe that the national interest requires the complete and irrevocable elimination of German and Japanese interests in property in the United States. As a first step to this end, we are ready, if you approve, to join in a coordinated program under which all German and Japanese property will be vested and, with the exception of patents, copyrights and trademarks, will promptly be converted into cash. The authority of the Treasury to vest such property under the Executive Order and to direct the terms upon which it thereafter should be dealt with, will be delegated to the Custodian, who will issue the necessary vesting orders. In view of the problems of unfreezing the assets of the occupied and neutral countries, the Treasury will continue, however, to exercise primary responsibility with respect to property held in the names of persons who are nationals of blocked countries other than Germany and Japan, and will develop any procedures that may be necessary to ferret out enemy property held in this country through non-enemy blocked accounts.

Subject to your concurrence, we are fully agreed that no plan for final disposition of the funds realized from vested German and Japanese

314721

DECLASSIFIED
 Authority 968103
 By TJ NARA Date 2/15/00

RG 131
 Entry FFC Gen Ca
 File Enemy Countries
 Box 109

- 2 -

property should make provision for any return or compensation, direct or indirect, by the United States to the former owners. We believe that in general such funds should redound to the benefit of the taxpayers of the United States rather than to private claimants against Germany or Japan or their nationals. Accordingly, we propose that all proceeds of vested property should be paid into the miscellaneous receipts of the United States, after provision for the Custodian's administrative expenses and for the satisfaction of only such creditor's claims as arise with direct reference to the property vested. It is our intention to present these views to Congress in conjunction with legislation which will aid in effectuating certain details of the vesting program.

If you agree with the program which we have advanced, it is requested that you sign the attached original of the delegation of authority from the Treasury to the Custodian.

EArnold:IGalk:as - 4/4/45

314722

DECLASSIFIED
Authority <u>968103</u>
By <u>73</u> NARA Date <u>2/15/00</u>

RG 131
Entry FFC Gen Co
File Enemy Countries
Box 109

April 4, 1945

Messrs. Aarons, Coo and Schmidt

I.G. Alk and E. Arnold

Attached is a revised draft of a memorandum for the President concerning vesting of German and Japanese assets. Although the memorandum was prepared in the light of Mr. Coo's conference with Mr. McManara, it is essentially the same as earlier drafts. The only difference of any significance in fact is a change concerning payment of proceeds into miscellaneous receipts of the United States. This point is now formulated in such a way that it is not necessarily an immediate requirement but may be treated only as part of a recommendation to Congress.

In view of our understanding with Mr. Cutler of the Custodian's Office, we propose to send him a copy of the memorandum unless objections are received. If no comment is made before Friday evening, it will be assumed that there is no objection and the memorandum will be sent without further clearance.

Attachment

cc: Messrs. Richards and Day

EArnold:as

314723

DECLASSIFIED	RG 131
Authority <u>968103</u>	Entry <u>FFC Gen Cor</u>
By <u>73</u> NARA Date <u>2/15/00</u>	File <u>Enemy Countries</u>
	Box <u>109</u>

MEMORANDUM

April 2, 1945.

Mr. Berger of the Office of Alien Property Custodian called and said that there were a number of cases involving insurance policies made payable to persons in Germany and in Japan that the APC would be interested in vesting. He inquired if there would be any objection by the Treasury and I advised him that there would be no objection.

(Signed) I. G. ALK
I. G. ALK

Copies to Messrs. Aaron, Schmidt, Richards, O'Flaherty, Day

IOAlk:gnb 4-3-45

314724

DECLASSIFIED

NND
Authority 968103

BY TJ NARA Date 2/15/00

RG 131
Entry FFC Gen Cr
File: Enemy Countries
Box: 109

1 - Money and Finance: Treasury
 Part I - Monetary Offices, Department of the Treasury
 Appendix A - General Rulings under Executive Order
 No. 8389, April 10, 1940, as amended, and
 regulations issued pursuant thereto.

Treasury Department
 FOREIGN FUNDS CONTROL

**GENERAL RULING NO. 11A
 UNDER EXECUTIVE ORDER NO. 8389, AS AMENDED,
 EXECUTIVE ORDER NO. 9193, SECTIONS 3(a) AND
 5(b) OF THE TRADING WITH THE ENEMY ACT, AS
 AMENDED BY THE FIRST WAR POWERS ACT, 1941,
 RELATING TO FOREIGN FUNDS CONTROL.***

REGULATIONS LIMITING WITHDRAWALS FROM CERTAIN BLOCKED ACCOUNTS.

(1) Withdrawals from blocked accounts not authorized in certain cases. No license or other authorization now outstanding or hereafter issued, unless expressly referring to this general ruling, shall be deemed to authorize any payment, transfer, or withdrawal from any blocked account if the person with whom the account is maintained has reasonable cause to believe that any of the following has an interest in the account:

- (a) The government of any country against which the United States has declared war (Germany, Japan, Italy, Bulgaria, Hungary and Rumania), and any agent, instrumentality, or representative of any such government;
- (b) Any individual who is a citizen or subject of any country specified in (a) above and who at any time on or since December 7, 1941 has been within the territory of any such country or within any other territory while it was designated as "enemy territory" under General Ruling No. 11;
- (c) Any partnership, association, corporation or other organization which is organized under the laws of, or which at any time on or since December 7, 1941 has had its principal place of business in, any country specified in (a) above;
- (d) Any partnership, association, corporation, or other organization, situated within any foreign country, which is a national of any country specified in (a) above by reason of the interest therein of any government or person specified in this paragraph;
- (e) Any person whose name appears on The Proclaimed List of Certain Blocked Nationals.

* Appendix A; - Sec. 5(a), 40 Stat. 412; Sec. 5(b), 40 Stat. 415 and 966; Sec. 2, 48 Stat. 1; 54 Stat. 179; 55 Stat. 929; Ex. Order 8389, April 10, 1940, as amended by Ex. Order 8788, June 14, 1941, Ex. Order 8832, July 28, 1941, Ex. Order 8968, Dec. 9, 1941, and Ex. Order 8990, Dec. 26, 1941; Ex. Order 9193, July 6, 1942; Regulations, April 10, 1940, as amended June 14, 1941, and July 28, 1941.

DECLASSIFIED

Authority 968103By TJ NARA Date 2/15/00RG 131
Entry FFC Gen Cr
File Enemy Countries
Box 109

- 2 -

(2) Exceptions. The limitations prescribed by the foregoing paragraph shall not apply to:

- (a) The accounts of any person who is included within the foregoing categories solely by reason of the fact that
 - (i) subsequent to the date of an armistice with the government of any country specified in paragraph (1)(a) hereof he has acted or purported to act for such government, or
 - (ii) subsequent to the date when any territory of any such country became controlled or occupied by the military, naval, or police forces or other authority of any of the United Nations, he has been within or has established his principal place of business within such territory;
- (b) Post-liberation blocked accounts, as defined in General License No. 32A.

(3) Continued applicability of certain general licenses. The provisions of the following general licenses shall continue applicable to accounts specified in paragraph (1) of this general ruling:

- (a) General License No. 1;
- (b) General License No. 1A;
- (c) General License No. 2 only with respect to payment or reimbursement for normal service charges (as therein defined) other than interest due;
- (d) General License No. 4;
- (e) General License No. 5;
- (f) General License No. 25;
- (g) General License No. 26;
- (h) General License No. 27;
- (i) General License No. 29;
- (j) General License No. 30;
- (k) General License No. 30A;
- (l) General License No. 31;
- (m) General License No. 42.

(4) Continued applicability of certain specific licenses. Any specific license conferring generally licensed national status on any person or authorizing the sale, purchase, or exchange of any securities shall continue applicable, notwithstanding the provisions of paragraph (1) of this general ruling.

Secretary of the Treasury

DECLASSIFIED

NO 968103
Authority

BY T3 HARA Date 2/10/00

RG

Entry FFC Gen Co

File Enemy Countries

Box

131
109
File*Visiting Germany
assets*

May 31, 1945

: Mr. O'Flaherty

: R. B. Parks

Subject: Directive License to release \$50,000 from German Funds to
Department of State.Reference is made to my memorandum on the subject dated
May 30, 1945.In accordance with your suggestion Mr. Castle supplied the
following additional information:

The Government of the United States is taking the lead in the matter of taking over German property. While this program is being jointly carried out by Great Britain, Russia, France and the United States, these governments are not equally represented in all places. In Italy, the Russians have only a minor representation. In Spain, neither the Russians nor the French have any representation. While it is anticipated that in the final accounting the cost of this program will be shared equally, this Government is anxious to take over as much German property as possible for two principal reasons: (1) Use of such property for our own purposes, and (2) in order to have access to as much intelligence material as possible for use in safehaven problem, the identification of undesirable German officials and agents etc. Another reason is that if funds for these purposes are not derived from German sources, the Department of State will have to resort to the use of public funds, which it desires to avoid.

The Department was requested just today for an initial sum of \$25,000 by our Mission in Spain. Besides that country, this Government expects to take over German property in Ireland, Italy, Iran, Tangiers, and possibly Portugal and Mozambique.

In Brazil, Argentina, Paraguay and Columbia German property has been taken over by the Governments of those countries. For the reasons stated above, this Government would like to take over German property in the other American property if possible.

*We will probably not agree
to this use of German funds*
JSR

R. B. Parks

RBParks:eej: 5/31/45

314727

DECLASSIFIED

NOV
Authority 968103

By TJ NARA Date 2/15/00

RG 131
Entry FFC Gen Cor
File: Enemy Countries
Box 109

: Mr. O'Flaherty

May 20, 1948

: R. B. Parker

Subject: State Department's Request for Directive License to Release \$50,000 from German Funds.

Mr. Castle, Special War Problems Division, Department of State, telephoned this Office this morning and stated that he was preparing a letter requesting the issuance of a directive license causing the release to the Department of State of \$50,000 from German funds as an initial sum. The source of such funds is not specified.

This request, it was explained, arises out of the taking over of German property by the Governments of the United States, Great Britain, and Russia. This action necessitates the payment on the part of these governments of indemnities for the termination of leases, storage charges, costs incident to the repatriation of German officials, and other undesirables. The \$50,000 in question would represent an initial amount which the Department of State expects this Government will disburse in these proceedings. Such of it, it is understood, will be disbursed outside of the United States. The Department of State takes the position that these charges should be met with German funds and not with funds of the Government of the United States.

Mr. Castle agreed that it seemed advisable to canvass the appropriate officials of the Treasury Department to determine whether the Treasury would be sympathetic toward the issuance of such a directive license before transmitting a formal request.

I promised Mr. Castle I would advise him of my findings as soon as possible.

Since writing this memorandum, Mr. Castle informed me that it is anticipated that the funds expended would eventually be reimbursed to the source from which they are taken by the Control Council from funds obtained from German sources for governing Germany. Treasury is expected to specify the source from which the funds would be released.

R. B. Parker

cc: Mr. Richards
Mr. Robinson

RBP:arnl 5/30/48

314728

DECLASSIFIED

Authority 968103
By 75 NARA Date 2/15/00RG 131
Entry FFC Gen Ca
File Enemy Countries
Box 109

May 30, 1944

MEMORANDUM FOR THE PRESIDENT:

Under Executive Order No. 9193 of July 6, 1942, control of dollar balances, securities and other liquid assets of the enemy countries and their nationals was conferred upon the Treasury, while the Office of Alien Property Custodian was directed to deal with enemy-owned property requiring active management. The Order provides, however, that if the Treasury should decide to vest any property, it shall be vested in, and dealt with by, the Custodian upon the terms directed by the Treasury. Since the allocation of functions between the two agencies, the Treasury has not vested any property but has relied on its blocking controls, while the Custodian has followed a program of vesting.

We are agreed that the national interest requires the complete elimination of existing German and Japanese interests in property in the United States. If you approve, we are ready to join in a coordinated program under which all German and Japanese property will be vested and will be converted into cash as soon as practicable. It is proposed that exclusive authority to vest such property and to direct the terms upon which it thereafter should be dealt with, be conferred upon the Custodian by an amendment of Executive Order No. 9193. The Treasury will continue to be responsible for developing overall procedures to insure that enemy assets held in the names of nationals of liberated or neutral countries will not be released under unfreezing programs.

314729

DECLASSIFIED

Authority 968103By TJ NARA Date 2/15/00

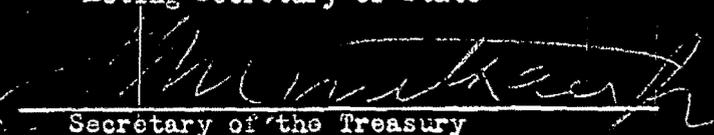
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131Entry FFC Gen CoFile Enemy Countries

All proceeds of vested property will for the present continue to be held in special accounts in the Treasury of the United States. Although we believe that a governmental decision with respect to the final disposition of these funds should be deferred, we feel that American creditors who have claims against any person whose property in this country has been vested should be paid on an equitable basis, to the extent the vested assets of their debtor permit. The expenses of the Alien Property Custodian's Office will continue to be paid out of vested property and its proceeds. We are fully agreed that plans for ultimate disposition of the funds realized from vested German and Japanese property should make no provision for any return or compensation, direct or indirect, by the United States to the former owners. Subject to your concurrence, it is our intention to present these views to Congress in conjunction with legislation which will aid in effectuating the program.

If you agree with the program, it is requested that you sign the attached amendment to Executive Order No. 9193.


Acting Secretary of State


Secretary of the Treasury


Alien Property Custodian

DECLASSIFIED	RG 131
Authority 968103	Entry FFC Gen Ca
By TS NARA Date 2/15/00	File Enemy Countries
	Box 109

May 30, 1945

PROGRAM RELATING TO
VESTING AND DISPOSITION OF GERMAN AND JAPANESE ASSETS
PROPOSED JOINTLY BY
ALIEN PROPERTY CUSTODIAN AND SECRETARY OF THE TREASURY

1. The objective of the program outlined herein is the complete elimination of existing German and Japanese property interests in the United States.
2. All German and Japanese property interests should be vested in and by the Custodian.
3. The authority of the Treasury to vest German and Japanese property under Executive Order No. 9193, and to direct the terms upon which it thereafter should be dealt with should be conferred on the Custodian by amendment of the Order.
4. The Treasury will continue to be responsible for developing overall procedures designed to insure that enemy assets held in the name of nationals of liberated or neutral countries will not be released under unfreezing programs. This will not preclude the Custodian from exercising his investigatory, supervisory or vesting functions. The agencies will consult before any property held in the names of nationals of neutral or liberated countries is vested, so that any action to be taken may be conformed with procedures established for unfreezing.
5. The Custodian will continue to eliminate German or Japanese interests or influence with respect to all vested properties.

314731

DECLASSIFIED	RG 131
Authority <u>968103</u>	Entry <u>FFC Gen Ca</u>
By <u>73</u> NARA Date <u>2/15/00</u>	File <u>Enemy Countries</u>

6. All German and Japanese property vested by the Custodian shall be liquidated and sold as soon as practicable. Pending the ultimate disposition of the proceeds, they shall continue to be held in special accounts in the Treasury of the United States, and may be utilized for the payment of the expenses of the Custodian's office.

7. The Custodian and the Treasury shall join in recommendations to Congress that:

- (a) American creditors (including appropriate categories of non-citizen residents) who have claims against any person whose property in this country has been vested should be paid on an equitable basis to the extent the vested assets of the debtor permit. A system of priorities should be established.
- (b) No provision for return or compensation, direct or indirect, by the United States to the former German or Japanese owners should be included in any plan for final disposition of the funds realized from vested German or Japanese properties. It is not intended to preclude the payment of compensation to former German and Japanese owners by their respective governments.
- (c) A decision as to the final disposition of the balance of the funds realized from vested properties should be deferred.

