

RG 36
Entry 1
File Notes-May 17
Box 4 *1941*

June 10, 1941.

The Collector of Customs,
New York, N. Y.

Sir:

The receipt is acknowledged of the letter dated June 9, 1941, signed by your assistant collector, regarding a memorandum dated May 17, 1941, relating to a conference held in the office of Mr. Norman P. Davis of the Federal Reserve Bank of New York on May 15, 1941.

The copy of the memorandum which was to have been enclosed was not received, and it is therefore requested that it be forwarded to the Bureau as soon as possible.

Very truly yours,

(Signed) W. K. Johnson

Commissioner of Customs.

esb

331008

JUN 17 1941

RG 36
Entry 1
File Marko-May 17
Box 4 01941

IN REPLY REFER TO:

EFR:Mc/



TREASURY DEPARTMENT

UNITED STATES CUSTOMS SERVICE

NEW YORK, N. Y.

OFFICE OF THE COLLECTOR
DISTRICT NO. 10

ADDRESS ALL COMMUNICATIONS FOR THIS OFFICE
TO THE COLLECTOR OF CUSTOMS
NEW YORK, N. Y.

JUN 9 1941

Commissioner of Customs,
Treasury Department,
Washington, D. C.

Sir:

1/

There is enclosed herewith for your information, a copy of a memorandum dated May 17, 1941, relating to a conference held in the office of Mr. Norman P. Davis of the Federal Reserve Bank of New York on May 15, 1941. As you will note, this memorandum deals with the method of handling importations of diamonds coming into this country through the port of New York.

Not rec'd
The method of dealing with importations of diamonds discussed in the memorandum, was put into effect on June 2, 1941. Prior to this date only importations valued at \$50,000 or more, or importations made by the same importer over a brief period of time where the total importations amounted to \$50,000 or more were held by this office, if the interest of a "national" affected by Executive Order No. 8589, as amended, was believed to be involved.

The list referred to in the memorandum as being sent daily to the Federal Reserve Bank is identical with the confidential list of diamond importations which is transmitted to your office. It contains, however, in addition to the facts set forth in the list which you receive, the entry numbers of the various importations and a brief statement of the action taken by this office with respect to each importation.

Respectfully,

G. W. O'Keefe
G. W. O'Keefe,
Assistant Collector.

Encl. 1/

Not rec'd
GG

331009

RG	<u>36</u>
Entry	<u>1</u>
File	<u>NAIRO-MAY 17</u>
Box	<u>4</u> <u>01941</u>

EPR:Ho

MEMORANDUM FOR THE FILE:

RE: IMPORTATION OF DIAMONDS UNDER EXECUTIVE ORDER 6808, AS AMENDED.

Conference held in the office of Mr. Norman P. Davis, of the Federal Reserve Bank, 25 Maiden Lane, New York, N. Y., on Thursday, May 16, 1941.

**PRESENT: MR. NORMAN P. DAVIS
MR. STOEPPLER
MR. RAINS**

It was felt that the present mode of handling importations of diamonds left certain gaps that might better be closed, and that the introduction of a new system of reporting importations of diamonds for licensing purposes and the release of the diamonds from customs custody might be introduced profitably.

It was felt that at the present time a certain amount of unnecessary paper work was being done and could well be eliminated. The system agreed to be introduced was as follows:

All importations of diamonds into the United States through the Port of New York are to be listed daily by the customs service and a copy of this list is to be sent forward to Mr. Davis. Mr. Davis is to supply the Law Division of the Collector's Office with a copy of a list of "nationals" who have been licensed by the Federal Reserve Bank to purchase diamonds abroad, and to import them into the United States. This list will be kept current; new names being added from time to time and this office being notified of such expiration of licenses as may take place.

All diamond entries above \$5,000 in value when made at the customhouse will be referred to the Law Division for investigation as to whether or not the importation consists of merchandise in which any "national" has any interest, direct or indirect, since the various effective dates of the President's "freezing" orders.

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MAY 20 1941

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When it is determined that such an interest exists, the summary sheet on consumption and free entries and the entry document itself in the case of warehouse entries will be stamped with the notation "Delivery should only be made pursuant to a Law Division release or a Federal Reserve Bank license under Executive Order 9809". The entry numbers of those importations whose invoices or entries have been so stamped, will be indicated on the list of all diamond importations which will be sent daily to the Federal Reserve Bank. In the event that it is determined that no interest of any "national" exists in the importation, such fact will also be noted on the list of diamond importations.

If it has been impossible or impractical to determine whether or not a "national's" interest exists in any importation, this fact will likewise be noted.

Mr. Hains and Mr. Davis called Mr. Lufford of the Treasury Department's General Counsel's Office in Washington by telephone and discussed with him the advisability of refusing delivery without a license of diamond importations valued at between \$5,000 and \$50,000. It was pointed out that the telegram dated November 18, 1940 had only authorized the Collector of Customs to withhold delivery of merchandise valued at \$50,000 or more. Mr. Lufford stated that if the Federal Reserve Bank felt it advisable to control importations of precious stones valued at less than \$50,000 the Collector would be justified in acceding to the wishes of the Federal Reserve Bank.

He stated that in his view it would be inadvisable to make \$5,000 a hard and fast line and that it would also be inadvisable to immediately drop the line to \$5,000. He stated that he felt that the line should be reduced gradually so as not to overwhelm either the customs or the Federal Reserve Bank with an exceptionally large increase of cases, and that the line should not be dropped lower than the point where the law of diminishing returns made itself evident.

The new system which is to be inaugurated will eliminate the necessity of regular importers obtaining specific licenses tied down to specific entries each time they desire to enter merchandise or withdraw it from customs custody, the controls exercised by the Federal Reserve Bank in its "do-business" licenses together with a

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RECEIVED
DIVISION OF CUSTOMS

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check with the daily information received from the customs will offer sufficient machinery to accomplish the ends of foreign funds control with respect to these importation.

It was decided to maintain the present system until such time as the Federal Reserve Bank would be able to furnish us with a complete list of "nationals" authorized to import diamonds. Upon receipt of this list by our office, the new system will be put into effect.

Edwin F. Baine.

20 JUL 5 1941
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DEPARTMENT OF CUSTOMS

331012

RECORD GROUP 36 – BUREAU OF CUSTOMS

RG 36 – Records of the Bureau of Customs

Office of the Commissioner

**Office Files of Commissioner of Customs William R. Johnson
1931-1945**

Entry 1

Box 4 – Foreign Funds Control to Nation

File – Foreign Funds Control – subtopics vary

Photocopy of yellow paper cover on the file, containing title of the file, is attached to the sheets copied from that file

Archives I – 8th and Pennsylvania Ave., N.W., Washington, D.C.

Location: **12E4 – 12 – 6 – B**

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Row 12

Compartment 6

Shelf B

RG 36
Entry /
File McC. Shindler
Box 4

FOREIGN FUNDS CONTROL

INVESTIGATIONS

6-17-41

33101B

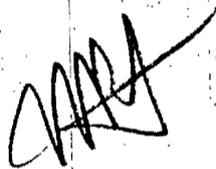
RG 36
Entry 1
File FCC - Interstate Rates
Box 4

TO:

MR. JOHNSON

6/18/41

Mr. Gaston has asked that
the attached memorandum be sent
to you.



MR. KLAUS

RG 36
 Entry 1
 File ACC - Investigations
 Box 4

To enable the Bureau of Foreign Funds Control to handle investigations of matters within its jurisdiction, it is recommended that:

1. There be created within the Bureau an organization to be known as the Division of Investigations, with a chief and assistant chief who will be under the immediate supervision and direction of Mr. Pehle, head of the bureau.
2. A subdivision be established in the Third Treasury District, with headquarters at New York, to handle these investigations under the direction of the head of the division in Washington.
3. Pending completion of field organizations throughout the country to handle this work, requests for investigations in other sections be forwarded to the appropriate district coordinator, with instructions to arrange for such investigations by agents of one or more of the Treasury enforcement agencies within his district, preferably the Customs agents when available.
4. Immediate consideration be given to the organization of other divisions throughout the country and the selection of suitable personnel to staff such divisions.
5. The Division of Investigations in the Bureau of Foreign Funds Control be considered as an additional

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Treasury enforcement agency and as such operate as one of the coordinated group of agencies headed by the Chief Coordinator of Treasury enforcement agencies.

The recommendations for making use of the existing personnel such as coordinators and other enforcement agencies throughout the country are made in order that the situation immediately confronting the Department may be met. It is, however, the thought that prompt attention should be given to the selection of suitable personnel in various districts of the United States, in order that immediately when occasion requires additional divisions may be created and take up the work which it is now proposed be handled through the coordinators. In making appointments to staff this organization, it is not contemplated that persons be selected from outside the Treasury Department. It is the suggestion rather that, so far as possible, qualified personnel within the various Treasury agency services be utilized.