8. The Custodian and the Treasury shall join at the earliest possible date in a recommendation of such legislation as is necessary to

DECLASSIFIED

Authority 968103By 75 NARA Date 2/15/00

RG

131Entry FFC Gen CaFile Enemy CountriesBox 109

effectuate the program. The recommendations referred to in paragraph 7 shall be presented to Congress in conjunction with this legislation.

9. The program outlined herein shall immediately be submitted to the Department of State, and when clearance from State is obtained, the three agencies shall present to the President a memorandum requesting his approval of the program and the necessary amendment to Executive Order No. 9193, both in the form attached.

Jey

JM

DECLASSIFIED
 Authority 968103
 By 73 NARA Date 2/15/00

RG 131
 Entry FFC Gen Ca
 File Enemy Countries
 Box 109

**Problems Requiring Decision before Meeting
 on Vesting with the Alien Property Custodian**

Questions of Policy

Should the Treasury insist that:

(1) the Custodian commit himself definitely to join in an ultimate recommendation to Congress that no plan for the final disposition of the proceeds of vested property should make provision for any return or payment, direct or indirect, by the United States to former German and Japanese owners?

(2) an understanding be reached on recommendations for the ultimate disposition of vested assets, including particularly the treatment to be accorded creditors?

(a) Should the Custodian be asked to agree that he will not recognize attachments subsequent to freezing as creating liens against vested property?

(3) all vested German and Japanese property, except patents, copyrights, and trademarks, be sold promptly and the proceeds be turned into the general funds of the United States?

(4) the Custodian immediately re-examine conditions in vested enterprises for the purpose of discharging undesirable personnel and eliminating any other sources of enemy influence?

(5) the Custodian admit that he has authority under existing law to effect any action required under the foregoing headings?

(6) the arrangements for vesting be such that the Custodian will participate in unfreezing to no greater extent than he is now entitled to act under Executive Order No. 9197?

(7) the categories of German and Japanese nationals whose property is to be vested should now be clearly defined (a) for purposes of an immediate program and (b) with regard to the ultimate resolution of all vesting problems.

Administrative Questions

(1) Should the vesting of German and Japanese assets now under Treasury jurisdiction be accomplished through

- (a) amendment of Executive Order No. 9197
- (b) delegation of power by the Treasury to the Custodian?
- (c) a general directive license, or specific licenses, issued by the Treasury?
- (d) a general vesting order, or specific orders, issued by the Treasury?

(2) Should the Treasury and the Custodian join in a memorandum to the President explaining their program and asking his approval before they effectuate the program?

DECLASSIFIED
 Authority 968/03
 By 73 NARA Date 2/15/00

RG 131
 Entry FFC Gen Cor
 File Enemy Countries
 Box 109

Delegation of authority to vest property
 under Section 5(b) of
 the Trading with the enemy Act

and to the interest of the United States that such power

By virtue of the authority conferred upon me by Section 3 of
 Executive Order No. 9193 of July 6, 1942:

1. I, Henry Morgenthau, Jr., Secretary of the Treasury, hereby
 delegate to the Alien Property Custodian the power and authority under
 Section 5(b) of the Trading with the enemy Act, as amended, to vest any
 property or interest of Germany or Japan, or any national thereof.

2. All property vested hereunder shall be vested in the Alien
 Property Custodian and shall be held, used, administered, liquidated,
 sold or otherwise dealt with in the interest of and for the benefit of
 the United States upon such terms and conditions as the Alien Property
 Custodian may prescribe; and the Alien Property Custodian may perform any
 and all acts incident to the accomplishment or furtherance of these
 purposes.

3. For the purpose hereof, the term "national" shall have the mean-
 ing prescribed in Section 5 of Executive Order No. 8389, as amended,
provided, however, that persons not within Germany or Japan (even though
 they may be within enemy-occupied countries or areas) shall not be deemed
 to be nationals of Germany or Japan unless the Alien Property Custodian
 determines: (i) that such person is controlled by or acting for or on
 behalf of (including cloaks for) Germany or Japan or persons within any
 such country; or (ii) that such person is a citizen or subject of Germany

Executive 2/15/00

314735

DECLASSIFIED
Authority 968103
By TJ NARA Date 2/15/00

RG 131
Entry FFC Gen Car
File Enemy Countries
Box 109

or Japan and within an enemy-occupied country or area; or (iii) that the national interest of the United States requires that such person be treated as a national of Germany or Japan. For the purpose hereof, any determination by the Alien Property Custodian that any property or interest of any foreign country or national thereof is the property or interest of Germany or Japan or a national thereof shall be final and conclusive as to the power of the Alien Property Custodian to exercise any of the power or authority conferred upon me by Section 3 of Executive Order No. 9193.

4. This delegation shall not be construed as a limitation on my power and authority to vest property at any time under Section 5(b) of the Trading with the enemy Act, as amended, or to take any action authorized thereunder with respect to property which has not been vested.

Secretary of the Treasury

Approved:-

IGalk:as 2/20/45

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RG 131
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 Box 109

February 2, 1943

Mr. White

Mr. Kramer and Mr. Dickens

Subject: Assets of the Enemy Countries Estimated from TFR-300 Reports.

The nine tables herewith submitted present the estimated assets in the United States as of June 14, 1941, of nationals of the enemy countries, Germany, Japan, Italy, Rumania, Hungary, Austria, and Bulgaria. Table 1 presents the distribution of the assets by broad property classes; table 2, the distribution of the assets by geographic location of the nationals as of the reporting date; and tables 3 to 9, the distribution of the assets for the nationals of each enemy country by geographic location and property types. A brief description of the method of estimation is attached to the tables.

The salient facts noted in the tables are as follows:

1. All Enemy Countries

Estimated assets in the United States as of June 14, 1941 of nationals of all enemy countries located outside of the United States totaled \$685 million.^{1/} Of this amount \$229 million belonged to German nationals; \$222 million to Japanese, \$167 million to Italian, \$36 million to Rumanian, \$16 million to Hungarian, \$12 million to Austrian, and \$3 million to Bulgarian.

2. Germany

Interests in estates and trusts (\$95 million) accounted for over 41 percent of the total German assets. This was greatly in excess of the corresponding percentage for each of the other enemy countries. On the other hand, the percentage of assets in deposits (10 percent) was the lowest of all the enemy countries (see table 1). Of the \$95 million in estates and trusts 80 percent belonged to German citizens located in Germany, while of the \$22 million in deposits only 37 percent belonged to similar persons (see table 3). These facts reflect very clearly the Nazi policy of seizing the more readily available assets of its citizens.

^{1/} The total of \$687 million given in tables 1 and 2 is not used, as that figure contains a duplication of \$2 million dollars. Explanation is given in the description of method of estimation.

314737

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RG 131
Entry FFC Gen Cr
File: Enemy Countries
Box 109Division of Monetary
Research

- 2 -

2. Japan

Japanese nationals had the highest concentration of assets in deposits and miscellaneous banking items; next to the lowest in stocks and bonds, and the lowest in estates and trusts. Deposits (\$144 million) comprised nearly two-thirds of all Japanese assets and miscellaneous banking items (\$42 million) one-fifth. Letters of credit accounted for \$28 million of the miscellaneous banking items. Stocks and bonds (\$19 million) represented 9 percent of the total assets and interests in estates and trusts (\$2 million), less than 1 percent.

In contrast to Germany, where only 36 percent of deposits belonged to Germans in Germany, Japanese in Japan owned over 72 percent of the deposits.

3. Italy

Citizens of countries other than Italy located in Italy owned almost as much of the total Italian assets (45 percent) as Italians located in Italy (47 percent). This is accounted for by the large interests of these other citizens in estates and trusts, stocks and bonds and deposits, namely, 43 percent of the interests in estates and trusts, 55 percent of the stocks and bonds, and 44 percent of the deposits.

The assets of the citizens of other countries located in Italy were primarily those of United States citizens. Of the total interests of other citizens in estates and trusts (\$20 million), in stocks and bonds (\$32 million) and in deposits (\$16 million), 80 percent, 64 percent and 13 percent, respectively, belonged to United States citizens. It is probable that a large proportion of the interests in estates and trusts are in the form of trusts established in behalf of these persons.

4. Rumania

The distribution of Rumanian assets was characterized by a high percentage of bullion (37 percent) and of deposits (43 percent). The bullion (\$13 million) was earmarked at the New York Federal Reserve Bank for the account of the Rumanian Government. The deposits (16 million) were almost entirely private.

5. Hungary, Austria, and Bulgaria

The assets of these enemy countries were very small in value and were not especially significant in other respects.

314738

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Authority <u>968/03</u>	Entry <u>FFC Gen Co</u>
By <u>TJ</u> HARA Date <u>2/15/00</u>	File <u>Enemy Countries</u>
	Box <u>109</u>

Division of Monetary
Research

- 3 -

6. Patents

A tabulation of a 95 percent sample of TFR-300, series A and B, submitted by Mr. Dickens, in a memorandum dated April 18, 1942, revealed that of 61,074 patents reported for nationals of all countries, 21,679 (35.5 percent) belonged to German nationals; 2,714 (4.4 percent) to Italian nationals, 823 (1.4 percent) to Japanese nationals, and 796 (1.3 percent) to nationals of the other enemy countries. These figures are under-estimates as vestings by the Alien Property Custodian have already exceeded them.

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DECLASSIFIED
 Authority 968103
 By TJ NARA Date 2/15/00

RG 131
 Entry FFC Gen Cor
 File Enemy Countries
 Box 109

Method of Estimation

The estimates presented in these tables are based on tabulations of assets of nationals and citizens of all enemy countries located outside of the United States. To adjust for duplicate reporting, the dollar value of the various property classes used in the tables were multiplied by the following correction factors:

<u>Property Class</u>	<u>Factor</u>
1. Bullion and coin	1.00
2. Deposits	0.95
3. Stocks and bonds	0.93
4. Debts, claims and demands	0.75
5. Real property	0.95
6. Miscellaneous banking items	0.95
7. Estates and trusts	0.95
8. All other property	0.95

All holdings of foreign securities were omitted.

The estimates presented in these tables will be found to differ from estimates previously prepared in the following particulars:

<u>Present Estimations</u>	<u>Previous Estimations</u>
1. Based on all TFR-300 Reports	Based on a 95 percent sample of TFR-300 Reports
2. Include enemy nationals located in any country outside of the U. S.	Include only nationals located in enemy countries
3. Include the property class "Debts, claims, and demands" to the extent of 75 percent	Exclude entirely the property class "Debts, claims and demands"

It should be emphasized that the dollar amounts presented here may differ quite drastically from the final values, as the correction factors used were based solely on impressions gained in the editing of the census schedules. In addition, no adjustments were made for errors in nationality, location, and citizenship coding. However, it is believed that the percentage distributions of the assets among the various property classes and geographic groupings will approximate fairly well the corresponding percentages to be found in the final analyses.

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RG 131
 Entry FFC Gen Ca
 File Enemy Countries
 Box 109

- 2 -

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Element of Duplication in Tables 1 and 2

In the table of assets for each country, the classification "Citizens of other countries located in specified enemy country" includes citizens of other enemy countries located in the particular enemy country. For example, for Germany, this classification includes assets of Japanese, Italians, etc., located in Germany. This causes no duplication within a table for a given country. However, it does cause a duplication between the tables of the various countries, since Japanese nationals located in Germany are classified in the German table as "Citizens of other countries located in Germany," while in the Japanese table they are classified as "Japanese in other enemy countries." It follows, therefore, that when the assets of all the enemy countries are totaled, as in tables 1 and 2, the \$2,145,000 owned by enemy nationals located "in other enemy countries" is included also in the total amount owned by "Citizens of other countries located in the enemy country." Accordingly, the net total assets of all enemy countries is \$685,097,000, not \$687,242,000 as shown in tables 1 and 2.

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314741

**Summary of Assets in the United States Owned by Nationals of the Enemy Countries
Located Outside of the United States and By Citizens of Other Countries
Located in the Enemy Countries, By Broad Property Classes,
as of June 14, 1941**

Property Classes	All Enemy Countries	Enemy Country						
		Germany	Japan	Italy	Russia	Hungary	Austria	Bulgaria
Thousands of Dollars								
Total	687,242	229,913	222,437	167,524	35,961	16,581	12,524	2,902
Bullion and coin	22,557	904	141	7,399	13,165	381	64	-
Deposits	225,109	21,806	144,018	35,314	15,596	4,360	3,282	733
Stocks and bonds 1/	145,586	58,704	19,065	57,684	1,235	4,020	4,335	543
Miscellaneous banking items	53,937	7,397	42,173	3,011	279	591	446	40
Debts, claims and demands	45,006	25,343	8,751	4,302	1,833	2,528	1,812	432
Real property	25,694	16,569	1,452	7,091	245	167	166	4
Estates and trusts	147,632	94,917	1,775	46,042	707	2,380	1,696	115
All other property	21,721	3,668	5,062	6,181	2,898	2,154	723	1,035
Percent								
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Bullion and coin	3.3	0.4	0.1	4.7	36.6	2.3	0.5	-
Deposits	32.8	9.5	64.7	21.1	43.4	26.3	26.2	25.3
Stocks and bonds	21.2	25.6	8.6	34.4	3.4	24.2	34.6	18.7
Miscellaneous banking items	7.8	3.2	19.0	1.8	0.8	3.6	3.6	1.4
Debts, claims and demands	6.5	11.1	3.9	2.6	5.1	15.2	14.5	14.9
Real property	3.7	7.2	0.7	4.2	0.7	1.0	1.3	0.1
Estates and trusts	21.5	41.4	0.8	27.5	1.9	14.4	13.5	4.0
All other property	3.2	1.6	2.2	3.7	8.1	13.0	5.8	35.7

1/ All foreign securities have been eliminated.

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February 1, 1943

RG 131
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Table 2 -- Summary of Assets in the United States Owned by Nationals of the Enemy Countries
 Located Outside of the United States and By Citizens of Other Countries
 Located in the Enemy Countries, By Location of the National,
 as of June 14, 1941

314743

Location of National	Enemy Country								
	All Enemy Countries	Germany	Japan	Italy	Rumania	Hungary	Austria	Bulgaria	
Thousands of Dollars									
Total	687,242	229,313	222,437	167,524	31,961	16,581	12,524	2,902	
In specified enemy country	430,763	169,432	147,357	77,951	27,549	5,824	1,647	953	
Citizens of other countries									
in specified enemy country	112,992	2,675	21,353	75,193	3,711	5,865	3,260	975	
in other enemy countries	2,145	1,156	312	25	26	39	564	23	
In Axis-occupied Territory	37,790	12,141	20,084	2,985	911	609	1,030	30	
In neutral Europe	24,578	18,584	-	2,822	559	874	1,432	313	
In British Empire	21,210	12,172	2,754	1,113	1,157	1,911	2,089	14	
In Latin America	16,904	2,094	5,612	4,478	1,809	922	1,969	20	
In rest of world	40,860	11,009	24,965	2,997	245	557	533	574	
Percent									
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
In specified enemy country	62.7	73.9	66.2	46.5	76.6	26.3	13.2	32.8	
Citizens of other countries									
in specified enemy country	16.4	1.2	9.6	44.9	10.3	26.5	26.0	33.6	
in other enemy countries	0.3	0.5	0.1	-	0.1	0.2	4.5	.8	
In Axis-occupied Territory	5.5	5.3	9.0	1.8	2.5	2.7	8.2	1.0	
In neutral Europe	3.6	8.1	-	1.7	1.5	29.1	11.4	10.8	
In British Empire	3.1	5.3	1.2	0.7	3.2	8.6	16.7	0.5	
In Latin America	2.5	0.9	2.5	2.7	5.0	4.2	15.7	0.7	
In rest of world	5.9	4.8	11.2	1.7	0.8	2.4	4.3	19.8	

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RG 131
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 File Enemy Countries
 109

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Table 3 — Assets in the United States Owned by German Nationals Located Outside of the United States and by Citizens of Other Countries Located in Germany, By Broad Property Classes, as of June 14, 1941

Property Classes	Total	Location of National							
		Germans in Germany	Citizens of other countries in Germany	Germans in enemy countries	Germans in Axis Occupied Territory	Germans in Neutral Europe	Germans in British Empire	Germans in Latin America	Germans in rest of world
Thousands of Dollars									
Total	229,313	169,482	2,675	1,156	12,141	18,584	12,172	2,094	11,009
Bullion and coin	904	447	19	-	121	51	229	3	34
Deposits	21,806	8,057	1,198	261	5,196	4,014	1,337	538	1,205
Stocks and bonds ^{1/}	58,704	43,783	457	294	3,360	4,693	2,150	570	3,397
Miscellaneous banking items	7,397	5,010	95	104	708	242	502	588	148
Debts, claims, and demands	25,348	19,001	111	49	698	2,267	2,751	246	225
Real property	16,569	13,967	72	111	243	101	220	-	1,855
Estates and trusts	94,917	76,833	690	212	1,369	7,069	4,619	121	4,004
All other property	3,668	2,384	33	125	446	147	364	28	141
Percent									
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Bullion and coin	0.4	0.3	0.7	-	1.0	0.3	1.9	0.1	0.3
Deposits	9.5	4.8	44.8	22.6	42.8	21.6	11.0	25.7	10.9
Stocks and bonds ^{1/}	25.6	25.8	17.1	25.4	27.6	25.2	17.7	27.2	30.9
Miscellaneous banking items	3.2	3.0	3.5	9.0	5.8	1.3	4.1	28.1	1.3
Debts, claims, and demands	11.1	11.2	4.1	4.2	5.8	12.2	22.6	11.7	2.0
Real property	7.2	8.2	2.7	9.6	2.0	0.6	1.8	-	16.9
Estates and trusts	41.4	45.3	25.8	18.4	11.3	38.0	37.9	5.8	36.4
All other property	1.6	1.4	1.3	10.8	3.7	0.8	3.0	1.4	1.3

^{1/} All foreign securities have been eliminated.

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January 30, 1943.

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RG 131
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and by Citizens of Other Countries Located in Japan,
By Broad Property Classes, as of June 14, 1941

Property Classes	Total	Location of National							
		Japanese in Japan	Citizens of other countries in Japan	Japanese in enemy countries	Japanese in Axis Territory	Japanese in Neutral Europe	Japanese in British Empire	Japanese in Latin America	Japanese in rest of world

Thousands of Dollars

Total	222,437	147,357	21,353	312	20,084	-	2,756	5,612	24,965
Bullion and coin	141	87	17	-	36	-	-	-	1
Deposits	144,018	103,652	4,745	312	11,957	-	2,682	60	20,610
Stocks and bonds 1/	19,065	15,437	3,079	-	154	-	57	76	262
Miscellaneous banking items	42,173	18,379	10,691	-	6,781	-	-	5,334	988
Debts, claims, and demands	8,751	5,072	603	-	90	-	13	142	2,831
Real property	1,452	844	336	-	179	-	-	-	93
Estates and trusts	1,775	1,043	732	-	-	-	-	-	-
All other property	5,062	2,843	1,150	-	887	-	2	-	180

Percent

Total	100.0	100.0	100.0	100.0	100.0	-	100.0	100.0	100.0
Bullion and coin	0.1	0.1	0.1	-	0.2	-	-	-	-
Deposits	64.7	70.3	22.2	100.0	59.5	-	97.4	1.1	82.6
Stocks and bonds 1/	8.6	10.5	14.4	-	0.8	-	2.1	1.4	1.0
Miscellaneous banking items	19.0	12.5	50.1	-	33.8	-	-	95.0	4.0
Debts, claims and demands	3.9	3.4	2.8	-	0.4	-	0.5	2.5	11.3
Real property	0.7	0.6	1.6	-	0.9	-	-	-	0.4
Estates and trusts	0.8	0.7	3.4	-	-	-	-	-	-
All other property	2.2	1.9	5.4	-	4.4	-	-	-	0.7

1/ All foreign securities have been eliminated.

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RG 131
Entry FFC Gen Cr
File: Enemy Countries
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Table 5 - Assets in the United States Owned by Italian Nationals Located Outside of the United States and by Citizens of Other Countries Located in Italy, By Broad Property Classes, as of June 14, 1941

Property Classes	Total	Location of National							
		Italians in Italy	Citizens of other countries in Italy	Italians in enemy countries	Italians in Axis Occupied Territory	Italians in Neutral Europe	Italians in British Empire	Italians in Latin America	Italians in rest of world
Thousands of Dollars									
Total	167,524	77,951	75,153	25	2,985	2,822	1,113	4,478	2,997
Bullion and coin	7,899	7,779	59	-	3	6	-	49	3
Deposits	35,314	14,645	15,634	13	2,055	527	268	1,533	639
Stocks and bonds 1/	57,684	21,099	31,745	-	636	1,419	631	1,414	740
Miscellaneous banking items	3,011	2,072	617	-	-	6	-	305	11
Debts, claims and demands	4,302	2,267	1,017	-	27	19	66	876	30
Real property	7,091	2,531	3,837	-	14	326	2	19	362
Estates and trusts	46,042	23,845	20,076	9	237	504	141	40	1,190
All other property	6,181	3,713	2,168	3	13	15	5	242	22
Percent									
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Bullion and coin	4.7	10.0	0.1	-	0.1	0.2	-	1.1	0.1
Deposits	21.1	18.8	20.8	52.0	68.8	18.7	24.1	34.2	21.3
Stocks and bonds 1/	34.4	27.1	42.2	-	21.3	50.2	56.7	31.6	24.7
Miscellaneous banking items	1.8	2.7	0.8	-	-	0.2	-	6.8	0.4
Debts, claims and demands	2.6	2.9	1.4	-	0.9	0.7	5.9	19.6	1.0
Real property	4.2	3.2	5.1	-	0.6	11.6	0.2	0.4	12.1
Estates and trusts	27.5	30.5	26.7	36.0	7.9	17.9	12.7	0.9	39.7
All other property	3.7	4.8	2.9	12.0	0.4	0.5	0.4	5.4	0.7

1/ All foreign securities have been eliminated.

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January 30, 1943

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RG 131
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Table 6 - Assets in the United States Owned by Rumanian Nationals Located Outside of the United States and by Citizens of Other Countries Located in Rumania, By Broad Property Classes, as of June 14, 1941

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Property Classes	Total	Location of National							
		Rumanians in Rumania	Citizens of other countries in Rumania	Rumanians in enemy countries	Rumanians in Axis Territory	Rumanians in Neutral Europe	Rumanians in British Empire	Rumanians in Latin America	Rumanians in rest of world

Thousands of Dollars

Total	35,961	27,549	3,711	26	911	553	1,157	1,209	245
Bullion and coin	13,168	13,139	2	-	7	-	16	-	4
Deposits	15,596	9,311	2,268	26	819	534	895	1,589	154
Stocks and bonds 1/	1,235	506	434	-	18	15	102	148	12
Miscellaneous banking items	279	118	69	-	4	4	18	47	19
Debts, claims and demands	1,833	1,401	272	-	14	-	74	18	54
Real property	245	192	53	-	-	-	-	-	-
Estates and trusts	707	174	492	-	41	-	-	-	-
All other property	2,898	2,708	121	-	8	-	52	7	2

Percent

Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Bullion and coin	36.6	47.7	-	-	0.8	-	1.4	-	1.6
Deposits	43.4	33.8	61.1	100.0	89.9	96.6	77.4	87.8	62.9
Stocks and bonds 1/	3.4	1.8	11.7	-	2.0	2.7	8.8	8.2	4.9
Miscellaneous banking items	0.8	0.4	1.9	-	0.4	0.7	1.6	2.6	7.8
Debts, claims, and demands	5.1	5.1	7.3	-	1.5	-	6.4	1.0	22.0
Real property	0.7	0.7	1.4	-	-	-	-	-	-
Estates and trusts	1.9	0.6	13.3	-	4.5	-	-	-	-
All other property	8.1	9.9	3.3	-	0.9	-	4.4	0.4	0.8

1/ All foreign securities have been eliminated.

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January 30, 1943

RG 131
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 File Enemy Countries
 109

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Table 7 -- Assets in the United States Owned by Hungarian Nationals Located Outside of the United States and by Citizens of Other Countries Located in Hungary. By Broad Property Classes, as of June 14, 1941

314748

Property Classes	Total	Location of National								
		Hungarians in Hungary	Citizens of other countries in Hungary	Hungarians in enemy countries	Hungarians in Axis Occupied Territory	Hungarians in Neutral Europe	Hungarians in British Empire	Hungarians in Latin America	Hungarians in rest of world	
Thousands of Dollars										
Total	16,581	5,824	5,865	39	609	874	1,911	922	537	
Bullion and coin	381	132	7	10	138	15	79	-	-	
Deposits	4,360	1,535	1,181	29	266	357	466	241	285	
Stocks and bonds ^{1/}	4,020	490	1,837	-	181	310	636	482	84	
Miscellaneous banking items	591	174	160	-	1	10	75	162	9	
Debts, claims and demands	2,528	1,529	258	-	8	64	560	17	92	
Real property	167	65	102	-	-	-	-	-	-	
Estates and trusts	2,380	375	1,797	-	-	106	71	-	31	
All other property	2,154	1,524	523	-	15	12	24	20	36	
Percent										
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Bullion and coin	2.3	2.3	.1	25.6	22.7	1.7	4.1	-	-	
Deposits	26.3	26.4	20.1	74.4	43.7	40.9	24.4	26.1	53.1	
Stocks and bonds ^{1/}	24.2	8.4	31.4	-	29.7	35.5	33.3	52.3	15.6	
Miscellaneous banking items	3.6	3.0	2.7	-	0.2	1.1	3.9	17.6	1.7	
Debts, claims and demands	15.2	26.3	4.4	-	1.3	7.3	29.3	1.8	17.1	
Real property	1.0	1.1	1.7	-	-	-	-	-	-	
Estates and trusts	14.4	6.4	30.7	-	-	12.1	3.7	-	5.8	
All other property	13.0	26.1	8.9	-	2.4	1.4	1.3	2.2	6.7	

^{1/} All foreign securities have been eliminated.

Treasury Department, Division of Monetary Research.
 WK:DD:er 2-1-43

February 1, 1943.

RG 131
 Entry FFC Gen Car
 File Enemy Countries
 109
 DECLASSIFIED
 New 968/03
 Authority
 BY 75 MARA DELO/SL/60

REPRODUCED AT THE NATIONAL ARCHIVES

and by Citizens of Other Countries Located in Austria,
By Broad Property Classes, as of June 14, 1941

314749

Property Classes	Total	Location of National							
		Austrians in Austria	Citizens of other countries in Austria	Austrians in enemy countries	Austrians in Occupied Territory	Austrians in Neutral Europe	Austrians in British Empire	Austrians in Latin America	Austrians in rest of world

Thousands of Dollars

Total	12,524	1,647	3,260	564	1,030	1,432	2,089	1,969	533
Bullion and coin	64	-	45	-	2	-	17	-	-
Deposits	3,282	400	304	254	405	538	351	801	229
Stocks and bonds 1/	4,335	719	1,628	130	261	480	854	190	73
Miscellaneous banking items	446	19	143	63	23	54	96	46	2
Debts, claims and demands	1,812	77	85	22	153	278	379	804	14
Real property	166	31	76	4	22	-	-	-	33
Estates and trusts	1,696	226	862	73	152	59	145	70	109
All other property	723	175	117	18	12	23	247	58	73

Percent

Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Bullion and coin	0.5	-	1.4	-	0.2	-	0.8	-	-
Deposits	26.2	24.3	9.3	45.0	39.3	37.6	16.8	40.7	42.9
Stocks and bonds 1/	34.6	43.7	49.9	23.0	25.3	33.5	40.9	9.6	13.7
Miscellaneous banking items	3.6	1.2	4.4	11.2	2.2	3.8	4.6	2.3	0.4
Debts, claims and demands	14.5	4.7	2.6	3.9	14.9	19.4	18.1	40.8	2.6
Real property	1.3	1.9	2.3	0.7	2.1	-	-	-	6.2
Estates and trusts	13.5	13.7	26.4	12.9	14.8	4.1	6.9	3.7	20.5
All other property	5.8	10.5	3.7	3.3	1.2	1.6	11.9	2.9	13.7

1/ All foreign securities have been eliminated.

Treasury Department, Division of Monetary Research.
EX.FOR:ier 2-1-43

February 1, 1943.

RG 131
Entry FFC Gen Car
File: Enemy Countries
Box 109

DECLASSIFIED
DATE 9/68/03
BY T5 NARA DELO/LS/00

REPRODUCED AT THE NATIONAL ARCHIVES

314750

Table 9 — Assets in the United States Owned by Bulgarian Nationals Located Outside of the United States and by Citizens of Other Countries Located in Bulgaria, By Broad Property Classes, as of June 14, 1941

RG 131
Entry FF C Gen Cr
File: Enemy Countries
109
BC
DECLASSIFIED
Date 9/68/03
BY T.J. HARRIS/AS/00

REPRODUCED AT THE NATIONAL ARCHIVES

Property Classes	Total	Location of National							
		Bulgarians in Bulgaria	Citizens of other countries in Bulgaria	Bulgarians in enemy countries	Bulgarians in Axis Occupied Territory	Bulgarians in Neutral Europe	Bulgarians in British Empire	Bulgarians in Latin America	Bulgarians in rest of world
Thousands of Dollars									
Total	2,902	953	975	23	30	313	14	20	574
Bullion and coin	-	-	-	-	-	-	-	-	-
Deposits	733	414	241	-	19	29	14	12	4
Stocks and bonds 1/	543	1	500	20	11	-	-	8	3
Miscellaneous banking items	40	21	16	-	-	1	-	-	2
Debts, claims and demands	432	382	50	-	-	-	-	-	-
Real property	4	-	1	3	-	-	-	-	-
Estates and trusts	115	3	112	-	-	-	-	-	-
All other property	1,035	132	55	-	-	283	-	-	565
Percent									
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Bullion and coin	-	-	-	-	-	-	-	-	-
Deposits	25.3	43.4	24.7	-	63.3	9.3	100.0	60.0	0.7
Stocks and bonds 1/	18.7	0.1	51.3	87.0	36.7	-	-	40.0	0.5
Miscellaneous banking items	1.4	2.2	1.6	-	-	0.3	-	-	0.4
Debts, claims and demands	14.9	40.1	5.1	-	-	-	-	-	-
Real property	0.1	-	0.1	13.0	-	-	-	-	-
Estates and trusts	4.0	0.3	11.5	-	-	-	-	-	-
All other property	35.7	13.9	5.7	-	-	90.4	-	-	98.4

1/ All foreign securities have been eliminated.