331016

RECORD GROUP 36 – BUREAU OF CUSTOMS

RG 36 – Records of the Bureau of Customs

Office of the Commissioner of Customs

**Office Files of Commissioner of Customs William R. Johnson
1931-1945**

Entry 1

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File – Foreign Funds Control – subtopics vary

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Entry

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File

FCC - Investigations

Box

4

FOREIGN FUNDS CONTROL

INVESTIGATIONS

6-17-41

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 Entry 7
 File FCC - Investigations
 Box 4

TREASURY AND FBI
 LIAISON AND THE DIVISION OF FUNCTIONS

SUMMARY

It would seem that the Treasury ~~will assume~~ ^{should assume} the following ~~tasks~~ ^{responsibilities}:

1. To investigate the truth of representations made in applications for licenses and in reports under licenses.
2. To investigate and make cases ^{present to prosecuting authorities} of failure to apply for licenses or to make required reports.
3. To turn over to FBI any information discovered which might indicate subversive activity.

FBI, on the other hand, being charged with the subversive activity problem will

1. Continue to supervise and monitor accounts not covered by the executive orders. These will include areas not frozen or frozen only to the extent of general licenses not requiring reports. This covers all of Latin America as well as Japan etc.
2. Continue to turn over to the Treasury information bearing on the use of funds for subversive purposes as heretofore.
3. Turn over to the Treasury evidence of violations of the executive orders etc.

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Entry

File

FPC - Investigations

Box

4

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DISCUSSION

The place of FBI - as well as in a sense, OMI and MID - in the administration of freezing extension is in effective but intimate liaison. FBI is charged with the investigation and supervision of subversive activities, not of the movement of funds; yet whether Foreign Funds will issue a license in a given situation or whether the terms of the licenses issued are being violated may depend upon the possibility of subversive use of funds. Furthermore, the Secretary has clearly stated that he does not wish this Department to concern itself with subversive activities as such. We have been able to operate a smoothly working liaison with FBI and other agencies of similar character up till now. It is believed that we can continue this liaison with such changes as the necessities of the case indicate but withal on essentially the same basis as that on which we are now operating.

FBI may have as much use for the Treasury's foreign funds powers as the Treasury has for FBI's investigative personnel. It must be remembered that FBI has in the past been compelled to resort to confidential relationships with banks - sometimes involving the obtaining of information without the consent of the presidents or managers of the banks - to a large extent because of the absence of a legal power to compel the giving of information. FBI could not obtain any subpoenas or compel the production of any evidence merely because a person was suspected of engaging in subversive activities. The new orders, however, provide an adequate and comprehensive power to compel the giving of information. Conceivably, the Treasury could by legal process obtain information in every case of suspected subversive activity related to the interest of any frozen country (which would mean practically all subversive activities); FBI, however, has been given this area by arrangement, and, therefore, FBI must turn to the Treasury from time to time for assistance.

TREASURY VIS-A-VIS FBI AND RELATED AGENCIES

Three types of cases may be considered. The first consists of frozen funds of German and Italian nationals. The second consists of the general license areas. The third consists of the areas not subject to freezing orders.

A. German and Italian Areas (including suspected accounts in areas heretofore frozen).

Presumably, FBI will continue its interest in all funds where subversive use may be suspected, whether or not the Treasury takes over, by reporting or otherwise, the supervision of such accounts. That this may be FBI's position has already been indicated in conversation with FBI personnel. On the other hand, Foreign Funds personnel concerned with the handling of particular licenses should have before them the essence of prior FBI investigations. Until Foreign Funds is ready to operate in an effective monitoring or reporting of accounts now being monitored by FBI, it seems desirable not to make any changes in the activity. The following, therefore, is proposed:

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1. FBI shall continue its present monitoring until an effective change-over is agreed upon with Foreign Funds personnel.

2. All funds reports in this office which may be of interest to Mr. Pehle will be photostated or copies obtained and turned over to Foreign Funds, together with copies of all other relevant memoranda in this office on the same subject. In view of our understanding with FBI concerning the confidential nature of these reports, Foreign Funds must understand that, first, the documents are not to be circulated, either unnecessarily among Foreign Funds personnel or otherwise; and that it must not be made known to outsiders that FBI has been monitoring accounts; nor may the existence of espionage cases indicated by these accounts be disclosed; and furthermore, that no use is to be made of any information derived from the reports so as in any wise to betray their existence, unless clearance is first obtained from FBI. In any event, the indices on subversive activity in this office may always be consulted, with regard to any individual applications.

3. FBI, therefore, will continue to do its own work, and our understanding with regard to the availability of FBI files to us will remain in force. Thus:

(a) FBI will continue to furnish this office with any information concerning subversive activities bearing upon the issuance of licenses for which we may, at the request of Foreign Funds, ask FBI, and the information will be used under the conditions laid down by FBI;

(b) FBI will make recommendations for blocking of accounts of nationals falling under the order, and we will receive from FBI such evidence of the blockability as may be needed to support our action;

(c) FBI will inform us in instances where it is desired not to block accounts although technically blockable (cases where espionage suspects are under observation);

(d) We will give FBI any information coming into our possession which may indicate subversive activity, and we will check with FBI before blocking any account which FBI might conceivably desire us not to block because of the nature of the activity.

B. General License Countries.

Should we not receive reports with regard to the activities of accounts under this heading comparable to the German and Italian reports, or receive no reports at all, the case will be similar to countries not frozen. Should we, in due course, receive information of foreign-owned

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 Entry 1
 File FPC - Investigations
 Box 4

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assets in the United States, the information will be static and will not disclose fund movements. Hence, the census data will not be effective apart from the fact that they will not, in any event, be available for several months. It therefore follows:

1. Where no reports are received (the situation may, of course, vary among the general license countries), we shall continue as heretofore. That is to say, FBI will continue to monitor accounts of one or more of the following countries: Portugal, Spain, Finland, Sweden, Switzerland, Soviet Union, or Vatican City. Information that might bear upon a decision whether to continue general licenses or revoke them will be continually fed to the Foreign Funds Committee through this office (that is to say, to Messrs. Gaston, Cochran, Foley, Pehle, Bernstein, etc.).

(a) If we receive adequate reports from any country under general license, the situation will be the same for FBI as in the case of German and Italian accounts.

(b) If we do not receive reports, the situation with regard to such countries will be the same as heretofore. Some such countries are quite suspect - primarily Japan. Other countries will be less suspect, but still offer possibilities of evasion or doubt; these are mainly the Latin American countries, but also include Turkey. We do not know yet what use will be made of Asiatic countries such as Iran, China, Afghanistan, etc. It is therefore suggested:

- (1) FBI is to continue close monitoring of such countries, reporting to us as heretofore.
- (2) Emphasis is to be laid on evasions of existing controls concerning Germany and Italy.
- (3) All evidences of violations of existing orders shall be reported to FBI.

SK:mr

June 17, 1941

331021

RECORD GROUP 36 – BUREAU OF CUSTOMS

RG 36 – Records of the Bureau of Customs

Office of the Commissioner ~~of Customs~~

**Office Files of Commissioner of Customs William R. Johnson
1931-1945**

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1-18-41

FOREIGN FUNDS CONTROL - MEMO. TO MR. JOHNSON FROM MR. SHAMHART OF FEB. 14, 1941, REL.
CONFERENCE WITH MR. PEABODY, AGENT OF THE INTELLIGENCE UNIT OF
BUREAU OF INTERNAL REVENUE - INVESTIGATION OF DOMESTIC CORPORATIONS

331022

RG 36
Entry 1
File # Mem. to Mr. Johnson
Box 4

RG 36
 Entry 1
 File McC - Memo to Mr. Johnson
 Box 4

Gray

February 14, 1941.

MEMORANDUM FOR COMMISSIONER JOHNSON

FROM: MR. SHAMHART.

At 12:30 PM February 13, 1941, Carroll Gray asked me to come over to his office and meet a Mr. Peabody, who introduced himself as an Agent of the Intelligence Unit of the Bureau of Internal Revenue assigned to the office of Mr. Wiley in the special group set up by the Secretary for certain work relating to foreign funds.

Mr. Peabody stated that his group is, among other things, investigating domestic corporations which are foreign-owned, foreign controlled, or partly so owned or controlled, by nationals of Germany, Italy, or Russia; that they were going directly into the records of the domestic corporations concerned in the guise of a routine income-tax check; and that Mr. Gray had stated Customs Agents were making investigations of certain applicants for export licenses who might be some of the same corporations Mr. Wiley's group was investigating. I informed Mr. Peabody that Customs Agents were making certain investigations for the strictly confidential information of the Administrator of Export Control, and read a few names of the firms that were being investigated. He promptly stated they were investigating several of these firms, and suggested that some coordination plan might be developed between Customs Agents and his group that would avoid duplication and secure maximum results.

Mr. Peabody suggested that it might be well to bring the matter up at a Coordination meeting, to which I replied that the strictly confidential nature of the work both by Customs Agents and his group made such procedure inadvisable but that, in view of the value to be derived from some coordination plan it would be well for one of us to call Mr. Irey and discuss it or arrange for a conference. Mr. Peabody agreed and I called Mr. Irey, who stated that Mr. Peabody was not under his control in his present assignment to Mr. Wiley's group and suggested that it might be well to have a conference with Mr. Gaston and get his approval of some coordination plan.

Although Mr. Peabody did not specifically so state, I inferred from his conversation that the Wiley group does not itself make the so-called income-tax investigations, but that the field officers of the Intelligence Unit or the Internal Revenue Agents make such checks and that copies of their reports are furnished the Wiley group. As the

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 Entry 1
 File HC - Memo to Mr. Johnson
 Box 4

Customs Agents do not have legal authority to go into individuals', firms', or corporations' records for determining the details of the business but are confined to other investigative sources to secure such details, it is obvious the Internal Revenue Agents can secure more consistently accurate data along these particular lines than the Customs Agents, and we should endeavor to avail ourselves of the data they can secure. On the other hand the Customs Agents can, under the law, go into such records to secure authentic data relating to importations (and, by some ingenuity, to exportations). The data legally procurable by both the Customs Agents and the Internal Revenue Agents appear to be valuable to the Administrator of Export Control for his purposes.