DECLASSIFIED	
Authority	968/03
By	TJ NARA Date 2/15/00

RG 131
 Entry APC Gen
 File Switzerland and European
 Box ~~General Enforcement~~
 company 459

enforcement

- 2 -

Third. In order that we may appraise more accurately the background of the company's violation of General Ruling No. 11 in connection with taking the matter up with parent company, kindly inform us as to the nature of the notification given to the company of its obligations under General Ruling No. 11 and any further detailed evidence you may obtain on whether or not this violation was willful. Department suggests that you assure yourself by some appropriate check that similar violations are not taking place in Switzerland on the part of other United States concerns located there.

Fourth. We expect to cable you further very soon on the question of future imports by General Motors from Germany which is quite separate from the problem of past violation.

This message repeated to London Embassy.

314751

DECLASSIFIED	
Authority	968103
By	TJ NARA Date 2/15/00

RG 131
 Entry TC Gen
Cur
 File Switzerland
General Ruling enforcement
 Box company 459

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington

TO: American Legation, Bern.

DATED: July 7, 1943, 2 p.m.

JUL 16 REC'D

NUMBER: 1603

Reference your 3886, June 30, 1943.

First. Kindly inform General Motors immediately that we regard as a serious failure to conform to our regulations their unauthorized importing from enemy territory.

Second. Despite the concern which we feel at the violation of General Ruling No. 11 by the company, we believe there is nothing to be gained by putting it in a position where it must finally choose between a conflict with Swiss clearing or a further violation of our regulations. Nevertheless, we do not wish to condone the company's acts by formally permitting the company to make payment since General Ruling No. 11 was violated by them. Even though eventual payment is most probably unavoidable, we believe the company should continue to suffer uncertainty as to whether we will prohibit payment or not as long as practicable. The undesirability of making any such commitments without the Legation's authority should be sufficiently impressed upon the company by the inconvenience and embarrassment of delaying payment against Swiss clearing pressure. You may inform the company at the last possible moment before serious legal sanctions are applied by the Swiss against it that permission for the 36,225 mark payment will be neither granted nor withheld by us. Kindly inform us of action taken by you under this paragraph and give the date the company makes payment.

cc: 7/17/43 Messrs. Schmidt, E.M. Bernstein, Aarons, (Luxford), Ball, Moscovitz, McIvor (Control), Olsen, Brenner, Rogan (Mrs.), Delman, Fox, Aik, Gilbert, Shaw, Glaser, Bennett, Blake, Day, J. G. Jones, Feig, Burnett (Miss)

Note: No. 3886, June 30, mentioned herein was circulated to you July 6.

314752

DECLASSIFIED
Authority <u>968103</u>
By <u>TJ</u> NARA Date <u>2/15/00</u>

RG 131
 Entry AC Gen
Cur
 File Switzerland - Euro
General Insurance enforcement
 Box company 459

- 2 -

The General Motors representatives were notified of the incident reported in Despatch No. 1614 of May 20, 1943 from Stockholm, and notified that the local manager of the company had been officially criticized. They asked if it was desirable that they also send instructions to the Stockholm office. It was agreed and stated by State and Treasury representatives that this incident was now closed and that such instructions would serve no useful purpose at this time.

cc: Conference file
 Alphabetical file
 Mr. Fox, Miss Burnett, Mr. Moskowitz, Mr. McIvor

314753

DECLASSIFIED

Authority 968103

By TJ NARA Date 2/15/00

RG 131

Entry APC den

File Switzerland

Box company 459

Switz
Auto EnforcementCopy

CONFERENCE MEMORANDUM

District National Bank Building
2:30 p.m.

July 28, 1943

SUBJECT: General Motors Corporation.

PARTICIPANTS: Mr. George D. Riedel, Washington representative of General Motors Overseas Corporation and Mr. P. W. Copelin from the New York Office.

For State Department - Mr. Morin and Mr. Heard.

For JFC - Miss Burnett, Mr. Moskovitz and Mr. McIvor.

Mr. Morin outlined to the General Motors representatives the contents of Despatch No. 3598 of May 26, 1943. Copies of the message for General Motors contained in that despatch were handed to Mr. Riedel. Mr. McIvor advised them of the action by this Government in regard to the payment of 36,226 Marks (Despatch No. 1603 of July 7, 1943). He indicated that the interested departments of this Government proposed to permit the import of parts under orders outstanding and also the placing of new orders for parts up to October 31st, provided that such parts were in the opinion of the Legation necessary for Swiss economy and defense. It was stated that the General Motors representative in Switzerland should not have assumed the decision as to whether any imports from Germany, however small, were warranted, but that any contact with enemy territory should be discussed with the Legation. The General Motors representatives fully accepted this and agreed to prepare instructions to their Swiss manager stressing again the requirement that they submit all cases however insignificant for the approval of the Legation. Mr. Morin said that the State Department would be glad to transmit such a message.

The General Motors representative verified the statement in Despatch No. 3598 that approximately 15% to 17% of trucks and private cars in Switzerland are of Opel manufacture.

314754

DECLASSIFIED

Authority 968/03

By TJ NARA Date 2/15/00

RG 131

Entry AC Gen Cur

File Switzerland Euro

Box General Insurance Enforcement company 459

FOREIGN FUNDS CONTROL

- TO: (1) Miss Barrett
 (2) 89 SNB
 (3)

Were we consulted
 on this case
 & re this instruction?

Please advise. 7-20-73
 FROM: SAMUEL S. GILBERT (Signature) (Date)

DECLASSIFIED
Authority 968/03
By TJ NARA Date 2/15/00

RG 131
Entry AC den
File Switzerland
Box General Investment company 459

Euro Enforcement

(Signature) (Date)

FFC-13
(7/29/42)

FOREIGN FUNDS CONTROL

- TO: (1) Mr. Gilbert
 (2) 305 N. W. B.
 (3)

Apparently Mr. Morin handled this matter. I gathered from the conference on General Motors that he had been working on the case for some time. His memo on the conference is attached for your information. Please return when you have finished with it.

FROM: Sue Burnett (Signature) 8/4/43 (Date)

DECLASSIFIED	
Authority	968103
By	TJ NARA Date 2/15/00

RG 131
 Entry AC Gen
 Cur
 File Switzerland
 General Insurance
 Company 459
 Box

- 2 -

that Mr. Moskovits, after expressing views along the foregoing lines, had advised Mr. Riegelman that he might nevertheless proceed with the procedure suggested.

I therefore called Mr. Riegelman and told him that, although I still did not approve of his proposed procedure, it would be all right for him to send the telegram to Bern which he had drafted. After reconsidering the matter, and discussing it with Mr. McIvor, however, I called Mr. Riegelman again in order to get him to change the instruction to the Mission. At Mr. Riegelman's suggestion, I went to the State Department today to review the file on the case and to review the proposed telegram to Bern. After some discussion, a compromise approach was agreed upon, and, as finally drafted, the telegram to Bern leaves to the discretion of the Mission whether (a) the subject will be instructed by the Mission to comply with General Ruling 11 and, if it refuses, instructions will then be obtained from the owner in this country; or (2) instructions will be obtained from Bauer in the first place.

SUE BURNETT

cc: Mr. Gilbert
 Mr. Lunn
 Mr. McIvor

SSGilbert:rm 5/16/44

314757

DECLASSIFIED	
Authority	968/03
By	75 NARA Date 2/15/00

RG 131
 Entry AC Gen
 Cur
 File Switzerland
 General Insurance
 Company 459
 Box

MEMORANDUM FOR THE FILES

FOREIGN ENFORCEMENT SECTION

May 16, 1944

Subject: Herbert Bauer, A. G.,
Olten, Switzerland.

Mr. Riegelman, of the Department of State, called me Saturday to discuss the subject firm, which is on the Confidential List and which is 85 percent owned by Herbert Bauer, a Swiss citizen resident in the United States. Mr. Riegelman stated that for some time the Department of Commerce has been investigating Herbert Bauer and Herba, Incorporated, New York City (also owned by Herbert Bauer), and that its investigations have indicated that the Swiss firm is probably trading with the enemy. In view of the fact that Herbert Bauer is resident in the United States and subject to the jurisdiction of this Government, it was Mr. Riegelman's feeling that the Swiss concern is subject to General Ruling 11 and, in the event that it was found to be trading with the enemy, should be forced to comply with the standard of conduct expected under General Ruling 11. Mr. Riegelman informed me that he proposed to instruct the Legation at Bern to investigate the activities of the subject concern and to instruct it that, since it was subject to General Ruling 11, it was to discontinue all trade and communication with enemy territory and with Proclaimed List nationals without Treasury license. In the event that the subject company refused to comply with General Ruling 11, Mr. Riegelman proposed then to have Herbert Bauer approached in this country in order that he might send instructions to his Swiss subsidiary to comply with General Ruling 11.

I informed Mr. Riegelman at the time of my initial discussions with him on this matter that I did not believe it would be desirable for the Mission to inform the subject concern, without prior reference to its owner, that it is expected to comply with General Ruling 11, and that it would be preferable first to obtain instructions to that effect from Bauer. It was my feeling that the subject firm would consider itself a purely Swiss company, removed from American jurisdiction, and would resent any attempt by our Legation to consider it an American company. In view of the fact, however, that I was not fully acquainted with our policy with respect to the application of General Ruling 11 in such cases, I discussed the matter with Mr. Lunn. Mr. Lunn informed me that it was Legal's view that technically the subject concern falls within the province of General Ruling 11, but that from a practical viewpoint it might not be desirable to stress General Ruling 11 jurisdiction. Mr. Lunn stated that Legal considered it advisable to handle the matter via instructions to the subject from Herbert Bauer (once, of course, that the subject's trade with the enemy is established.) Mr. Lunn further informed me that Mr. Riegelman had discussed this question with Mr. Moskovitz, and

314758

DECLASSIFIED
Authority 968/03
by 73 NARA Date 2/15/00

RG 131
Entry AC den
File Switzerland
General Insurance
Company 459
Box

WASHINGTON, D. C.

The Swiss Government, as a consequence of the failure of its nationals in Axis and Axis-dominated countries to receive their regular remittances from the United States, had and still has to support many of them. It endeavors, however, to reimburse itself wherever possible for the funds it had to advance to its nationals.

The following procedure would assure a fair treatment of the Swiss nationals on the same basis as the American nationals in those countries, who benefit from the arrangement referred to above:

The Treasury Department would license banks and individuals to remit funds in the manner indicated in General License No. 32 or through the intermediary of the Legation of Switzerland in Washington, or in any other way satisfactory to the Government of the United States, if receipts signed by the Swiss nationals in those countries for the advances received from the Swiss Government are submitted. The amounts to be received by each individual could be limited in a similar way as provided by the regulations governing the arrangement concluded in favor of the American nationals. This procedure would provide all reasonable assurance that only bona fide support cases will be permitted to avail themselves of the facilities so to be extended.

Washington, D. C., February 25, 1943.

1943 MAR 12 PM 1 42
TREASURY
FOREIGN FUNDS CONTROL
RECEIVED

DECLASSIFIED
Authority 968/03
by 73 NARA Date 2/15/00

RG 131
Entry AC Gen
File Switzerland
General Insurance
Company 459
Box

SWITZERLAND
WASHINGTON, D. C.

MEMORANDUM

A certain number of Swiss nationals living in countries with which the United States is now at war, or in countries occupied by them, depend for their livelihood on remittances which they previously received from their bank accounts in the United States. Others in needy circumstances have friends and relatives in the United States who, prior to the outbreak of the war, contributed to their living expenses or supported them entirely.

Under the Trading with the Enemy Act remittances of this type are prohibited unless licensed by the United States Treasury Department. It is reported, however, that no such licenses are being issued.

On the other hand, pursuant to an arrangement made by the Department of State to extend financial assistance to American nationals in territories where the interests of the United States are represented by Switzerland, the Swiss Legations and Consulates are authorized to make advances in limited amounts to citizens of the United States and to reimburse themselves on the United States Government. Swiss citizens in those countries, who have knowledge of the source of the funds received by American citizens, fail to understand, why the Swiss representatives are not in a position to care in a similar way for their own nationals who possess funds in the United States.

NO INFO IN BW 1 43
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DECLASSIFIED
Authority 968103
By 73 NARA Date 2/15/00

RG 131
Entry AC den
File Switzerland
General Insurance
Box company 459

41646

FD-100 (REV. 1-22-64)
TO: Mail & P.D.
SAC:
NO. AND SERIAL
INITIAL LS
DATE 3/29/4



DEPARTMENT OF STATE
WASHINGTON

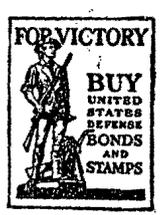
In reply refer to
FF 840.51 Frozen Credits/9572

March 16, 1943

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and encloses for the information and comment of the Treasury Department a copy of a memorandum dated February 25 from the Legation of Switzerland in regard to the desire of the Swiss Government to transmit funds to Swiss citizens in Axis and Axis-dominated countries from their bank accounts in the United States.

The Department would appreciate receiving the views of the Treasury Department in regard to the proposal suggested by the Swiss Legation.

Enclosure:
Copy of a memorandum from
Legation of Switzerland,
February 25, 1943.



11R

DECLASSIFIED
Authority 968103
By TJ NARA Date 2/15/00

RG 131
Entry Acheson
File Switzerland
General Insurance
Box Company 409

APR 19 1943
U.S. DEPT. OF STATE

available to American citizens in enemy territory through the facilities of the Swiss Government is essentially a program undertaken by this Government on its own financial responsibility, with the existence of personal bank accounts from which expenditures involved in the program could be reimbursed simply an incidental factor of such program and in no way related to the conditions or circumstances under which such assistance is rendered.

Very truly yours,

(Signed) Randolph Paul

Acting Secretary of the Treasury

Honorable Dean Acheson

Assistant Secretary of State

*1cc incl letter
1cc to J. C. Olsen
1cc to Mr. Cochran*

Olson
Aug I/Olsen:bn 3/24/43

[Handwritten initials] L.S.

DECLASSIFIED
 Authority 968103
 By TJ NARA Date 2/15/00

RG 131
 Entry AC den
 File Switzerland
General Insurance
Company 459
 Box

In reply please
 refer to: 41646

MAR 27 1943

Dear Mr. Acheson:

Receipt is acknowledged of your letter of March 16 enclosing for the information and comment of the Treasury Department a memorandum from the Legation of Switzerland, proposing that Swiss nationals residing in enemy or enemy-occupied territory be permitted to draw upon their bank accounts in the United States for limited living expenses. It is proposed that such withdrawals be arranged on a basis comparable to that employed by this Government in reimbursing itself for advances made to needy American citizens in enemy territory.

It is the view of the Treasury Department that the proposal of the Swiss Legation lacks merit principally on the grounds that Swiss nationals presently resident in enemy territory are residing there of their own free will and for reasons which must be assumed to represent their personal convenience. American citizens, on the other hand, are not only being detained in enemy territory against their free will but it may be assumed that they have no means of making a livelihood, and for the most part have no means of obtaining limited financial support except that provided by the United States Government through its representing power. If we recognize that the Swiss have presented a valid argument with respect to Swiss nationals in enemy territory, it then follows that we must be prepared to grant similar privileges to nationals of other neutral countries residing in enemy territory, including Spanish, Swedish, and Portuguese nationals. Were such arrangements carried to the extremes possible in the situation, it is believed that important sources of foreign exchange would become available to the Axis.

The foregoing disregards, of course, a further consideration that the financial assistance presently being made

314763

DECLASSIFIED
 Authority 968103
 By TJ NARA Date 2/15/00

RG 131
 Entry AC Gen
 File Switzerland
 Box General Insurance Company 459

July 15, 1942

Date	Dr.	Cr.	Balance
10/31/41	\$ 66,000.	\$ 83,000.	\$ 335,000.
11/30/41	64,000.	83,000.	354,000.
12/31/41	116,000.	128,000.	366,000.
1 /31/42	145,000.	138,000.	359,000.
2 /28/42	137,000.	88,000.	311,000.
3 /31/42	189,000.	158,000.	280,000.
4 /30/42	314,000.	294,000.	260,000.
5 /31/42	?	?	236,000.
6 30/42	252,000.	184,000.	158,000.

The extraordinarily heavy withdrawals during the month of April appear to be accounted for in part as follows:

Excess of losses over premiums	\$ 55,000.
Reinsurance premiums over recoveries	22,000.
Commissions	32,000.
"Other Expenses" over "Other collections"	<u>104,000.</u>
	\$ 213,000.

In addition, \$100,000, listed as income, was transferred from an unlicensed account to one operating under license.

According to the TFR-300 Report, the company held the following property in the United States as of June 14, 1941 and June 1, 1940:

	6/14/41	6/1/40
Deposits	\$ 504,909.	\$ 518,567.
U. S. obligations	653,796.	905,556.
State & Municipal obligations	152,221.	152,221.
Domestic Bonds	1,050,177.	894,742.
Common Stocks	89,401.	89,401.
Debts, claims, etc.	<u>242,715.</u>	<u>293,529.</u>
Total	\$ 2,693,269.	\$ 2,854,016.

Intercepts indicate that representatives of this company are insuring against British capture in Swiss companies (17944). Also, Dr. C. J. Abegg who is on the British Statutory List is a member of the company's Board of Directors. He is also on the Board of Swiss Reinsurance Company.

Margaret Grobber

314764

DECLASSIFIED
No 968103
Authority
By 75 NASA Date 2/15/00

RG 131
Entry AC Gen
File Switzerland
General Insurance
Company 439
Box

July 15, 1942

Margaret Grobben

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

7/16

DATE July 15, 1942

TO : Mr. Day
FROM : Margaret Grobben
Re : Switzerland General Insurance Company Ltd.

The Switzerland General Insurance Company Ltd., was organized under the laws of Switzerland in 1869. It was admitted to the United States in 1872, since which time its American business has been under the management of attorneys Bertschmann and Maloy of New York City.

The company does a world-wide business in ocean marine insurance, also inland marine insurance, fire insurance and reinsurance. It claims to be the only Swiss company doing a marine business in the United States. It has branches or agencies in practically every country in the world.

In American cities other than New York, the company is represented as follows:

- San Francisco The Louis Rosenthal Agency
- Kansas City Ralph B. Innis
- Indianapolis Cooling-Grumme-Mumford Company
- Houston Gravens Dargan & Company

Direct fire business is handled by Corron & Reynolds, New York.

All these concerns report directly to the head office in Switzerland and also supply figures to the U. S. attorneys, Bertschmann & Maloy of 86 Beaver Street, New York City.

The company's capital comprises 10,000,000 Swiss Francs of which 30% is paid up and the remaining 70% is covered by bonds issued by the shareholders for their unpaid portions. Shares may be transferred only with the consent of the Board of Directors and no shareholder is entitled to more than one-fifth of the total votes. The company is over 98% Swiss owned.

Assets within the United States as of the end of 1940 amounted to \$2,500,000.

The company has been operating under license NY-259265 providing with amendments, for monthly withdrawals of \$250,000 from the Continental Bank & Trust Company, New York; \$100,000 from Crockers First National Bank, San Francisco; \$15,000 from Commerce Trust Company, Kansas City; \$2,000 from Merchants National Bank, Indianapolis, or a monthly total of \$367,000. This license, which was of the standard form, expired July 1, 1942. It was superceded by NY 412947, New Standard form, permitting the same monthly withdrawals.

Financial transactions under NY 259265 have been as follows:

Date	Dr.	Cr.	Balance
10/1/41			\$ 317,000.
			314765

DECLASSIFIED	
Authority	968/03
By	73 NARA Date 2/15/00

RG 131
 Entry FFC Gen
 Car
 File Switzerland
 General Insurance
 Company 459
 Box

57668

DEPARTMENT OF STATE

EASTERN HEMISPHERE

December 22, 1943

FFC - Treasury - Miss Burnett:

Re: Powers, Switzerland

Some time ago, I spoke to you with regard to information which I had received that the Powers firm in Switzerland entered into certain contracts with firms in France and Germany, about a year ago, regarding the purchase of certain machinery for use in Switzerland. The Powers firm is probably the agent in Switzerland, for Remington Rand and Samos Powers, the latter firm being a wholly British owned company, which is believed to operate under royalty and patent agreements with Remington Rand.

(A-1744 of Dec 27, 1943)

I drafted an airgram to London, requesting them to investigate the situation, and report to the Department with regard to the results thereof, suggesting that if need be, they consult Bern. In the meantime, however, I think it would be a good idea to make some inquiries of the Remington Rand people in this country as to their relationship with the Powers firm in Switzerland, and their knowledge of any transactions such as suggested above.

I would appreciate your advising me as to what steps in this regard can be taken.

EH:WIRiegelman:AMN

314766

DECLASSIFIED

Authority 968103by TJ NARA Date 2/15/00

RG

131

Entry

AC Gen
Cur

File

Dept of Justice

Box

459

25

MAR 10 1948

109184

Attention: Mr. Edward Hickey

Dear Mr. Morison:

I am attaching hereto a copy of a memorandum of even date setting forth certain facts in connection with the program of the Treasury Department aimed at preventing the United States from becoming a market for securities looted in the overrun countries of Europe during the period of enemy occupation. As you will note from the memorandum the Federal Reserve Bank of New York has served as Fiscal Agent of the United States in connection with the execution of this program and in that capacity is about to become the defendant in one or more actions being brought to determine title to securities held by it under the provisions of our outstanding general rulings dealing with this subject. I would appreciate it if you would afford a representative of this office the opportunity of discussing with representatives of your office the feasibility and desirability of requesting the appropriate United States Attorney's Office to defend the Federal Reserve Bank of New York in the expected litigation.

You may wish to have a representative of your office communicate directly with Mr. Edwin F. Rains of the General Counsel's Office (Extension 5404) in connection with this matter.

Sincerely yours,

*Joseph B. Friedman*Joseph B. Friedman
Assistant General Counsel.

Mr. H. Graham Morison,
Assistant Attorney General,
Department of Justice,
Washington, D. C.

Enclosure

EFRains:mbe 3/9/48.

*msd EFR PJ.**CA.*

314767

DECLASSIFIED	RG 131
Authority 968103	Entry HC Gen
By TS NARA Date 2/15/00	File Dept of Justice
	Box 459

P
Y

James W. Butterfield, District Director
Baltimore, Maryland

56225/532
DF/meb

Perry M. Oliver, Director of Administrative Services
Central Office

Attached is copy of a self explanatory letter received from Foreign Funds Control dated May 3, 1946, reference 94102, which may be considered as a special license for disbursement of funds held by this Service on behalf of persons brought from Central and South America for internment and who have now been released. It will be noted that funds of individuals included in the Proclaimed List are still blocked. The Federal Reserve Bank has knowledge of individuals on the Proclaimed List.

When considered in the light of outstanding instructions regarding funds of aliens of enemy nationality, the effect of this letter is that aliens brought from Latin American countries and returning thereto may be permitted to take all funds controlled by this Service unless such aliens are on the Proclaimed List in which event they shall be limited to withdrawals not exceeding \$500.00 each for the purpose of purchasing transportation and for living expenses. In the event that such aliens pay the cost of their own transportation and additional funds are required, special license should be applied for.

Attachment



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By 75 NARA Date 2/15/00	File Dept of Justice
	Box 459

U. S. DEPARTMENT OF JUSTICE
 IMMIGRATION AND NATURALIZATION SERVICE
 PHILADELPHIA

94102x
 WILLIAM ADAMS
 MR. WALLER
 ADDRESS REPLY TO SPECIAL ASSISTANT
 TO ATTORNEY GENERAL IN CHARGE
 IMMIGRATION AND NATURALIZATION
 AND REFER TO FILE NUMBER
 5/3/46
 56215/531
 TSR/meb

February 12, 1946

Ans. dated 5/3/46

Mr. Michael L. Hoffman
 Acting Director
 Foreign Funds Control
 Treasury Department
 Washington 25, D. C.

Dear Mr. Hoffman:

The attached Operations Instructions (page 4604 Revised 1-28-46) issued by the Commissioner of this Service concerning aliens brought from Central and South America for internment under agreements made by those countries with the Department of State gives rise to the status of such aliens in so far as their funds are concerned. It is requested that consideration be given to the issuance of a special license which would automatically unblock the funds of the subject class aliens particularly funds held by this Service at the time the unconditional release from alien enemy proceedings is issued.

In some cases Latin Americans released under this procedure have actually departed from the United States but were reluctant to designate a commercial bank to which their funds may be transferred for blocking. Having little knowledge of American banks the aliens prefer to leave their funds in the custody of this Service. If the special license mentioned above is issued would objections be raised to the payment of funds remaining in the custody of this Service on behalf of departed Latin Americans in the form of a Treasury check mailed to the alien in the country in which he is now residing?

The subject class aliens are being released daily and it would be appreciated if when a decision is reached Mr. C. E. Waller of this Service be advised telephonically. Mr. Waller may be reached through the Department of Justice switchboard in Washington.

Sincerely yours,

Perry M. Oliver
 Perry M. Oliver, Director
 of Administrative Services

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OPERATIO. INSTRUCTIONS

Sec. 600.

II

Departure from the United States of aliens brought from Central and South America for internment. (1-3-46; 56125/64)

1. Reference is made to the cases of aliens brought to the United States from other American republics for internment under agreements made with those countries by the Department of State.

2. The State Department will from time to time notify the Central Office that particular aliens of the subject class shall be unconditionally released insofar as alien enemy proceedings are concerned. The Attorney General has approved the release of such persons from restraint as alien enemies even though an Attorney General's order of internment was issued. On receipt in the Central Office of such a release notice from the State Department, the Central Office will notify the field office of the termination of the alien enemy proceedings and will enclose an immigration warrant of arrest with the notice.

3. On receipt in the field office of the alien enemy release notice and the immigration warrant of arrest, all of the following steps shall be taken immediately:

- (1) Notify the alien that he is no longer subject to any restraint as an alien enemy.
- (2) Serve the immigration warrant of arrest.
- (3) Pursuant to the immigration warrant of arrest, release the alien on parole or recognizance, or, if exaction of bond or his detention is deemed essential or unavoidable, immediately request Central Office approval.
- (4) Notify the alien that he may depart at Government expense to the country of former residence in Latin America from which he was brought to the United States, or that he may depart to any country of his choice at his own expense.

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Authority 968103	Entry APC Gen
By TJS NARA Date 2/15/00	File Dept of Justice
	Rox 459

Sec 600.1 OPERATIONS INSTRUCTIONS

- (5) Proceed with the hearing under the warrant of arrest where the alien does not signify whether he will depart in either of the ways prescribed in paragraph 3(4) of this OI; where he states he does not intend to do so; or where he elects to depart at his own expense and makes no effort to depart within a fixed period, due regard being had to shipping conditions.
- (6) Arrange for verification of departure, the departure to be made under safeguards if deemed necessary. Wire such verification to the following address:

Chief
 Alien Enemy Control Section A-BR/A
 Department of State
 Washington, D.C.

- (7) Execute and distribute Form G-35.

4. A departure permit or waiver thereof is not required in the case of an alien departing from the United States under the provisions of this OI.

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By 73 NARA Date 2/15/00
RG 131
Entry AC Gen
File Dept of Justice
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ADDRESS REPLY TO
"THE ATTORNEY GENERAL"
AND REFER TO
INITIALS AND NUMBER

HLJ:a1

9-21-0

DEPARTMENT OF JUSTICE

WASHINGTON 25, D. C. ✓

January 29, 1945.

FILED AUTHORITY
RECORDS FILES

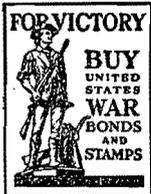
ANS. REQ. ✓
SOCIAL. 2/24/45
DATE Feb. 6, 1945

I. G. Alk, Esq.,
General Counsel,
Foreign Funds Control,
Treasury Department,
Washington, D. C.

Dear Mr. Alk:

Some time ago at a conference in this Department you requested copies of all opinions which the Attorney General has rendered to the Alien Property Custodian. I have just had a set made up and enclose them for your use. They consist of the following:

<u>Date of opinion</u>	<u>Subject Matter</u>
November 10, 1943	The authority of the Custodian to enter into contracts containing warranties, express or implied.
November 17, 1943	The authority of the Custodian to enter into a compromise agreement with the manager of Kiyono Nurseries, who claims to have an interest in the vested property.
" 25, "	The authority of the Custodian to sell vested property (1) where the former owner was, at the time of vesting, and is now interned; and (2) where claim for the return of the property has been filed with but not yet disposed of by the Custodian.
" 24, "	Whether the Custodian is subject to the Civil Service Act and the rules and regulations promulgated thereunder in connection with the employment of persons to operate and carry on vested enterprises.
December 22, "	The authority of the Custodian to pay debt claims asserted by creditors of the former owners of vested property.



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Authority 968/03	Entry AC Gen
By 75 NARA Date 2/15/00	File Dept of Justice
	Box 454

-2-

Date of opinionSubject Matter

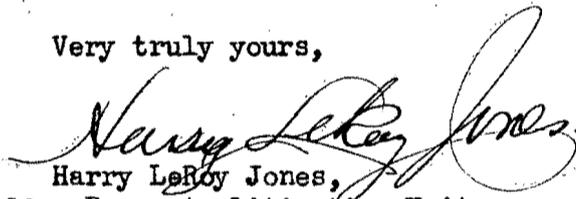
April 8, 1944

The authority of the Custodian to pay pre-vesting and post-vesting taxes.

November 28, 1944

The authority of the Custodian to enter into agreements whereby, without depriving licensees under vested patents of their exclusive rights, he relieves them of the obligation to pay royalties, including those accrued but unpaid, under patents that are used in manufacturing products for the United States.

Very truly yours,



Harry Leroy Jones,
Chief, Alien Property Litigation Unit.

Enclosures.

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Entry AC Gen
File Dept of Justice
Box 459

DEPARTMENT OF JUSTICE, BUREAU OF PRISONS

November 8, 1941

SUPPLEMENT NO. 1 TO BULLETIN NO. 562

TO ALL FEDERAL PENAL AND CORRECTIONAL INSTITUTIONS

PAYMENTS TO FOREIGN COUNTRIES OR NATIONAL TELEGRAPH

1. The following questions have been raised relative to the subject of Bulletin No. 562 dated October 27, 1941:

- (a) Does the Executive Order prohibiting payments to foreign nationals include the personal funds of inmates.
- (b) May inmates who are also foreign nationals pay fines.
- (c) May they purchase commissary coupon books.
- (d) If personal funds may not be paid to foreign nationals, what disposition should be made of those funds.
- (e) In case their personal funds cannot be paid foreign nationals at release, may a cash gratuity be paid them.
- (f) Should the nationality of contractors operating as individuals be determined prior to payment.

The matter was discussed with representatives of the Foreign Funds Control Section, Treasury Department, and the following information was given by that organization which is promulgated for your guidance.