Art. 2, Part III, of Internal Revenue T. D. 4873, approved by the President on November 12, 1938, provides in part

"If the head of a bureau or office in the Treasury Department, not a part of the Internal Revenue Bureau, desires to inspect, or to have an employee in his bureau or office inspect a return, in connection with some matter officially before him, for reasons other than tax administration purposes, the inspection may, in the discretion of the Secretary, be permitted upon written application to him by the head of such bureau or office, showing in detail why the inspection is desired."

Inspection, of income tax returns made by firms under investigation on behalf of the Administrator of Export Control, might furnish Customs Agents material of value in their inquiries, but the loss of time involved in complying with the procedure outlined in Internal Revenue T. D. 4873 would militate against frequent use of this information source. A more valuable source of information would be reports of Internal Revenue Agents based upon checks of books and records of exporting firms incident to verification of income tax returns, if such reports or copies thereof could be made available to Customs Agents for data which could be included in their reports for use of the Administrator of Export Control.

It is suggested that

1. The Supervising Agents of the Intelligence Unit of the Bureau of Internal Revenue be confidentially authorized to permit Customs Agents to examine reports of Intelligence Unit and Internal Revenue agents on exporting firms and take therefrom data for use in preparation of reports relating to export control matters.

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 Entry 1
 File McC - Memo to Mr. Johnson
 Box 4

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2. The Supervising Customs Agents be confidentially authorized to permit Intelligence Unit or Internal Revenue Agents to examine reports of Customs Agents on exporting and importing firms and take therefrom data for use in preparation of reports relating to foreign control or ownership of domestic firms.

The argument may be advanced that this exchange of data should be made between the agencies in Washington rather than in the field. Such an arrangement would necessitate, either the preparation of additional reports in the appropriate bureau in Washington to supplement the field report, or correspondence between the bureau and its field officer so that the data thus furnished by the other bureau might be included in the field office report. As these reports involve national defense matters, the delays and additional correspondence arising out of such exchange of data in Washington are, in my opinion, unnecessary and against the public interest.

(Signed) E. J. S.

EJS:PW

331025

RECORD GROUP 36 – BUREAU OF CUSTOMS

RG 36 – Records of the Bureau of Customs

Office of the Commissioner

**Office Files of Commissioner of Customs William R. Johnson
1931-1945**

Entry 1

Box 4 – Foreign Funds Control to Nation

File – Foreign Funds Control – subtopics vary

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FOREIGN FUNDS CONTROL - RE SECURITIES BROUGHT INTO THE U. S. ON THE PERSON
OF. IN THE BAGGAGE OF, OR IN MAIL ADDRESSED TO CON-
SULAR OFFICERS, IN VIOLATION OF RULING 5 ISSUED IN
CONNECTION WITH EXECUTIVE ORDER NO. 8389, AS AMENDED

331026

RG 36
Entry 1
Box 4

REPRODUCED AT THE NATIONAL ARCHIVES

Checked by Mr. Johnson and sent by SPECIAL MESSENGER
to Mr. Cairns 5/31/1940.

*Authenticity
Class 1*

May 31, 1940.

Secretary Morgenthau,

Ed. H. Foley, Jr., General Counsel.

Art. 369
372
358

Mail articles from foreign countries receive customs treatment in the United States at the post offices designated by the Post Office Department for the receipt of foreign mails. The mail pouches, which have been made up abroad or in transit, are opened by the postal employees in the presence of customs officers and all articles thought to contain merchandise or printed matter are turned over to the customs officers for examination and appropriate customs treatment. Such customs treatment is usually accorded in special rooms in the Post Office building.

366(a)
366(b)
371(c)

All unsealed mail, sealed mail endorsed "may be opened for customs inspection," and all articles mailed under the various postal conventions are immediately opened by the customs officers, examined, and treated in accordance with existing laws and regulations. When unsealed mail is believed to contain merchandise and is not endorsed "may be opened for customs inspection," the postmaster notifies the addressee to appear and open the envelope or parcel in the presence of postal and customs officers or furnish authority for someone else to so open it. After such sealed mail is opened, it is submitted to the customs officers for examination and appropriate treatment.

It will be seen from the above that the accompanying proposed General Order number 1 will not require any new procedure from a customs standpoint in order to assure that all mail is examined to determine whether it contains any securities or evidences thereof. It will, of course, require the opening of many envelopes which would ordinarily be passed because mere handling would satisfy the examining officers that they do not contain goods subject to duty assessment.

END-102/10 5/31/40

331027

REPRODUCED AT THE NATIONAL ARCHIVES

June 13, 1940.

MR. GAINES

W. R. JOHNSON:

In view of the exceptions allowed, the customs inspection of the baggage of foreign consular officers arriving in the United States has been very liberal. There has probably been similar liberality to a lesser extent in the examination of shipments imported for such officers otherwise than in baggage.

The statements in the third paragraph of the attached memorandum, so far as customs procedures are concerned, are supported by the customs regulations, particularly article 241(c), Customs Regulations of 1937. (See the whole of articles 241, 422, and 423.)

I understand that, in view of the questions of international policy involved, this memorandum will be submitted to the State Department for comment before adoption.

(Signed) W. R. Johnson

WRJ/MSD

331028

MEMORANDUM

Re: Enforcement of General Ruling No. 5.

In connection with the enforcement of the above general ruling, there has arisen the problem of detecting securities contained in sealed letters or packages addressed to consular representatives of foreign governments stationed in the United States and securities brought into the United States on the person or in the baggage of consular officers.

To meet that problem it is recommended that officials of the Post Office Department be instructed that when there is reason to believe sealed letters or packages addressed to consular representatives contain securities, such letters or packages should be held by the appropriate postal officials and the addressee required to open such packages or letters in the presence of the postal official, and that officials of the Bureau of Customs be instructed to search the baggage and person of consular officials for securities. Such procedure will mean that mail addressed to, as well as the baggage and person of, consular representatives, will be accorded the same treatment now accorded any other mail, baggage or person entering the United States under the same circumstances. If securities are found, they should be treated in accordance with the provisions of General Ruling No. 5.

There does not appear to be any legal objection to the suggested procedure. Several treaties with other nations defining consular rights have been examined and such rights do not appear to be infringed by the action recommended. Furthermore, the suggested procedure is not inconsistent with that which has been adopted by the Bureau of Customs and Post Office Department in their regulations relating to the ascertaining of dutiable or prohibited merchandise.

It should be noted that the action proposed in this memorandum does not destroy the confidential nature of correspondence between a consular officer and his government. Postal and Customs officials are not to read any consular correspondence. Their function is merely to witness the opening of sealed letters or packages addressed to consular officials and to search baggage and personal effects of consular officials to determine whether such means are being used to smuggle securities into this country in violation of our laws and regulations.

Obviously the problem at hand is of considerable importance in enforcing the regulations and rulings heretofore issued relative to imported securities. Accordingly, it is recommended that the above-suggested procedure be adopted.

June 13, 1940.

331029

MEMORANDUM

In connection with General Ruling No. 5, there has arisen the problem of applying that ruling to securities contained in letters addressed to consular officials residing in the United States and to baggage and personal effects of consular officers coming into this country. To meet that problem, it is suggested that letters addressed to consular officers from their governments or individuals, if believed to contain securities, be held by appropriate postal authorities and that such authorities require the addressees to open the letters in their presence and that Customs officials be instructed to search the baggage and personal effects of consular officials for securities. If securities are found, they should be treated in accordance with the provisions of General Ruling No. 5.

It is clear that consular officers are not entitled to so-called diplomatic immunity unless, in the absence of the diplomatic officer representing their country, they are designated to carry out his functions during his absence and are recognized by the State Department as the diplomatic representatives of their governments. 1 Hyde, International Law (1922) sec. 464; Sastry, International Law (1957) pp. 169, 170; In re Haia, (1889) 155 U.S. 405. See AMER. V. CORIA, (D.C. D. Mass. 1958) 25 F. Sup. 2, 25. It is sometimes stated that correspondence between a consular officer and his government should be inviolable. Hyde, supra, sec. 468. However, there is no authority given for that statement. American courts do not appear to have

331030

passed upon the so-called inviolability of such correspondence. Our Government has generally treated diplomatic officers as immune from Customs examination. However, it does not appear that they enjoy such immunity as a matter of international law. See Preuss, Foreign Diplomats and the Prohibition Laws, 30 Mich. L. Rev. 532, 537. That consular officers enjoy no such immunity is an a fortiori case. Any privilege of free entry is based upon reciprocity. Hyde, SHR, sec. 475.

The above suggestion as to letters and packages is supported by paragraph (g) of Article 560 of the Customs Regulations of 1937. That paragraph provides:

"(E.R.3c) Articles addressed to members and attaches of foreign embassies and legations and to consular (sic) and other representatives not heretofore mentioned, bearing the official seal of a foreign government or inclosed in its official envelope, and indicating from casual examination, without breaking the seal, that they contain only official communications or documents, shall be forwarded immediately to the addressee without customs examination. Sealed and unsealed articles addressed to 'consular and other representatives' referred to in this paragraph, when believed to contain dutiable merchandise, shall be subject to usual customs treatment"

Obviously, if sealed articles addressed to consular officers believed to contain dutiable merchandise can be subjected to the usual customs treatment, the same procedure could be followed to determine whether sealed articles addressed to consular officers contain securities.

Also, paragraph (b) of Article 435 of the Customs Regulations of 1937 provides:

"Packages bearing the official seal of a foreign government with which the United States has diplomatic relations, accompanied by certificates under such seal to the effect that they contain only official communications or documents, may be admitted free of duty without customs examination."

It would appear from that section that if such packages, even though under the seal of a foreign government, were not accompanied by certificates under such seal to the effect that they contained only official communications or documents, they could be subjected to customs examination. Thus, it would appear that letters or packages under seal of a foreign government but without the official document certificate could be examined for securities. It is pointed out that the above-quoted paragraph of the Customs Regulations is not mandatory since the word "may" is used. Presumably, by the use of that word, the certificate of a foreign government is merely evidence of the official nature of documents, but is not conclusive.

There would appear to be nothing in the Customs Regulations that would prevent Customs officials searching the baggage and personal effects of consular officers. The applicable article of the Customs Regulations of 1937 would appear to be 432. That Article, insofar as pertinent, provides:

"Baggage.—(a) Upon application to the Department of State and appropriate instructions from the Treasury Department in each instance, the privilege

of admission free of duty without entry shall be extended to the baggage and effects of the following representatives of foreign governments, and their families, suites, and servants, provided the Governments which they represent grant reciprocal privileges to American officials of like grade accredited thereto or enroute to or from other countries to which accredited.

"(1) Ambassadors, ministers, and charges d'affaires; and secretaries, and naval, military, and other attaches of embassies and legations, high commissioners, consular officers and trade representatives, accredited to this Government or en route to or from other countries to which accredited; and

"(2) Other high officials of foreign governments and such distinguished foreign visitors as may be designated by the Department of State.

"(b) In the absence of special authorization therefor from the Department prior to the arrival of representatives of foreign governments enumerated in paragraph (a) (1), the privilege may be extended to their baggage and effects upon presentation of their credentials or other proof of their identity.

"(c) Foreign ambassadors, ministers, and charges d'affaires; and secretaries, and naval, military, and other attaches of foreign embassies and legations shall not be detained or inconvenienced, and their baggage and effects shall remain inviolate. Every proper means shall be afforded them to facilitate their passage through ports of the United States."

Paragraph (a)(1) of the above-quoted Regulations specifically names "consular officers" and makes provision for free entry of their baggage and effects. However, paragraph (a) does not mention consular officials. Obviously then, the baggage of a consular officer is not made inviolate by the Customs Regulations. Accordingly, under such Regulations it is possible to search the baggage and effects of a consular official to determine whether such baggage and effects contain

articles, the entry of which is prohibited. Mr. Davison of the Bureau of Customs advises that such is the normal procedure unless the State Department requests that a consular officer be allowed to pass without examination. Clearly then, baggage and effects of a consular official could be searched to determine whether securities were contained therein and no reason is known why such securities could not be treated in accordance with the provisions of General Ruling No. 5. Presumably, the State Department will not aid Germany and Italy by requesting that consular officials be spared examination. In the event that such a request is received, no reason is known why the Treasury would be bound to instruct Customs officials that such should be granted.

Consular offices are established for convenience in trade and commerce. A consular officer internationally does not represent his nation, but because he is an agent of another government, he is entitled to respect and courtesy. Hyde, IMIA, sec. 466. However, the instant situation is one where convenience, respect, and courtesy do not require that Germany, and countries working with Germany, be allowed to send into this country securities comprehended by General Ruling No. 5 without such securities being subjected to the provisions of that General Ruling. That determination has been made by our Chief Executive in approving the General Ruling and by our Congress in giving the President, or an agency designated by him, the authority to make such a determination.

331034

- 8 -

It should be noted that the action proposed in this memorandum does not expose correspondence between a consular officer and his government. If such correspondence is inviolable (there appears to be no authority to support such a statement except the occasional assertion of text writers), the procedure suggested herein does not make it less inviolable. The requirement that letters, baggage, and personal effects believed to contain securities be opened in the presence of Postal or Customs officials, does not in any way destroy the confidential nature of such correspondence. The correspondence remains secret. It is not going to be read by Postal and Customs officials. Their function is merely to determine whether letters addressed to a consular officer and the person and baggage of a consular officer are means being used to smuggle securities into this country in violation of our laws and regulations.

An examination has been made of the provisions of several treaties defining rights of consular representatives of various other countries. Nothing has been found in such treaties that would prevent this Government from taking appropriate steps to detect securities attempted to be smuggled into this country on the person of a consular officer or in his mail or baggage. In this connection, it is interesting to note that Article XXVII of the Consular Treaty with Germany (44 Stat. 2152), after making provisions for free entry of furniture, equipment, and supplies intended for official use in consular offices and

331035

RG 36
Entry 1
FFC-Re Securities
Box 4

- 7 -

for free entry of baggage and effects of families and suites (such as are nationals of the country represented by the consular official) of consular officials, specifically provides that no prohibited article may be brought by one contracting party into the territory of the other.

It is emphasized that if appropriate means are not devised to catch securities attempted to be sent into this country in consular mail and attempted to be brought into this country on the person or in the baggage of consular officers, such a leak will reduce the effectiveness of the security import regulations. Accordingly, since the above suggested procedure for detecting securities in consular mail, baggage and effects does not contravene any existing legal authority, it is recommended that it be adopted.

331036

RG 36
Entry 1
FFC-Re Securities
Box 4

NOTE READS (on a pink buckslip)

Mr. Johnson

The attached is the form of the
proposed letter
transmitted to the
State Dept. by
this Dept.

JHM

Mr. Mann

331037

PROPOSED DRAFT OF LETTER FROM SECRETARY OF STATE
TO SECRETARY OF THE TREASURY

My dear Mr. Secretary:

Reference is made to a conference held in this Department on July 9, 1940, among representatives of your Department, the Department of Justice and this Department relative to securities brought into the United States on the person of, in the baggage of, or in mail addressed to consular officials, in violation of General Ruling No. 5 issued in connection with Executive Order No. 8369, as amended.

It is the view of this Department that there are no legal objections under any treaty or domestic statute to subjecting the person of, the baggage of, or mail addressed to consular officials to the same treatment now accorded any other mail, baggage or person entering the United States under the same circumstances. Moreover, this Department has no objection to subjecting the person of, the baggage of, or mail addressed to a consular official to such treatment with the exception indicated below:

It is felt that for reasons of policy sealed letters addressed to a consular official by his government, bearing the official seal of his government or enclosed in the official envelope of that government, official consular pouches, and packages addressed to a consular official, bearing the official seal of his government and accompanied by certificates under such seal to the effect that they contain only official communications or documents, should, for the

- 2 -

present, be accepted from examination made under General Ruling No. 5. If at any time in the future there should be any change in this Department's views in the premises, you will be advised accordingly.

This Department is advising each consulate in this country of the provisions of General Ruling No. 5 and is emphasizing that securities should not be brought into this country in mail, packages, or consular pouches, addressed to consular officials by their governments, or in any other manner in violation of General Ruling No. 5.

Secretary of State.

331039

RECORD GROUP 36 – BUREAU OF CUSTOMS

RG 36 – Records of the Bureau of Customs

Office of the Commissioner

**Office Files of Commissioner of Customs William R. Johnson
1931-1945**

Entry 1

Box 4 – Foreign Funds Control to Nation

File – Foreign Funds Control – subtopics vary

Photocopy of yellow paper cover on the file, containing title of the file, is attached to the sheets copied from that file

Archives I – 8th and Pennsylvania Ave., N.W., Washington, D.C.

Location: **12E4 – 12 – 6 – B**

Stack Area – 12E4

Row 12

Compartment 6

Shelf B

FOREIGN FUNDS CONTROL

REPORT FROM ACTING SUPERVISING CUSTOMS AGENT FISCHER,
SAN FRANCISCO, CALIF., DATED JULY 11, 1941, STATING THAT
NO BONDS OR SECURITIES FROM OCCUPIED TERRITORIES IN EUROPE
HAVE BEEN OBSERVED IN HIS DISTRICT.

7-11-41

331040

RG 36
Entry 1
Box 4

RG 36
Entry 1
Foreign Funds Control - Report from Acting...
Box 4

604-16

*File
EPB*



TREASURY DEPARTMENT

UNITED STATES CUSTOMS SERVICE

CUSTOMS AGENCY SERVICE
SUPERVISING CUSTOMS AGENT
P. O. Box 2109

SAN FRANCISCO, CALIF.

July 11, 1941.

STRICTLY CONFIDENTIAL

The Commissioner of Customs,
(Division of Investigations and Patrol),
Treasury Department,
Washington, D. C.

DECLASSIFIED
AUTHORITY EO 12958
M... MAR 1/1960

Sir:

Under date of April 9, 1941, the Bureau forwarded to this office for investigation a report that bonds and securities from occupied territories in Europe are sold at discounts to certain banks, which then send certificates covering same to various South American countries and that a large portion of these certificates come to Mexico and are brought across the border into the United States.