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Authority No 968103	Entry #Cohen
By 73 NASA Date 2/15/00	File Dept of Justice
	Box 454

DEPARTMENT OF JUSTICE, BUREAU OF PRISONS

November 8, 1941

SUPPLEMENT NO. 1 TO BULLETIN NO. 562

TO ALL FEDERAL PENAL AND CORRECTIONAL INSTITUTIONS

PAYMENTS TO FOREIGN COUNTRIES OR NATIONAL THEREOF

1. The following questions have been raised relative to the subject of Bulletin No. 562 dated October 27, 1941:

- (a) Does the Executive Order prohibiting payments to foreign nationals include the personal funds of inmates.
- (b) May inmates who are also foreign nationals pay fines.
- (c) May they purchase commissary coupon books.
- (d) If personal funds may not be paid to foreign nationals, what disposition should be made of those funds.
- (e) In case their personal funds cannot be paid foreign nationals at release, may a cash gratuity be paid them.
- (f) Should the nationality of contractors operating as individuals be determined prior to payment.

The matter was discussed with representatives of the Foreign Funds Control Section, Treasury Department, and the following information was given by that organization which is promulgated for your guidance.

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Box 454

- 2 -

2. The Executive Order does apply to inmates personal funds in the Prisoners' Trust Fund, subject, however, to the following conditions.

3. The Executive Order prohibiting payments to nationals of the foreign countries listed in Bulletin No. 562, does not apply to any nationals of those countries who had entered the United States upon the authority of proper visas on or before the effective date of the Executive Order. In this connection the Executive Order became effective for the respective countries on the dates listed below:

April 8, 1940
May 10, 1940

June 17, 1940
July 10, 1940
October 9, 1940
March 4, 1941
March 13, 1941
March 24, 1941
April 28, 1941
June 14, 1941

Norway and Denmark
The Netherlands,
Belgium and
Luxembourg
France
Latvia, Estonia and Lithuania
Rumania
Bulgaria
Hungary
Yugoslavia
Greece
Albania
Andorra
Austria
Czechoslovakia
Danzig
Finland
Germany
Italy
Liechtenstein
Poland
Portugal
San Marino
Spain
Sweden
Switzerland
Union of Soviet Socialist Republics
China and
Japan

314776

DECLASSIFIED	RG 131
Authority 968103	Entry AC Gen
By TJ NARA Date 2/15/00	File Dept of Justice
	Box 454

- 3 -

4. Nationals of the foreign countries listed may be permitted to pay from their personal funds in the Prisoners' Trust Fund fines imposed by the United States or any State or sub-division thereof.

5. Nationals may be permitted to expend for their personal use any amount up to \$100 per month. This provision would cover the withdrawal of coupon books in accordance with the commissary regulations.

6. If the amount due a prisoner at release is not more than \$500, the full amount may be paid him at release. Should any amount in excess of \$500 be due a prisoner who is also a national of one of the countries listed, the matter should be referred to this office for presentation to the Treasury Department for a decision as to what disposition should be made of the funds. In submitting any such cases which may arise, it is requested that a full report giving (a) the name of the prisoner, (b) the country of which he is a citizen, (c) the amount due him, (d) the source of receipt of those funds, and (e) any other pertinent facts, together with recommendation as to whether the funds should be paid the released prisoner.

7. If the amount due a prisoner in the Prisoners' Trust Fund were more than \$500, he would not ordinarily, under our regulations, be entitled to any cash gratuity, and since it will be necessary to submit such cases to the Treasury Department for decision relative to the disposition to be made of such funds, the question of whether a cash gratuity shall be paid should also be presented at the same time.

314777

DECLASSIFIED	RG 131
No 968103	Entry AC Gen
Authority	Cur
By 73 NARA Date 2/15/00	File Dept of Justice

- 2 -

8. It may reasonably be assumed that contractors operating as individuals within the United States are not nationals of the foreign countries listed in the Executive Order and no investigations prior to payment of vouchers should be necessary unless the certifying officer has information, or otherwise has reason to believe that the contractor is a national of some foreign country subject to the provisions of the Executive Order.

9. It is believed the foregoing answers most questions which may arise, but should there be any further questions regarding the matter they should be referred to this office for our consideration.

JAMES V. BENNETT

Director

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 RG 131
 Entry ATC Gen
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 File Foreign Freight
 Box 133

MEMORANDUM

August 16, 1942

Certain questions have been raised concerning the vigor and adequacy with which investigations of shipping agencies have been carried on by the Foreign Funds Control. The purpose of this memorandum is to present the program of investigation now in process.

Early in the spring of 1942 it became increasingly apparent that BEW and PFC had common problems on which it would be desirable to operate jointly in order to utilize our joint experience and information and to obtain through cooperative effort better results than could be achieved by either agency operating independently.

One of the most pressing common problems before BEW and PFC seemed to be the shipping situation, particularly with reference to freight forwarders. This was accentuated by certain information found in the Topken and Farley investigation which was taking place April 21 to May 5, 1942, while these exploratory conversations were being held with BEW. In the investigation of Topken and Farley, counsel for the German Consulate in New York City, (which was conducted by Messrs. Frootor and Fulda and Miss Haniel of the Office of the General Counsel) correspondence was found on the letterhead of German Schenker to the effect that German Schenker was owned by the Reichsbahn, the German state railway system, and that a purported sale of the New York Schenker was not bona fide, and that beneficial ownership remained in German Schenker. It was further disclosed that certain personnel, in

314779

DECLASSIFIED
 Authority 968103
 By T3 NARA Date 2/15/00

RG 131
 Entry APC Gen
 Cur
 File Foreign Freight
 Box 133

- 2 -

particular Mr. Lorenz and Mr. Lang, were special confidence men of the Berlin office of Schenker. The correspondence further reveals that one Draeger, a naturalized American citizen, was chosen as president of Schenker Company in 1949 to provide protective coloration by having an American as president.

This information confirmed certain rumors which had been brought to our attention concerning Draeger Shipping Company and its relation to Schenker which had never been substantiated. In addition, certain information is available concerning Phoenix Shipping Company, Inc., American Union Transport Company, Rospeke and Otto, Inc., Balkan-American Trading Company, Montan Export, Inc., Bluefrisk-New York, Inc., Gondrand Shipping Company, Rohner-Gehrig and Company, Inc., Victory Shipping Company, Internaritime Forwarding Company, Inc., and Lansen Knave. Although the need for an investigation of the shipping agencies has long been recognized, the analysis of information at this time provided a basis on which we could proceed in developing an investigative program.

The following is a report of the progress of this program:

1. The Draeger Shipping Company

Frederick Draeger, president and sole stockholder of Draeger Shipping Company, was an American citizen of German descent, naturalized in 1898. In view of this fact, proceeding on unsubstantiated rumors of the association of Draeger and Schenker was deemed inadvisable until sufficient basis of fact was obtained for vigorous action against Draeger Shipping Company.

314780

DECLASSIFIED

Authority 968103

By TS NARA Date 2/15/00

RG 131
Entry APC Gen
Cur
File Foreign Freight
Box 133

- 5 -

The report of the Topkon and Farley investigation completed late in May 1942, disclosing the facts described above with respect to Draeger Shipping Company, provided a justification for blocking this enterprise. Past experience has demonstrated that blocking alone in a case of this type without adequate supervision and investigation as soon as possible is ineffectual. Accordingly, Draeger Shipping Company was blocked on June 24, 1942, and simultaneously a supervisor and two assistants, together with seven guards, were installed in the enterprise with explicit instructions as to their duties. On July 8 a member of the Office of the General Counsel (Mr. Fulda) in conjunction with men from the Field Investigative Staff commenced an investigation.

The investigation proceeded with a careful examination of all files, books of account, and other records. Mr. Fulda, who is thoroughly conversant with the German language, examined German correspondence and records. As is customary in such investigations, no attempt was made at this time to interrogate personnel, such interrogation being postponed until the examination of the records should have indicated the lines such interrogations should follow.

Certain evidence in the files indicated the existence of a contract which was the key to the relationship between Draeger Shipping Company and Schenker. The contract itself could not be found. Mr. Draeger denied its existence after prolonged interrogation. In a subsequent interrogation he admitted the existence of the contract

314781

DECLASSIFIED	RG 131
Authority 968103	Entry APC Gen CUR
By 75 NARA Date 2/15/00	File Foreign Freight
	Box 133

and gave evidence as to its terms. In the meantime the contract was obtained in London through the cooperation of the British authorities. This vital piece of evidence reached our hands on September 11, 1942.

The investigation of the Draeger Shipping Company has included a thorough investigation of its 59 officers and employees. Each officer and employee was required to answer a detailed questionnaire, and, in addition, each officer and employee was interrogated. A statement of each interrogation was prepared, signed, and sworn to. Six of the officers and employees who were interrogated appeared questionable.

In the course of this investigation it became apparent that not only BEW and Treasury were interested in this enterprise. We have been collaborating with and have furnished information to the Departments of State and Justice, the APC, and the ONI. To illustrate the extent of this collaboration, the interrogations of Mr. Draeger were conducted by the Treasury and BEW in the presence of representatives of the APC and the British Embassy. In addition we have undertaken discussions with the British authorities who feel that it is essential that their action with reference to the affiliated enterprise in Great Britain, Gerhard and Hey, and our action should be closely coordinated.

On the basis of our present information we expect to recommend that the Draeger Shipping Company be compelled to liquidate. At that time we will explore further the problems attendant upon the release of the Draeger Shipping Company personnel from their present employment. Information of interest to law enforcement agencies will, of course, be made available to them immediately in accordance with the general policy of collaboration which we pursue with respect to investigations. It is quite conceivable that in some cases the facts may not justify criminal action but may be of interest

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Authority	NND 968103
By	TJ NARA Date 2/15/00

RG	131
Entry	APC Gen Cur
File	Foreign Freight
Box	133

- 5 -

to such agencies as the Coast Guard, which issues permits enabling persons to go within dock areas, and the Eastern Defense Command, which issues permits enabling persons to enter 1176 recently defined restricted areas. Solutions to these problems cannot be stated at the present time but must attend full development of the facts.

✓ 2. Phoenix Shipping Company, Inc.

In October 1941, Mr. Klaus in a memorandum recommended that we block Phoenix Shipping Company. There was not sufficient evidence to justify this action at that time. However, immediately after the declaration of war on Germany, we took blocking action with respect to all persons about whom we had had any suspicions. Among these persons was Phoenix Shipping Company which was blocked on December 18, 1941.

We did not investigate this company at that time. The investigative program was then in its infancy. The first investigation, that of General Inline and Film, was launched during the week following the declaration of war. However, in the spring of this year when we formulated our program with respect to investigation of shipping companies, Phoenix Shipping Company became a subject of our consideration.

There is strong evidence that:

- (1) this enterprise is owned in Germany;
- (2) it had relations with a South American forwarding company on the Proclaimed List which had the same name and similar ownership; and
- (3) it had relationships with other South American freight forwarding enterprises which are German owned.

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DECLASSIFIED

Authority NND 968103By TJ NARA Date 2/15/00RG 131
Entry ATC Gen
File Foreign Freight
Box 133

- 6 -

These facts indicated that this enterprise should be the subject of the next investigation. The investigation, which started on September 10, points definitely to an agreement similar to that in the Draeger case between Phoenix Shipping Company, New York, and Max Gruenhut, Hamburg.

3. The Holzer companies:

American Union Transport Company
Reupke and Otto, Inc.
Balkan-American Trading Corporation
Montan Export, Inc.

*Blum r. Pipped
Continam*

These companies were blocked July 20 pursuant to a memorandum written by the General Counsel's office.

Holzer and his companies were blocked primarily because he was a former manager of German Schenker, from which position he was discharged in 1933 after the advent of Hitler, presumably because of the fact that he is Jewish. He is a naturalized citizen of the United States and established himself in the shipping business. There is evidence that his discharge from the Schenker Company was genuine. In the contract between Draeger and Schenker, an option was given by Draeger to Schenker, Germany, to purchase all of the shares in Draeger Shipping Company in the event that Draeger would sell. It is stated that the purpose of this clause was to prevent Holzer from possible purchase of the shares of Draeger, thereby assuming control of Schenker, New York, under the terms of the afore-mentioned contract between Draeger and Schenker. Other collateral information in our files tends to support the bona fides of this severance.

314783

DECLASSIFIED
 Authority 968/03
 By TJ NARA Date 2/15/00

RG 131
 Entry AC Gen
 File Foreign Freight
 Box 133

- 7 -

Holzer has made available to governmental agencies the benefits of his knowledge with respect to the German transportation industries. At the instance of Treasury Department representatives, Holzer came to Washington and talked for two days with representatives of HEW and the War Department. Thereafter the War Department requested that Holzer answer specific questions concerning the German transportation industries.

It has been felt that investigation of these enterprises should be delayed pending disposal of more urgent cases described above.

4. Bluefrics-New York, Inc.

The Committee on Investigations on September 11 authorized a thorough investigation of Bluefrics, based upon questionable manipulation of corporate funds of American Bluefrics (Dutch) in the organization of Bluefrics-New York in 1940.

5. Gendrand Shipping Company, Inc.

Forty percent of the stock of this corporation is held in Swiss hands. It is, therefore, blocked by definition. Frederick Draeger of Draeger Shipping Company has advised investigators that Gendrand Shipping Company is completely controlled by Italian nationals. There is some evidence that Draeger may be correct in his statement. However, until we have substantiated this fact by field investigation, no action is contemplated in the way of blocking this company as Italian.

6. Reimer-Gehrig & Company
 Victory Shipping Company
 Inter-maritime Forwarding Company, Inc.
 Lansen Reeve

These companies appear to bear investigation. At this writing

314784

DECLASSIFIED
 Authority 968103
 By TJ NARA Date 2/15/00

RG 131
 Entry ATC Gen
 File Foreign Freight
 Box 133

- 8 -

sufficient information warranting extensive investigation has not been gathered. It was considered that in as much as considerable material was available on Phoenix Shipping Company an investigation of that company be started. In the meantime we are proceeding to assemble all available information with respect to the afore-mentioned four companies.

✓ 7. Jarra Corporation

Jarra Corporation has subsidiaries in Pennsylvania, Maryland, Massachusetts, Virginia, Canada, and the Great Lakes area. It has one affiliate, the Mercur Corporation, and the Brooklyn Intercoastal Terminals and the Steamship Operating Corporation are possibly affiliates. All of these corporations are engaged in stevedoring and related waterfront activities. It is undoubtedly true that the normal operations of these businesses place their employees in advantageous positions for the gathering of information concerning ship movements. It is submitted, however, that this is not a Treasury problem. Numerous investigations of the Jarra enterprises have been undertaken by the Office of Naval Intelligence, the Military Intelligence Division, and the Federal Bureau of Investigation. These investigations make it perfectly obvious that the ownership and control of these enterprises is American. In consequence, it is difficult to perceive any FPC interest. It is not considered to be within the province of FPC to examine into possibilities of espionage along the waterfronts of all east coast ports and the Great Lakes.

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NND 968103
Authority
By 75 NARA Date 2/15/00RG 131
Entry APC Gen
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File Foreign Freight
Box 133

- 9 -

In this connection, we should like to point out that our concept of the function of business enterprise control and investigation under section 5(b), as amended, and the Executive Order, has as its primary objective the extirpation of any form of domination or control, direct or indirect, of a business enterprise in this country by Axis nationals. This necessarily involves our taking cognizance of evidences of subversive activity on the part of individuals, but simply as a means to an end. Such activity is only one indicium of the existence of domination or control. We believe, as a function of economic warfare, that the Foreign Funds Control should attempt in every case to cover any connections, including both contracts and personnel, which would tend to perpetuate such domination or control. Furthermore, in an appropriate case, we feel that action should be taken to utilize such enterprises as affirmative instruments of economic warfare on behalf of the United Nations.

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Authority 968103

By TJ NARA Date 2/15/00

RG 131
Entry APC Gen
Cur
File Foreign Exchange
Box 133

**Index to Decrees on Foreign Property Control,
Trading with the Enemy and Treatment of Enemy
Nationals.**

Approval of the text of Law of War. (Royal Decree of July 8, 1938, No. 1415.)

Treatment of enemy nationals, enemy property and economic relations with the enemy. (Title 5, Law of War.)

Supervision, sequestration and liquidation of enemy commercial or industrial enterprises. (Royal Decree of June 28, 1940, No. 756.)

Regulations regarding property in Italy belonging to nationals of the United States of America. (Royal Decree of June 17, 1941, No. 404.)

New regulations relative to property of nationals of the United States. (Royal Decree of June 23, 1941, No. 608.)

Supplementary rules and regulations regarding property of U. S. nationals. (Royal Decree of July 10, 1941, No. 619.)

Supplementary regulation regarding property of U. S. nationals. (Royal Decree of December 27, 1941, No. 1424.)

Conversion into law, with modifications, of rules regarding property of U. S. nationals. (Law of February 9, 1942, No. 379.)

Modification of regulations regarding enemy commercial and industrial organizations. (Law of July 17, 1942, No. 1100.)

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Authority 968103By TS NASA Date 2/15/00RG 131
Entry FC Gen
File Foreign Exchange
Box 133Index to Foreign Exchange Decrees.

(Listed in the order in which they appear in this appendix.)

PRELIMINARIES

(General statement of controls prepared by Bank for International Settlements.)

GENERAL MEASURES

Authorizing the Minister of Finance to issue regulations restricting dealings in foreign exchange. (Royal Decree of September 29, 1931, No. 1207.)

Regulations governing operations in foreign exchange. (Ministerial Decree of May 26, 1934.)

Obligatory surrender of credits derived from exports. (Ministerial Decree of December 8, 1934.)

Amendment to Article 6 of Ministerial Decree of December 8, 1934.

CONTROL INSTITUTIONS

Establishment of a department to control foreign exchange. (Royal Decree of May 20, 1935, No. 654.)

Institution of an Undersecretariat of State for Trade and Foreign Exchange. (Royal Decree of December 29, 1935, No. 2186.)

Approval of the statute of the National Institute for Foreign Exchange. (Ministerial Decrees of June 23, 1936, March 25, 1937 and February 14, 1939.)

Elevation to a Ministry of the Undersecretariat of State for Foreign Trade and Exchange and regulations concerning the powers of the new Ministry. (Royal Decrees of November 20, 1937, No. 1928 and March 14, 1938, No. 649.)

Reorganization of the services of the Minister for Foreign Trade and Exchange. (Royal Decree of December 22, 1939, No. 1908.)

Authorization to banking institutions to act as agents of the Bank of Italy. (Ministerial Decree of January 1, 1942.)

CURRENCY

Modifications to Ministerial Decree of May 26, 1934, concerning import and export of currency. (Ministerial Decree of December 15, 1934.)

314788

DECLASSIFIED	RG 131
Authority 968103	Entry #C Gen Cur
By 75 NARA Date 2/15/00	File Foreign Exchange
	Box 133

- 2 -

CURRENCY (Cont'd.)

Measures regarding the return of Bank notes or State notes from abroad. (Ministerial Decree of October 3, 1935.)

Rules for the importation of Bank notes, checks and drafts. (Ministerial Decree of November 16, 1935.)

Exportation and re-importation of Bank notes. (Inter-ministerial Decree of May 25, 1936.)

New rules for the export and import of Bank notes and securities drawn in lire. (Ministerial Decree of October 30, 1939.)

Amendment to rules for export and import of Bank notes. (Ministerial Decree of October 26, 1941.)

SURRENDER OF SECURITIES

Regulations concerning the declaration of the ownership of foreign securities. (Ministerial Decree of December 8, 1934.)

Provisions regarding the transfer of foreign currencies and declaration of foreign securities. (Royal Decree of December 8, 1934, No. 1942.)

Obligation for Italian citizens to report changes in holdings in foreign credits and foreign exchanges. (Royal Decree of January 17, 1935, No. 1.)

Obligatory surrender of foreign credits and obligatory conversion into Treasury notes of foreign securities. (Royal Decree of August 28, 1935, No. 1614.)

Conversion into law of Royal Decrees of December 8, 1934, No. 1942 and January 17, 1935, No. 1, with modifications. (Law of January 9, 1936, No. 103.)

Rules for the surrender of foreign credits and securities. (Royal Decree of December 28, 1936, No. 2197.)

Requirements that mortgage institutions surrender foreign credits to Istituzi. (Ministerial Decree of March 3, 1939.)

IMPORTS AND EXPORTS

Measures for the facilitations of foreign credit transactions. (Royal Decree of June 20, 1935, No. 2573.)

Regulations regarding the financing of credits derived from export transactions. (Royal Decree of January 11, 1937, No. 1.)

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 Authority 968/03
 By TJ NARA Date 2/15/00

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 Box 133

- 3 -

IMPORTS AND EXPORTS (Cont'd.)

Export prohibitions. (Ministerial Decree of October 3, 1939.)

Import system from January 1, 1940. (Ministerial Decree of December 28, 1939.)

New export system. (Ministerial Decree of July 15, 1940.)

GOLD AND SILVER

Prohibition against the export of silver. (Ministerial Decree of May 7, 1935.)

Control of gold transactions. (Royal Decree of November 14, 1935, No. 1935.)

Prohibitions against the transfer and export of platinum, gold, silver, pearls and precious stones. (Royal Decree of September 3, 1941, No. 822.)

MISCELLANEOUS

Payment of imports originating from countries which have adopted restrictive measures regarding Italian merchandise. (Ministerial Decree of November 20, 1935.)

Provisions to encourage the tourist trade. (Royal Decree of March 20, 1936, No. 418.)

Rules regarding violations of foreign exchange laws. (Royal Decree of December 5, 1938, No. 1928.)

Provisions for the transfer of savings of emigrants or repatriates. (Law of May 15, 1939, No. 764.)

Penal measures for foreign exchange violations. (Law of July 28, 1939, No. 1097.)

Regulations on foreign exchange traffic between Italy and Albania. (Interministerial Decree of September 25, 1939.)

Condonation of fines with respect to violations of foreign exchange regulations. (Royal Decree of December 14, 1939, No. 1915.)

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Authority 968703

By TJ NARA Date 2/15/00

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July 25, 1940.

INSTRUCTIONS TO ALL FEDERAL RESERVE BANKS:

- (1) Reference is made to the July 25, 1940 amendment to Executive Order No. 8389, as amended, and to General License No. 25 issued thereunder, copies of which already have been mailed to you.
- (2) There are being forwarded to you copies of application Form TFE-2 to be used in connection with application for the attachment of Form TFEL-2 to a security of the type referred to in section 13A(1) of Executive Order No. 8389, as amended. Copies of this application form should be available for distribution to all interested persons. You are authorized to request applicants to file under oath with the application, any additional information which you deem appropriate.
- (3) You will note that Form TFE-2 authorizes you, as fiscal agent of the United States, to require any securities, with respect to which an application is filed, to be delivered to you for examination and identification. Such authority should be freely used by you in passing on applications. You will also note that such form requests the attachment of Treasury Department Form TFEL-2 to the securities involved. By reason of the provisions of General License No. 25, the attachment of such form to a security permits dealings therein without a special license under section 13A(1) of the amended Order.
- (4) If and when you are fully satisfied that:
- (a) no foreign country designated in Executive Order No. 8389, as amended, or any national thereof, has at any time, on or since the dates specified in such Order, had any interest of any nature whatsoever, direct or indirect, in the securities involved;
 - (b) the securities are being, or will be, held in a bank or trust company incorporated under the laws of the United States or of any state, territory or district of the United States, or in a private bank subject to supervision and examination under the banking law of any state, in an account from which payments, transfers, or withdrawals may be made only under a license issued pursuant to Executive Order No. 8389, as amended;
 - (c) the securities were, prior to July 26, 1940, transferred pursuant to a general or special license from an account from which payments, transfers, or withdrawals may be made only under a license issued pursuant to Executive Order No. 8389, as amended;

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DECLASSIFIED

Authority 968103By TJ NARA Date 2/15/00RG 131Entry AC GenFile Foreign ExchangeBox 133

- 2 -

(d) the present owner of the securities: (1) acquired such securities prior to July 26, 1940, paying the market value therefor and having no knowledge or reasonable cause to believe that any foreign country designated in Executive Order No. 8389, as amended, or any national thereof, had at any time, on or since the dates specified in such Order, any interest of any nature whatsoever, direct or indirect, in such securities; (2) such owner, in good faith, has furnished the information required in Form TFE-2 to the best of his knowledge and ability, and you are also satisfied that such owner has complied with, and will cooperate in the enforcement of, the provisions of such Order; or

(e) the securities of necessity fall within the types described in (a), (b), (c) or (d) although a determination as to their precise category is not practicable;

you shall, under appropriate arrangements, attach Form TFEI-2 thereto. Prior to attaching such form, you should make certain that the description contained in item B of Form TFE-2 is complete and conforms in all respects with the securities involved. Any corrections or additions to any description in item B should be made by, or under the direction of, the applicant. In any case in which a security bears a stamp, seal or other mark not lending itself to precise description, a photostat of such mark shall be made at the expense of the applicant and retained by you. After Form TFEI-2 has been attached by you, such securities may be dealt in pursuant to the terms of General License No. 25.

(5) When the applicant acknowledges, or when you are otherwise satisfied that any foreign country designated in Executive Order No. 8389, as amended, or any national thereof, except under the circumstances set forth under paragraph 4 above, has, at any time, on or since the dates specified in such Order, as amended, had any interest of any nature whatsoever, direct or indirect, in any security for which an application on Form TFE-2 has been filed, you should advise the applicant that Form TFEI-2 will be attached if and when such security is placed, or arrangements have been made to place such security, in a bank or trust company incorporated under the laws of the United States or of any state, territory or district of the United States, or in a private bank subject to supervision and examination under the banking law of any state, in an account from which payments, transfers, or withdrawals may be made only under a license issued pursuant to Executive Order No. 8389, as amended. You may attach Form TFEI-2 to such security when you are satisfied that the foregoing has been complied with. Such accounts are to be treated in all respects in the same manner as any other accounts subject to the provisions of Executive Order No. 8389, as amended; and the authority heretofore conferred upon you to issue licenses with respect to accounts subject to the provisions of such Order, are hereby extended to the issuance of licenses respecting accounts herein referred to.

314792

DECLASSIFIED
 Authority 968103
 By 73 NARA Date 2/15/00

RG 131
 Entry AC Gen
 File Foreign Exchange
 Box 133

- 3 -

(6) When you are in doubt as to whether any foreign country designated in Executive Order No. 8389, as amended, or any national thereof, except under the circumstances set forth under paragraph 4 above, has, at any time, on or since the dates specified in such Order, as amended, had any interest of any nature whatsoever, direct or indirect, in any such security, you should so advise the applicant and instruct him that further information will be required; and, pending the receipt of satisfactory evidence, Form TFEL-2 will not be attached to such security unless he first complies with the conditions set forth in the fifth paragraph.

(7) Moreover, Form TFEL-2 should likewise be attached to any security forwarded to you under General Ruling No. 5 which also falls within the class of securities referred to in section 13A(1) of Executive Order No. 8389, as amended. Such form should be attached at, but not prior to, the time such security is released pursuant to our instructions of June 7, 1940, or under license pursuant to our instructions of June 13, 1940.

(8) Form TFEL-2 which will be attached to securities under the circumstances described above, and instructions respecting its use, will be forwarded to you in the near future.

(9) Applications by any banking institution of a type not included in (b) of paragraph 4 above for the privileges conferred on banks of such latter type, accompanied by the recommendation of any Federal Reserve Bank that it is fully satisfied that such banking institution will comply with, and will cooperate in the enforcement of, the provisions of Executive Order No. 8389, as amended, will be given full consideration by the Treasury Department.

(10) It is not contemplated, in the absence of unusual circumstances, that special licenses will be granted authorizing the acquisition by, or transfer to, any person within the United States of any interest in any security, if the attendant circumstances disclose or indicate that the security is not physically situated within the United States. If you should receive any inquiries relative to any such acquisition or transfer, you should forward such inquiries to the Secretary of the Treasury.

(11) Any person having any question as to whether a particular transaction is permitted only under license should forward his inquiry with a statement of all appropriate facts and circumstances either to you or to the Secretary of the Treasury, Washington, D. C. Your cooperation in answering such inquiries and forwarding to the Secretary of the Treasury any inquiries which you are unable to answer will be greatly appreciated.

Paul Bell
 Acting Secretary of the Treasury.

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Authority NND 968103
By TJ NARA Date 2/15/00RG 131
Entry APC Gen
File Foreign Exchange
Box 133

August 8, 1940.

INSTRUCTIONS TO ALL FEDERAL RESERVE BANKS:

(1) Reference is made to General Ruling No. 6 issued under Executive Order No. 8389, as amended, copies of which have been forwarded to you.

(2) This new ruling supplements General Ruling No. 5. It is believed that, with the cooperation of the banking institutions in your district, it will be possible under this new ruling for you to avoid the retention of actual custody of securities forwarded to you under General Ruling No. 5 until a final determination of their origin has been made, and that instead, the institutions referred to in such new ruling may be given custody of such securities or their proceeds pending such determination.

(3) You will be supplied in the near future with the receipt form referred to in Paragraph (3) General Ruling No. 6.

(4) Applications by any banking institution, not a bank or trust company incorporated under the laws of the United States or of any state, territory or district of the United States, or a private bank subject to supervision and examination under the banking laws of any state, for the authorization referred to in the first paragraph of General Ruling No. 6, accompanied by the recommendation of any

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Authority 968103By TJ NARA Date 2/15/00

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- 2 -

Federal Reserve Bank that it is fully satisfied that such banking institution will comply with, and will cooperate in the enforcement of, the provisions of Executive Order No. 8389, as amended, will be given full consideration by the Treasury Department.

(5) It is intended that hereafter the procedure set out in General Ruling No. 6 will be employed in lieu of the instructions of June 13, 1940. You may release, or authorize the release of, securities held by you or the contents of any account "blocked" by reason of General Ruling No. 5, as supplemented, whenever you are fully satisfied that no foreign country designated in Executive Order No. 8389, as amended, or any national thereof, has, at any time, on or since the dates specified in such Order, as amended, had any interest of any nature whatsoever, direct or indirect, in such security or in such account. In making such determination you should be guided by the provisions contained in the instructions of June 7, 1940 on this subject.

(6) The authority heretofore or hereafter conferred upon you to issue licenses with respect to accounts subject to the provisions of Executive Order No. 8389, as amended, is hereby extended to the issuance of licenses respecting any account "blocked" by reason of General Ruling No. 5, as supplemented, or any instructions or licenses issued thereunder.

J. O. Chambulun
Assistant to the Secretary.

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Authority 968103By 75 NARA Date 2/15/00RG 131Entry ATC Gen
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CONTINGENT EXPENSES

SEPTEMBER 25, 1940.