There are attached hereto copies of reports from our San Diego and Nogales offices indicating that no such activities have been noted in their respective areas.

Respectfully,

D. W. Swift
D. W. Swift,
Customs Agent.

Respectfully forwarded,
Approved:

W. F. Fisher
W. F. Fisher,
Acting Supervising Customs Agent.

29-SCA

Enclosures.

331041

RG 36
Entry 1
FFC-Report
Box 4

Neutrality 1c



TREASURY DEPARTMENT

UNITED STATES CUSTOMS SERVICE

NOGALES, ARIZ.

CUSTOMS AGENCY SERVICE

CUSTOMS AGENT

P. O. Box No. 996

Air Mail

May 6, 1941

Supervising Customs Agent

San Francisco, California

Sir:

The receipt is acknowledged of your reference dated April 16, 1941, file 604-16, forwarding copy of Bureau Letter addressed to you, dated April 9, 1941, to the effect that information had been received from a confidential source that bonds and securities from occupied territories in Europe were being sent to Bassler Handels Bank, the Union Bank, and Schwietzler Volks Bank in Zurich, which banks bought them at a 45% discount on market prices and then sent the certificates to Italy from which point they were shipped by clipper or Italian air lines via Rio de Janeiro to the Banco Frances Italiano de la America del Sur in Buenos Aires, which bank distributed them to various South American countries, and that a large portion arrived in Mexico and were then smuggled into the United States by carrier.

In this connection you are respectfully advised that according to the Collector's office, which was furnished a copy of the Bureau's communication, above-mentioned, none of the bonds and securities in question have been observed in this district to date.

Respectfully

Leon E. Griset
Customs Agent in Charge

LG:B

331042

RG 36
 Entry 1
 FFC-Report
 Box 4

17-170



TREASURY DEPARTMENT

UNITED STATES CUSTOMS SERVICE

CUSTOMS AGENCY SERVICE
 OFFICE OF
 THE CUSTOMS AGENT IN CHARGE

SAN DIEGO, CALIF.

ADDRESS ALL COMMUNICATIONS TO
 ROOM 120, U. S. CUSTOMHOUSE AND COURTHOUSE BLDG.

May 14, 1941.

Supervising Customs Agent,
 P.O. Box 2109,
 San Francisco, California.

Sir:

Reference is made to your communication dated April 16, 1941, file 604-16, with inclosure from the Bureau dated April 9, 1941, relative to information of a confidential nature in regard to bonds and securities from occupied territories in Europe being clandestinely brought into the United States.

A discreet investigation was made at several San Diego banks and two brokerage firms where the writer has personal contact. Nothing was learned of any sales of bonds or securities excepting transactions made by regular customers known as to their reliability.

Mr. Joseph Lopez, an American, who is manager of the Banco Mercantil of Mexicali, Tijuana, and Escondido, Lower California, states that his banks have few transactions in bonds and securities and these are only with persons who are known to be reputable clients.

Respectfully,

William Palmer,
 Customs Agent in Charge.

WPA:CH

331043

RECORD GROUP 36 – BUREAU OF CUSTOMS

RG 36 – Records of the Bureau of Customs

Office of the Commissioner

**Office Files of Commissioner of Customs William R. Johnson
1931-1945**

Entry 1

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File – Foreign Funds Control – subtopics vary

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Location: **12E4 – 12 – 6 – B**

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Row 12

Compartment 6

Shelf B

11-9-40

FOREIGN FUNDS CONTROL - SHIPMENT OF ROUGH DIAMONDS VIA AIR MAIL ABOARD
THE YANKEE CLIPPER ADDRESSED TO CARL GUTWIRTH.

331044

RG	36
Entry	1
File	HC - Shipment
Box	Rough Diamonds

RG 36
Entry 1
File HC - Department
Box Rough Diamonds

Rec'd from Mr. R. J. Nov. 13, 1940, with request to take up with C.B.

IN REPLY REFER TO:

O'K:ks *R.H.D.*



TREASURY DEPARTMENT

UNITED STATES CUSTOMS SERVICE

NEW YORK, N. Y.

OFFICE OF THE COLLECTOR
DISTRICT NO. 10
ADDRESS ALL COMMUNICATIONS FOR THIS OFFICE
TO THE COLLECTOR OF CUSTOMS
NEW YORK, N. Y.

November 9, 1940. *EF*

Honorable W. R. Johnson,
Commissioner of Customs,
Treasury Department,
Washington, D. C.

Dear Mr. Johnson:

Pursuant to your telephone request of this morning there is inclosed herewith a copy of a memorandum relative to the shipment of rough diamonds via air mail which arrived in the United States aboard the "YANKEE CLIPPER" addressed to Carl Outwirth, 576 Fifth Avenue, New York City.

Sincerely,

G. W. O'Keefe
G. W. O'Keefe,
Assistant Collector.

Inc.

RG 36
Entry 1
File HC - Department
Box Rough Diamonds

November 19, 1940.

The Collector of Customs,

New York, N. Y.

Sir:

Reference is made to your letter of November 9, 1940 (O'K:ks), and its enclosed memoranda regarding a shipment of diamonds addressed to Carl Gutwirth, 576 Fifth Avenue, New York City.

It is assumed that this matter will be handled in accordance with the Acting Secretary's telegram addressed to you under date of November 13, 1940, regarding "freezing controls" and will therefore be subjected to "routine customs procedure".

Very truly yours,

(Signed) W. R. Johnson

Commissioner of Customs.

WRJ-esb

331046

RG 36
Entry 1
File HC - Report
Box Rough Diamonds
4

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE Nov. 18, 1940

TO Mr. Johnson
FROM Mr. Bernstein

Re: Attached correspondence on shipment of rough diamonds to United States by way of "Yankee Clipper".

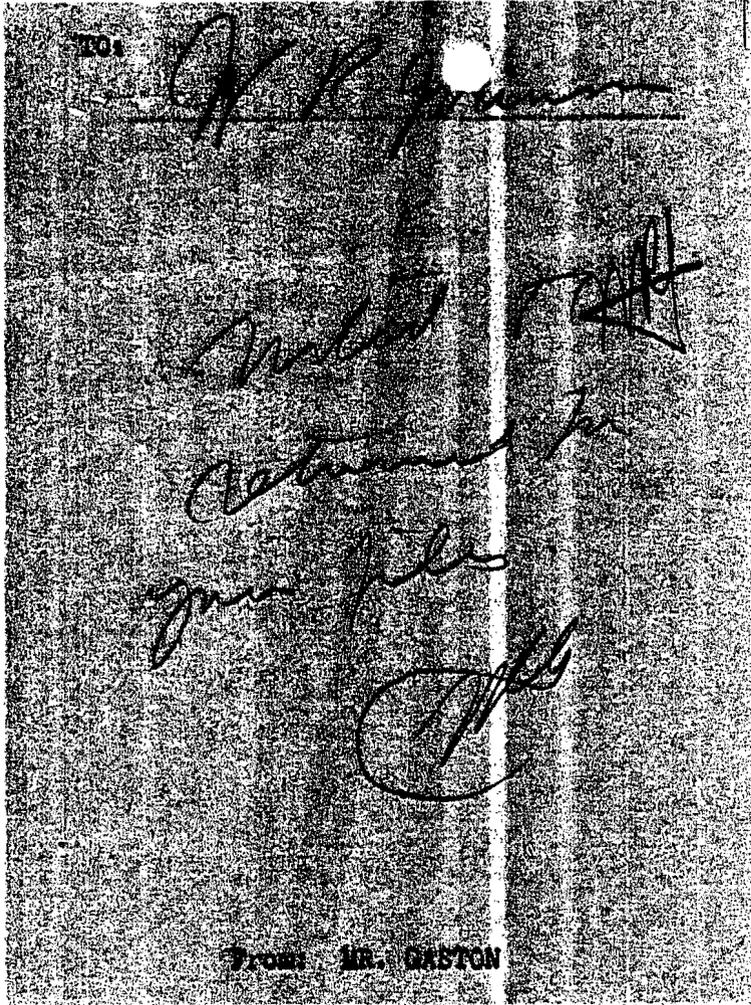
In view of the telegram of November 13, 1940, to the Collector of Customs at New York relative to the application of Executive Order No. 8389, as amended, to imports, I suggest that this case be given "routine customs procedure".

BB

I agree
JTB

331047

RG	36
Entry	1
File	HC - Report
Box	Franklin D. Roosevelt



331048

RG 36
Entry 1
File HC - Report
Box House Standards

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE November 19, 1940.

WJ

TO MR. GASTON

FROM W. R. JOHNSON:

The attached memoranda received from O'Keefe at New York contain some matters of interest.

WJ

331049

REPRODUCED AT THE NATIONAL ARCHIVES

RG	36
Entry	1
File	HC - Report
Box	through standards

November 19, 1940.

MR. GASTON

W. R. JOHNSON:

The attached memoranda received from O'Keefe at New York contain some matters of interest.

(Signed) W. R. Johnson

WRJ-esb

331050

RG 36
Entry 1
File HC - Report
Box Rough Diamonds

WPA/SE

ES

November 9, 1940

MEMORANDUM FOR MR. C'KENT:

Reference is made to a shipment of rough diamonds via air mail which arrived in the United States aboard the "JAMES CLYDE" addressed to Carl Gutwirth, 575 Fifth Avenue, New York City, to whom a Notification to Consignee of a Mail Importation in customs Form 2509 was sent on November 4, 1940.

In connection with this importation we wish to report the following facts:

No. 19924 of Sept. 20, 1940, London, England
A blue form consular invoice showing Carl Gutwirth as purchaser and H. Couryn, of London, England, as seller, accompanied the shipment. Upon arrival of the goods customs Form 2509 was sent to Mr. Gutwirth informing him that since the value of the shipment was over \$100 it would be necessary to make a formal customs entry at the port of New York. Mr. Gutwirth on receipt of this notification endorsed on the back thereof the following statement:

"The merchandise covered by this mail receipt was sent to me by my brother in law Mr. S Van Amerongen at the time he was forced to flee from Antwerp when invaded by the Germans. It is his merchandise and I have no interest in it whatever."

Mr. Gutwirth was supplied apparently at the same time he received the notification to make formal entry with a questionnaire from the United States Appraiser requesting the details of the transaction. This questionnaire was not filled out inasmuch as it has questions which Mr. Gutwirth evidently did not consider applicable to the actual situation but it was signed by Mr. S. V. Amerongen, who stated on the

RG 36
Entry 1
File HC - Department
Box Rough Stamps

These diamonds were taken from Antwerp at the time of the German invasion taken to London and then shipped to New York by express.

This importation gives rise to two questions: Firstly, whether there is any restriction in connection with the President's Executive Order 9808, and, secondly, whether any steps should be taken in connection with the possibility that the importation is in violation of section 592 of the Tariff Act of 1930. In order to determine what course should be pursued with respect to this importation it is necessary first to discover further facts in connection with this shipment.

If Mr. Amurgen is in fact the owner of the diamonds as he purports to be, it is essential to discover whether or not he is a "national" of one of the countries affected by the President's Executive Order 9808. If it is disclosed that he is such a national, it must be noted that there is nothing in the Executive Order to prevent nationals from consigning goods to this country or receiving goods consigned to them from abroad. However, in connection with the making of importations various documents are dealt with by the importer or his agents which probably come within the definition of "evidences of ownership of property" as this term is used in the Executive Order. Since dealings in "evidences of ownership of property" in which nationals of an affected country have an interest are prohibited except under license, it may be necessary for Mr. Amurgen to obtain one or more licenses in connection with the proposed importation by him.

This office feels that neither the consular invoice nor the notification to the consignee can properly be regarded as documents "evidencing ownership" of the property being imported. However, we feel that either the addressed portion of the wrapper of the imported package or the label attached to the package showing the name of the addressee is sufficiently analogous to a straight bill of lading to be treated as such. Consequently, we feel that if a straight bill of lading consigning merchandise owned by a national of one of the affected countries would require a license before it could be dealt with, a similar license would be required in connection with the wrapper or label of a package similarly used sent by mail.

RECORD GROUP 36 – BUREAU OF CUSTOMS

RG 36 – Records of the Bureau of Customs

Office of the Commissioner

**Office Files of Commissioner of Customs William R. Johnson
1931-1945**

Entry 1

Box 4 – Foreign Funds Control to Nation

File – Foreign Funds Control – subtopics vary

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Location: **12E4 – 12 – 6 – B**

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7-77.50

FOREIGN FUNDS CONTROL - STRICTLY CONFIDENTIAL LETTERS OF JUNE 12, 1940
and JULY 22, 1940, RE: IMPORTATION OF SECURITIES.

RG	36
Entry	1
File	<i>McCoy</i>
Box	4

331054

RG 36
Entry 1
File HC-Abstracts
Box 4



OFFICE OF THE COMMISSIONER

ADDRESS REPLY TO
COMMISSIONER OF CUSTOMS

TREASURY DEPARTMENT

BUREAU OF CUSTOMS

WASHINGTON

IN REPLY REFER TO

324.2

June 12, 1940.

STRICTLY CONFIDENTIAL

BUREAU OF CUSTOMS
CIRCULAR LETTER

Re: Importations of securities.

TO COLLECTORS OF CUSTOMS AND OTHERS CONCERNED:

There is quoted herein General Ruling No. 5 under Section 5 (b) of the Act of October 6, 1917 (40 Stat. 411), as amended, Executive Order No. 8389 of April 10, 1940, as amended, and Regulations issued pursuant thereto, and under all other authority of law:

June 6, 1940.

"The sending, mailing, importing or otherwise bringing into the United States, on and after June 7, 1940, from any foreign country, of any securities or evidences thereof or the receiving or holding in the United States of any securities or evidences thereof so brought into the United States is prohibited, except on condition that such securities and evidences thereof be immediately delivered for examination to a Federal Reserve bank as fiscal agent of the United States. Such Federal Reserve bank, as fiscal agent of the United States, shall hold such securities and all evidences thereof until the Treasury Department is satisfied as to whether or not any of the countries named 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 securities or evidences thereof. Proof as to whether or not any of such countries or any national thereof has had any such interest may be submitted to the Federal Reserve bank holding such securities or evidences thereof.

"Customs officers and postal employees are instructed to deliver any such securities or evidences thereof to a Federal Reserve bank. Any articles arriving from any foreign country

331055

REPRODUCED AT THE NATIONAL ARCHIVES

RG	<u>36</u>
Entry	<u>1</u>
File	<u>HC - Subject by</u>
Box	<u>4</u>

324.2

- 2 -

on or after June 7, 1940, which in the opinion of customs officers or postal employees contain such securities or evidences thereof, shall be subjected to customs inspection in accordance with the Customs Regulations of 1937. If any article opened by an addressee or his agent in the presence or under the supervision of a customs officer or postal employee is found to contain such securities or evidences thereof, such securities or evidences thereof shall be surrendered forthwith to such customs officer or postal employee for delivery to a Federal Reserve bank, as above provided."

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

APPROVED: June 6, 1940.

(Signed) Franklin D. Roosevelt

Reference is made in the above connection to strictly confidential Bureau
Bureau telegram of June 6, 1940, to collectors of customs. In
conducting customs examinations of any character special attention
is to be directed to the detection and segregation of all securities.
All securities discovered are to be turned over to the nearest
Federal Reserve bank (to the Governor of the territory or possession
in appropriate cases) for disposition in accordance with instructions
to be issued direct to those offices. Until further notice ship-
ments and arrivals from Great Britain, France, Canada, Newfoundland
and Bermuda and shipments which have been censored by the Govern-
ments of any of such countries or their dominions, possessions or
territories are not to be examined in this connection.

331056

REPRODUCED AT THE NATIONAL ARCHIVE

RG	<u>36</u>
Entry	<u>1</u>
File	<u>HC - strictly</u>
Box	<u>4</u>

324.2

- 3 -

Special attention is invited to the fact that the term "Great Britain" as used above does not include any part of Ireland.

For the purpose of this instruction the term "securities" should be interpreted broadly and of course should include such things as stocks, bonds, debentures and coupons. Receipts for the securities will be furnished the addressee or consignee of the shipments by the receiving Federal Reserve bank or Governor's office, as the case may be, with copies to the forwarding customs office. An interim receipt should be given by the customs office in the case of securities discovered in passengers' baggage.

This circular and the Bureau's telegram referred to are to be treated as strictly confidential. The general ruling quoted above, however, is a public document and appears in the Federal Register of June 7, 1940.

(Signed) BASIL HARRIS

Commissioner of Customs.

331057

RG 36
Entry 1
File HC - strictly
Box 4



OFFICE OF THE COMMISSIONER
ADDRESS REPLY TO
COMMISSIONER OF CUSTOMS

TREASURY DEPARTMENT
BUREAU OF CUSTOMS
WASHINGTON

IN REPLY REFER TO
324.2

July 22, 1940.

STRICTLY CONFIDENTIAL

BUREAU OF CUSTOMS
CIRCULAR LETTER

Re: Importations of securities.

TO COLLECTORS OF CUSTOMS AND OTHERS CONCERNED:

Supplementing the Strictly Confidential Bureau of Customs Circular Letter of June 12 (324.2) relative to the above you are instructed as follows:

No examination under General Ruling No. 5 shall be made with respect to the following:

- (1) sealed letters addressed to a consular officer by his government or by a diplomatic officer or another consular officer of his government and bearing the official seal of his government;
- (2) official consular pouches; and
- (3) packages addressed to a consular officer bearing the official seal of his government and accompanied by certificates under such seal to the effect that they contain only official communications or documents.

Mail and packages not covered by the foregoing exceptions addressed to a foreign consular officer shall be examined for securities in the same manner as other mail and packages are examined for securities.

The examination for securities of the person and baggage of a foreign consular officer upon his arrival in the United States shall be the same as the customary procedure followed with respect to consular officers in ascertaining dutiable or prohibited merchandise.