TO THE PRESIDENTS OF ALL
FEDERAL RESERVE BANKS:

THE SECRETARY HAS DESIGNATED JOHN W. PEHLE ASSISTANT TO THE SECRETARY AND THE SECRETARY, WITH THE APPROVAL OF THE PRESIDENT, HAS DELEGATED TO MR. PEHLE ALL AUTHORITY, DUTIES AND FUNCTIONS WHICH THE SECRETARY IS AUTHORIZED OR REQUIRED TO EXERCISE OR PERFORM UNDER SECTION 5(b) OF THE ACT OF OCTOBER 6, 1917, AS AMENDED, AND PROCLAMATIONS, ORDERS, REGULATIONS AND RULINGS THAT HAVE BEEN OR MAY BE ISSUED THEREUNDER. ACCORDINGLY, IN ADDITION TO THE SECRETARY AND ACTING SECRETARY, MR. PEHLE IS FULLY AUTHORIZED TO SIGN LICENSES, TELEGRAMS, LETTERS, INSTRUCTIONS, RULINGS, AND OTHER DOCUMENTS AND COMMUNICATIONS IN CONNECTION WITH THE ADMINISTRATION OF EXECUTIVE ORDER NO. 8389, AS AMENDED.

H. MORGENTHAU, JR.

SECRETARY OF THE TREASURY.

Doc J BB 9.10.74 Jm

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Authority: *NND 968103*
By: *TJ* NARA Date: *2/15/00*

RG *131*
Entry *AC Gen*
File *Foreign Exchange*
Box *133*

STANDARD FORM NO. 14
APPROVED BY THE PRESIDENT
MARCH 10, 1928

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

FROM	FL IGN FUNDS CONTROL
BUREAU	200/10120
CHG. APPROPRIATION	Salaries and Expenses
	Foreign Exchange Control 1940 and 1941

TO THE PRESIDENTS OF ALL
FEDERAL RESERVE BANKS

NOV 6 1940

IT IS THE VIEW OF THIS DEPARTMENT THAT ANY ONE IN THE UNITED STATES ON A VISITOR'S OR TEMPORARY VISA MAY NOT BE SAID TO BE DOMICILED IN THE UNITED STATES WITHIN THE MEANING OF EXECUTIVE ORDER NO. 8389 OF APRIL 10, 1940, AS AMENDED.

(Initialed) J.W.P.

J. W. Pehle
Assistant to the Secretary

I cleared this with [unclear]

Cleared with Mr. [unclear] Secretary of the Immigration Bureau, Dept of Justice + Mr. [unclear] State 11/8/46

WJ 187 BB

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 NND
 Authority 968103
 By 73 NARA Date 2/15/00

 RG 131
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 File Foreign Exchange
 Box 133

NOV 15 1940

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS:

Your attention is directed to airtel October 10 which revokes that portion of airtel April 10 which reads: "You are hereby authorized to grant licenses covering foreign exchange transactions, transfers of credit, payments, and the export or withdrawal from the United States and earmarking of gold and silver coin and bullion and currency in cases which you are satisfied cover normal commercial and business requirements or reasonable travelling and any other personal requirements, and which do not exceed \$1,000 in amount in any one month for any one applicant." and that portion of airtel May 10 which amends the above to include: "and the transfers, withdrawals or exportations of, and dealings in evidences of indebtedness and evidences of ownership"

(Initialed) J.W.Fd



EKA:HE:vim 11/7/40

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DECLASSIFIED
NND 968103
Authority
By TS NARA Date 2/15/00

RG 131
Entry #C Gen Cur
File Foreign Exchange
Box 133

18 JUN 1945

TO THE PRESIDENTS OF ALL OF THE FEDERAL RESERVE BANKS:

You are hereby authorized to release all foreign currencies held by you pursuant to General Ruling No. 5 or which is held by domestic banks in General Ruling No. 6 accounts, irrespective of the fact that an application may or may not have been filed for its release, and notwithstanding the fact that a national of a blocked country may have an interest therein; provided, however, you are not on notice of any unusual or suspicious circumstances in connection with the importation of the currency into the United States or that the currency has been the subject of a false declaration.

You are requested to report immediately to this office, for the attention of Unit 243, any foreign currency which you do not release pursuant to these instructions. You are further requested to indicate to this office the serial numbers of the applications, if any, currently pending in this office or previously denied which are being handled by you under these instructions.

(Initialed) J.S.R.]

XXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX
JOHN B. RICHARDS
Chief, Licensing Division

243

RL Jones: msp 16/June/45

DECLASSIFIED

No 968103

By 75 NARA Date 2/15/00

 RG 131
 Entry AC Gen Cur
 File Foreign Exchange
 Box 133


WASHINGTON

FOREIGN FUNDS CONTROL

 In reply please
 refer to: 18667

My dear Mr. Secretary:

Reference is made to the communication from your Department of June 20, 1942 (FF 811.51/4256), transmitting a paraphrase of confidential telegram no. 726 from the American Embassy at Madrid, concerning the disposition of dollar currency held by the Foreign Exchange Institute and requesting this Department's views as to the reply to be made to such telegram.

It is suggested that the following reply be sent to the American Embassy at Madrid:

"Reference your no. 726. All United States currency emanating from Europe is deemed prima facie to be of enemy origin. You should advise Institute that the only evidence of non-enemy origin acceptable to Treasury is proof that country from which currency is imported into U. S. is cooperating with this Government by preventing importation of dollar currency from Axis controlled territory.

"For your information Treasury will not consider licensing imports of currency except after currency deposited in a Federal Reserve Bank pursuant to General Ruling No. 5, as amended. In practice Treasury is not licensing currency imports from Europe except in very unusual cases involving small amounts and is trying in every way to discourage such currency from being brought into this country."

Sincerely yours,

J. W. Pehle
 Assistant to the Secretary

FOR DEFENSE



BUY
 UNITED
 STATES
 SAVINGS
 BONDS
 AND STAMPS

The Honorable,

The Secretary of State.

314800

DECLASSIFIED

 Authority 968103
 By TJ NARA Date 2/15/00

 RG 131
 Entry AC Gen
Cur
 File For Exchange Lic's
 Box 133
Text of License

1. Remit a sufficient amount of (foreign currency) to your correspondents in (name of country) to maintain an aggregate balance not to exceed (foreign currency amount) at any time, for the purpose of making remittances under and subject to the conditions of General Licenses 32 and 33, or specific licenses.
2. Remittances to your correspondents for your credit as authorized by this license shall be acquired only in the manner prescribed in (c) under (1) of General License No. 32.
3. You may apply the (foreign currency) acquired, pursuant to this license, to your own needs only if you hold a specific license therefore, issued pursuant to the Order.
4. Repurchase (foreign currency) from your customers in cancellation and refund of remittances not effected, provided that refunds to "nationals", within the meaning of the Order, are paid to a domestic bank for credit to such "national's" blocked account.
5. You are required to file at the end of each month with the appropriate Federal Reserve Bank a report on Form TFER-1 showing aggregate balances of accounts at the beginning and end of each report period and with respect to purchases:
 - (a) A list itemizing purchases from licensed sellers indicating the amounts, names of sellers, and the numbers of relative licenses.
 - (b) A list itemizing purchases of exchange from foreign banking institutions pursuant to this license, indicating the amounts and names of such institutions.
 and with respect to sales:
 - (a) Total of remittances under General License No. 32
 - (b) Total of remittances under General License No. 33
 - (c) A list itemizing remittances made under special or other general licenses with amounts, names of purchasers and numbers of relative licenses.

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DECLASSIFIED
 Authority *968103*
 By *TJ* NARA Date *2/15/00*
 RG *131*
 Entry *AC Gen Cur*
 File For *Exchange Lic's*
 Box *123*

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE *8/2*

TO : Mr. McHugh

FROM : M. L. Bell

Re : Proposed letter to the Federal Reserve Banks regarding licenses issued permitting transfers of *✓* dollars to central bank accounts of liberated countries.

There is listed below all the countries whose central banks have been licensed to date to receive certain dollar proceeds accruing after the date the respective country was removed from General Ruling No. 11. You will note that in each case domestic banks have been authorized to debit blocked accounts of banking institutions in the particular country with the dollar proceeds described.

<u>Country</u>	<u>License</u>
France	NY 664225
Belgium	NY 686368
Luxembourg - <i>Same as Belgium</i>	NY 686368
Greece	NY 690817
Norway	NY 709174
Denmark <i>F.R.B. NY</i>	NY 713445
Netherlands <i>WCB and Guaranty</i>	NY 713607
"	NY 713575
Czechoslovakia	NY 710893

M. L. Bell

Shd be filed with letter # 86 791 + similar letters to Feds.

M. L. B.

DECLASSIFIED

 NND 968103
 Authority
 75 NARA Date 2/15/00

 RG 131
 Entry AC Gen
 Cur
 File For Exchange Lic's
 Box 133

MAR 28 1946

FOREIGN FUNDS CONTROL DEPARTMENT

FEDERAL RESERVE BANK OF NEW YORK

ATTENTION: MR. H. M. WESSEL

Reference is made to our wire dated January 29, 1946, authorizing you to issue blanket licenses pertaining to the waiver of General Ruling Nos. 5A and 11 with respect to stale checks, etc., received from China. You are hereby requested to amend such licenses to read as follows:

"Notwithstanding General Rulings Nos. 5A and 11, you are authorized to present for collection and the drawee bank to pay any check, draft, bill of exchange, promissory note, transfer order, or other payment instruction which is subject to General Ruling No. 5A solely by reason of having been within British Malaya, China, Hong Kong, or Siam, prior to September 2, 1945, provided that this license shall not be deemed to authorize,

- (a) any debit to an account in which any of the following has any interest, direct or indirect:
- (1) The Government of Germany, Italy, Japan, Bulgaria, Hungary, or Rumania, or any agent, instrumentality, or representative of any such Government;
 - (2) Any individual who is a citizen or subject to Germany, Italy, Japan, Bulgaria, Hungary, or Rumania, and who at any time on or since December 7, 1941, has been within the territory of any such country or within any other territory while it was designated as 'enemy territory' under General Ruling No. 11;
 - (3) Any partnership, association, corporation or other organization which is organized under the laws of,

*See amendment
wire 3/28/46*

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Authority 968103
By 75 NARA Date 2/15/00

RG 131
Entry AC Ben
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File For Exchange Lic's
Box 133

MAR 28 1946

or which at any time on or since December 7, 1941, has had its principal place of business in, any territory of Germany, Italy, Japan, Bulgaria, Hungary, or Rumania;

- (4) Any partnership, association, corporation or other organization, situated within any foreign country, which is a national of Germany, Italy, Japan, Bulgaria, Hungary, or Rumania by reason of the interest therein of any government or person specified in this paragraph;
- (5) Any person whose name appears on the Proclaimed List of Certain Blocked Nationals.

(b) Any debit to a blocked account in payment of an instrument in excess of \$1,000.

Transmitted by
TELETYPE
Date MAR 28 1946
Initials R.L. Jones

DISPATCH BY
DATE 3/28/46
INITIALS R.L. Jones

*Cleared with Mr. Norman
Davis of the N.Y. Fed.
3/27/46*

(Initialed) J.S.E.

ORIGINATOR OF WIRE	SECOND SIGNATURE	THIRD SIGNATURE	FOURTH SIGNATURE	FINAL ACTION
<i>R.L. Jones</i> UNIT NO. <u>240</u>	<i>C. Arnold</i> UNIT NO. <u>611</u>	UNIT NO.	UNIT NO.	<i>Flakey</i> UNIT NO. <u>400</u>

WIRE ROOM AUTHORIZATION
M. L. Howell

RLJones:JSRich:MS: COPY 3/26/46 IN FOREIGN FUNDS CONTROL

DECLASSIFIED

Authority 968103By TJ NARA Date 2/15/00

RG

131Entry AC GenFile For Exchange Lic'sBox 133

25

97442 X

AUG 8 1946

To : **Norman P. Davis**
Assistant Vice President
Federal Reserve Bank of New York ✓

From : **John S. Richards**
Acting Director ✓

Re : **Applicability of General License No. 1 to the payment of dollar checks, drafts, etc. received for collection from blocked countries.** ✓

You are aware of the inconsistency which prevails in the manner in which banks in your area and those in the San Francisco Federal Reserve District are handling checks, drafts, etc. received for collection from blocked countries. In considering the problem, it has been determined to revoke the interpretation pursuant to which banks in your area have been collecting such checks under General License No. 1 and to issue blanket licenses under which they may be collected.

Accordingly, you are authorized and requested to issue a blanket license as follows to appropriate domestic banks in your area:

"You are authorized to present for collection and the drawee banks to pay, checks, drafts, and other payment instructions which are forwarded for payment by financial institutions in Sweden, Switzerland, Spain, Portugal, Liechtenstein, and Tangier provided the proceeds thereof are credited to a blocked account with a domestic bank in the name of the financial institution for whose account the instrument is being collected.

This license shall not be deemed to authorize any debit to a blocked account."

It will be appreciated if you advise banks to whom you issue this license, and other interested persons, that checks of this nature may not be collected under General License No. 1.

*Copy in file -
General License
#1 and in file
Foreign Exchange Licenses*

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DECLASSIFIED
Authority 968103
By TJ NARA Date 2/15/00

RG 131
Entry AG Gen Cur
File For Exchange Lic's
Box 133

The issuance of this blanket license is consistent with our general policy of authorizing these transactions which, in effect, involve remittances which would have been permitted under outstanding general or blanket licenses except for the manner of effecting the remittance. In line with this policy, there is no objection to your approving specific applications for the collection of instruments of this kind which are drawn on non-enemy blocked accounts provided, of course, that the transaction would be authorized, except for the method of effecting the remittance, by outstanding general or blanket licenses. It is not considered desirable, however, to include such an authorization in the blanket license since the privilege may be subject to abuse, particularly with respect to the number of such instruments a blocked national may draw on his account.

15/9 S Richards

msd hump
H. Robinson
R. B. ...
HW Williams (ms) 7/31/46 *McP...* *EQ*

*Cleared with Harding Cover
N.Y. Fed. by telephone
R.W.*

*15/9 S Richards
I.C. Williams*

DECLASSIFIED
No 968103
Authority
By 75 NARA Date 2/15/00

RG 131
Entry AC Ben
Cur
File For Exchange Lic's
Box 133

**FOREIGN FUNDS CONTROL DEPARTMENT
FEDERAL RESERVE BANK OF CHICAGO**

SEP 12 1946

You are hereby authorized to issue blanket licenses to financial institutions in your district which may have a need for such licenses as follows:

"The provisions of General Ruling No. 5 are hereby waived with respect to any coupons received by you from any country which on December 6, 1945, was not a blocked country, except coupons received from Turkey or Eire, provided that an attestation has been received from the forwarding bank that coupons detached from the same securities have previously been released from the provisions of General Ruling No. 5 or from a General Ruling No. 6 account, or that you are able to verify from your own records that such coupons have previously been received and released. This license shall not be deemed to authorize the release of any coupons in which a blocked national has any interest except to a blocked account."

J.S.R.

JOHN S. RICHARDS
Acting Director

XXXXXXXXXXXXXX
XXXXXXXXXX

ORIGINATOR OF WIRE	SECOND SIGNATURE	THIRD SIGNATURE	FOURTH SIGNATURE	FINAL ACTION
<i>TP Nelson</i> 263	<i>[Signature]</i>	<i>[Signature]</i>		<i>[Signature]</i>
UNIT NO.	UNIT NO. 540	UNIT NO.	UNIT NO.	UNIT NO. 250

WIRE ROOM AUTHORIZATION

THIS COPY TO REMAIN IN FOREIGN FUNDS CONTROL
TP Nelson:mbw 9/14/46