W. R. Johnson
Commissioner of Customs.

Authority EO 12958
Az *1/20/68*

331058

RECORD GROUP 36 – BUREAU OF CUSTOMS

RG 36 – Records of the Bureau of Customs

Office of the Commissioner

**Office Files of Commissioner of Customs William R. Johnson
1931-1945**

Entry 1

Box 4 – Foreign Funds Control to Nation

File – Foreign Funds Control – subtopics vary

Photocopy of yellow paper cover on the file, containing title of the file, is attached to the sheets copied from that file

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Location: **12E4 – 12 – 6 – B**

Stack Area – 12E4

Row 12

Compartment 6

Shelf B

~~317~~ 317
Entry
File Italy - Jewels
Box 4

ITALY

JEWELS

9-29-41

331059

Entry	<u>1</u> <u>36</u>
File	<u>Italy - Jewels</u>
Box	<u>4</u>

✓
833.6

September 29, 1941

Jewels are being sent by the Italian Government to Lisbon by diplomatic pouch soon for further dispatch to the United States to financial agents in the Americas.

Informant recommends Customs alert for shipments by plane or steamships into this country.

From Major Cincotta of Naval Intelligence

Navy Department, Br. 452I

Code from Naval Attache' Rome Italy
9/29/41

331060

Entry	1.36
File	Italy-Jewels
Box	4

833 6

SEP 29 1941

820

Lowell, III

The Collector of Customs,

Boston, Mass., New York, N. Y., Philadelphia, Pa., Baltimore, Md.,
Tampa, Fla., and Laredo, Tex.
Norfolk, Virginia

Sir:

There is quoted below for your information and appropriate attention a cablegram from the Naval Attache, Rome, Italy, which was furnished this office by the Naval Intelligence Office of the Navy Department, in regard to the importation of jewelry from Italy:

"Jewels are being sent by the Italian Government to Lisbon by diplomatic pouch soon for further dispatch to the United States to financial agents in the Americas.

"Informant recommends Customs alert for shipments by plane or steamship into this country".

By direction of the Commissioner:

Very truly yours,

SHIRLEY STEPHENS,
Chief, Enforcement.

SS/LEK 9-29-41

SEP 30 1941

331061

Entry 1-36
File Italy - Jewels
Box 4

*File
EGS*

October 1, 1941.

Memorandum for: Mr. Gaston.

From: Elmer Irey.

A report has been received from a source considered reliable that the Italian Government will send jewels by diplomatic pouch to Lisbon in the near future for further dispatch to the United States. The purpose of sending the jewels is to finance the Italian Government in the Americas. Shipment to the United States may be by plane or steamship.

A copy of this communication has been furnished Mr. Gorman, Mr. Pehle and Mr. Klaus.

(Initialed) E.I.I.

BMT/dso

331062

Entry	105 36
File	Italy - Jewels
Box	4

C O P Y

The White House
Washington

October 2, 1941.

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY

I notice in a published item that jewels soon are to be sent by the Italian Government to Lisbon and by clipper pouch for further dispatch to the United States, in order to finance Italian agents in the Americas. It seems to me that jewels would fall into the category of frozen funds and are, therefore, not deliverable by diplomatic pouch. Also, even though the property of the Italian Government, they should, I think, pay duty.

Please do whatever is necessary in this regard.

F. D. R.

(Initialed) FDR

331063

Entry 1036
File Italy - Jewels
Box 4

October 8, 1941

MEMORANDUM FOR THE PRESIDENT:

You are entirely correct in saying that freezing control regulates the importation of jewels from Italy whether owned by the Italian Government or by its nationals. I have given instructions to do everything possible to detect the entry of the jewels and bring them under our controls.

Once the jewels have been brought under our freezing controls, a license would be required for their sale. Were we to permit the sale of the jewels, the proceeds, of course, would be blocked.

You are also correct in saying that the Italian Government has to pay a duty on the jewels. This duty amounts to 10 per cent of the value.

If the jewels come through the diplomatic pouch, it is up to the State Department to decide whether it will forbid the use of the diplomatic pouch for this purpose or require the Italian Government to place the jewels in a blocked account.

I suggest that you ask Secretary Hull to pass on the question involving the use of the diplomatic pouch.

Secretary Morgenthau carried to Cabinet meeting today 10/3/41

EHF:s 10-8-41

331064

Entry 10-36
File Italy-Jewels
Box 4



OFFICE OF THE COLLECTOR
DISTRICT No. 13
ADDRESS ALL COMMUNICATIONS
FOR THIS OFFICE TO THE COLLECTOR

TREASURY DEPARTMENT
UNITED STATES CUSTOMS SERVICE
HG BALTIMORE, MD.

Oct 7

708

833.6

Copy

October 3, 1941

Commissioner of Customs,
Washington, D. C.

Att: Mr. Shirley Stephens

Sir:

Reference is made to Bureau letter, dated September 29, 1941, relative to the possibility of illegal entry of certain jewels into the United States, same having originated with the Italian Government and forwarded to Lisbon by diplomatic pouch, and wherein you recommend that customs alert be exercised.

The mode of transport from Lisbon to a United States port is not given, and our purpose in writing is to develop the Bureau's attitude toward the subject should the jewels arrive in diplomatic pouch or pouches under the official seal of the Italian Government, with certification to the effect that the pouch or pouches contain only official communications or documents; that is, should we make an examination. If so, this will be counter to instructions outlined in Art. 433(b), C.R. 1937, which say such pouches may be admitted free of duty without customs examination.

The Bureau's instructions are requested.

Respectfully,

Walter J. ...
Assistant Collector

JWS

Walter J. ...
76

REC'D
OCT 9 1941
DIVISION OF ENFORCEMENT

331065

Entry 1036
 File Italy - Jewels
 Box 4

STANDARD FORM No. 14
 APPROVED BY THE PRESIDENT
 MARCH 10, 1926

(FOR CODING)

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

FROM W. . JOHNSON, Tr. 400
 BUREAU CUSTOMS
 CHG. APPROPRIATION CUSTOMS

U. S. GOVERNMENT PRINTING OFFICE 10-1738

October 3, 1941.

Collectors of Customs

(See attached list)

Reliable information indicates that valuable shipment of jewels is en route from Italy to the United States possibly by diplomatic pouch or courier for sale in this country. Essential that such shipment be subject to regular customs clearance and licensing requirements of Foreign Funds Control. Use all precautions to insure proper treatment and report any developments immediately to the Bureau.

Johnson
 JOHNSON

331066

Have list already

REPRODUCED BY THE NATIONAL ARCHIVES
Entry 106
File 1
Box 5 *Things to do in the West*

COLLECTOR OF CUSTOMS:

Portland, Me.
St. Albans, Vt.
Boston, Mass.
Providence, R. I.
Ogdensburg, N.Y.
Rochester, N.Y.
Buffalo, N.Y.
New York, N.Y.
Bridgeport, Conn.
Philadelphia, Pa.
Pittsburgh, Pa.
Baltimore, Md.
Norfolk, Va.
Wilmington, N.C.
Charleston, S.C.
Savannah, Ga.
Tampa, Fla.
Mobile, Ala.
New Orleans, La.
Port Arthur, Tex.
Galveston, Tex.
Laredo, Tex.
El Paso, Tex.
San Diego, Calif.
Nogales, Ariz.
Los Angeles, Calif.
San Francisco, Calif.
Portland, Ore.
Seattle, Wash.
Great Falls, Mont.
Fembina, N.D.
Minneapolis, Minn.
Duluth, Minn.
Milwaukee, Wis.
Detroit, Mich.
Chicago, Ill.
Indianapolis, Ind.
Cleveland, Ohio
Louisville, Ky.
Memphis, Tenn.
St. Louis, Mo.
Omaha, Nebr.
Denver, Colo.
Juneau, Alaska
Honolulu, T.H.
San Juan, P.R.
Charlotte Amalie, St. Thomas, V.I.

331067

Entry 4036
 File Italy-Jewels
 Box 4

IN REPLY REFER TO



TREASURY DEPARTMENT
 BUREAU OF CUSTOMS
 WASHINGTON

OFFICE OF THE COMMISSIONER

ADDRESS REPLY TO
 COMMISSIONER OF CUSTOMS

October 3, 1941.

~~CONFIDENTIAL~~

The Collector of Customs,

Sir:

Reliable information has been received that a valuable shipment of jewels is enroute from Italy to the United States - possibly by diplomatic pouch or courier for sale in this country. It is essential that such shipment be subjected to regular customs clearance and to the licensing requirements of the Foreign Funds Control.

You are directed to take every precaution to insure proper treatment, and to report any developments immediately to the Bureau.

Very truly yours,

(Signed) W. R. Johnson

Commissioner of Customs.

The above letter gone forward by Air Mail 10/3/41.

- St. Albans, Vt.
- Providence, R. I.
- Bridgeport, Conn.
- Wilmington, N. C.
- Norfolk, Va.
- Charleston, S. C.
- Mobile, Ala.
- Port Arthur, Tex.
- Galveston, Tex.
- Great Falls, Mont.

- Pembina, N. D.
- ~~Mississippi, Miss.~~
- Duluth, Minn.
- Milwaukee, Wisc.

DECLASSIFIED
 AUTHORITY EEO 12958
 BY [Signature] DATE 11/20/99

331068

36
Entry 1
File Italy-Jewels
Box 4



OPR NY 1-1540 OK
NY 1-14/// 1-1540 GOVT VOK

NEWYO

NEW YORK CUSTOMS AGENCY

GA

WASH CUST AGCY RUSSELL SPKG
PLEASE DELIVER TO COLLECTOR YOUR PORT THE FOLLOWING MESSAGE
FROM COMMISSIONER JOHNSON

RELIABLE INFORMATION INDICATES THAT VALUABLE SHIPMENT OF JEWELS
IS EN ROUTE FROM ITALY TO THE UNITED STATES POSSIBLY BY DIPLOMATIC
POUCH OR CURRIER FOR SALE IN THIS COUNTRY ESSENTIAL THAT SUCH
SHIPMENT BE SUBJECT TO REGULAR CLEARANCE AND LICENSING REQUIREMENTS
OF FOREIGN FUNDS CONTROL USE ALL PRECAUTIONS TO INSURE PROPER
TREATMENT AND REPORT ANY DEVELOPMENTS IMMEDIATELY TO THE BUREAU GA

WILL DELIVER COMMISSIONER,S MESSAGE AT ONCE

END
ENC
OR GA

THANKS END FER
ECMM

331069

Entry
File Italy - Jewels
Box 4

REPRODUCED AT THE NATIONAL



File
AS

TREASURY DEPARTMENT

UNITED STATES CUSTOMS SERVICE

CUSTOMS AGENCY SERVICE
CUSTOMS AGENT IN CHARGE
P. O. BOX 6

1941

EL PASO, TEX.

- STRICTLY CONFIDENTIAL -

October 4, 1941

OCT 8 1941

AS

The Collector of Customs
El Paso, Texas

Sir:

This office is in receipt of a telegram of an extremely confidential nature from Mr. W. R. Johnson, Commissioner of Customs, in which he directs this office to immediately advise you that confidential information in the possession of the Bureau indicates that a shipment of jewels which are very valuable are enroute to the United States from Italy. Furthermore, that the said jewels are possibly contained in a diplomatic pouch or courier, and that they will be sold in the United States. Furthermore, that it is essential that such shipment be subjected to regular customs clearance and licensing requirements of foreign funds control; also, precautions to insure the proper treatment and to report any developments immediately to the Bureau.

Inasmuch as the above information is of an extremely confidential nature, this communication is being handed personally by the writer to the Assistant Collector of Customs, El Paso, for proper attention.

Respectfully,

D. S. Ganner
Customs Agent in Charge

DSC-jh

cc: Bureau
SAC, Houston

331070

Entry	1086
File	Italy - Jewels
Box	4

4-28



TREASURY DEPARTMENT

UNITED STATES CUSTOMS SERVICE

OGDENSBURG, N. Y. October 6, 1941.

CUSTOMS AGENCY SERVICE
AGENT IN CHARGE
P. O. BOX 119

Commissioner of Customs,
Division of Investigations and Patrol,
Treasury Department,
Washington, D.C.

OCT 8 1941

Sir:

You are respectfully advised your code telegram, dated Washington, D.C. October 4, 1941, 10:20 AM for immediate delivery to the collector of customs, Ogdensburg, N.Y., was received at this office at 12:20 PM and immediately deciphered and delivered to deputy collector, William M. Dordwell, as I was unable to get in touch with the collector or assistant collector.

Respectfully,

Nelson E. Patnode
Nelson E. Patnode,
Assistant Customs Agent,
Acting in Charge.

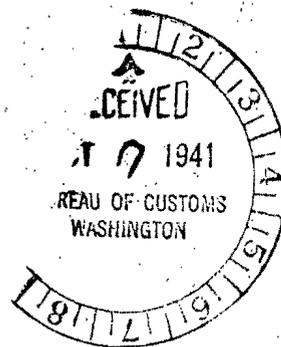
Respectfully forwarded,
Approved:

H.K. Walden
Acting SUPERVISING CUSTOMS AGENT.

NEP:MEM

331071

Entry	186
File	Italy-Jewels
Box	4



TN
M

OPR N O 498

992¹

NY NO OK
NO 498 GOVT OOK

IS MR FLEISHMAN THERE GA

NO
HE IS AR KUNCH

HAVE HIM DELIVER MESS AGE TO COLLECTORS FROM MR JOHNSON

RETEL OCT 6 OBSERVE ARTICLE 432 PARENTHESIS C PARENTHESIS
AS TO OFFICERS OF TRUE DIPLOMATIC STATUS AND RESPECT VALIDTY
OF FOREIGN GOVT SEALS IN ALL CASES ONLY IN CASES WHERE YOU
HAVE DEFINITE CAUSE TO BELIEVE IN OARTICULAR INSTANCE THAT
DIPLOMATIC BAGGAGE OR POUCHES OR THE PRIVILEGE OF THE SEAL IS
BEING IMPROPERLY USED SHOULD THE PACKAGE BE DETAINED FOR ADVICE
FROM THE BU AS TO WHETHER IT SHOULD BE HELD FOR OPENING IN THE
PRESENCE OF CUSTOMS OFFICERS BY A REPRESENTATIVE OF THE FOREIGN
GOVT CONCERNED IN COURTESY CASES NOT INVOLVING PERSONS OF TRUE
DIPLOMATIC STATUS E G CONSULS THERE IS NO ABSOLUTE EXEMPTION FROM
EXAMINATION KOCAL OFFICERS SHOULD EXERCISE SOUND DISCRETION IN THE
LIGHT OF THE FACTS OF THE PARTICULAR CASE NO ADDITIONAL INFO CONCERNING
JEWELS FROM ITALY END OR GA

END
THANKS END LRS

331072

Entry	<u>318</u>
File	<u>Italy - Jewels</u>
Box	<u>4</u>



OFFICE OF THE COLLECTOR
DISTRICT No. 49

ADDRESS ALL COMMUNICATIONS
FOR THIS OFFICE TO THE COLLECTOR

TREASURY DEPARTMENT

UNITED STATES CUSTOMS SERVICE

SAN JUAN, P. R.

October 7, 1941.

VIA AIRMAIL.

The Commissioner of Customs,
Treasury Department,
Washington, D. C.

Sir:-

This is to acknowledge receipt of the Bureau's coded message of the 4th instant, the contents of which are having our careful attention.

Respectfully,

Jean Springstead Whittemore
Jean Springstead Whittemore,
Collector of Customs.

AV:bb

331073

RG 36
Entry 1
File Italy - Jewels
Box 4

FILE NO. 6/120



TREASURY DEPARTMENT

UNITED STATES CUSTOMS SERVICE

CUSTOMS AGENCY SERVICE
OFFICE OF SUPERVISING CUSTOMS AGENT
EIGHTH CUSTOMS AGENCY DISTRICT
203 CUSTOMHOUSE

DETROIT, MICH.

October 8, 1941.

Commissioner of Customs,
Treasury Department,
Washington, D. C.

Sir:

Attention is invited to the Bureau's coded telegram of October 4, 1941, concerning information of shipment of jewels enroute from Italy.

Immediately upon receipt of the Bureau's telegram, look-out notices were placed at customs stations and customs mail divisions, where located, at Detroit, Port Huron, St. Clair, Marine City, Roberts Landing, Algonac and Sault Ste. Marie, Michigan. The information was also conveyed, by telephone, to the Collector of Customs at Cleveland, Ohio.

The Bureau is advised that no information of the arrival of this shipment in this district has been received up to this time. However, if any information is received, it will be promptly conveyed to the Bureau.

Respectfully,

C. E. Wyatt,
Supervising Customs Agent.

CEW:AW

331074

OCT 10 1941

[Handwritten initials and signature]

REPRODUCED AT THE NATIONAL ARCHIVES

Entry	<u>38</u>
File	<u>Italy - Jewels</u>
Box	<u>4</u>

833.6

NOV 20 1941

The Collector of Customs,
Baltimore, Maryland.

Sir:

Reference is made to your letter of October 3, 1941, in regard to the illegal entry of certain jewels into the United States.

You should observe article 432(c) of the Customs Regulations of 1937 as to officers of true diplomatic status and respect the validity of foreign government seals in all cases unless you have definite cause to believe in the particular instance that diplomatic baggage or pouches or the privilege of the seal is being improperly used. In such cases the package should be detained for advice from the Bureau as to whether or not it should be held for opening in the presence of customs officers by a representative of the foreign government concerned. In courtesy cases not involving the question of true diplomatic status, such as consuls, there is no absolute exemption from examination. Customs officers should exercise sound discretion in the light of the facts of the particular case.

No additional information concerning the method of transport to the United States is available.

Very truly yours,

(Signed) W. H. Johnson

Commissioner of Customs.

In duplicate.

SS/LEK 10-9-41

h

331075

RECORD GROUP 36 – BUREAU OF CUSTOMS

RG 36 – Records of the Bureau of Customs

Office of the Commissioner

**Office Files of Commissioner of Customs William R. Johnson
1931-1945**

Entry 1

Box 4 – Foreign Funds Control to Nation

File – Foreign Funds Control – subtopics vary

Photocopy of yellow paper cover on the file, containing title of the file, is attached to the sheets copied from that file

Archives I – 8th and Pennsylvania Ave., N.W., Washington, D.C.

Location: **12E4 – 12 – 6 – B**

Stack Area – 12E4

Row 12

Compartment 6

Shelf B

RG 36
Entry 1
File Things to be done
Box 5

331076

"THINGS TO BE DONE IN
THE EVENT OF WAR IN EUROPE"

9/14/1938

RG	36
Entry	1
File	"Things to be done in event of war"
Box	5

9/14/38

This memorandum consists of reports from the heads of various divisions in the General Counsel's Office on things to be done in the event of war in Europe. Each report is divided into two parts:

- I. Things which will be necessary or desirable to do within 24 hours,
- II. Other things to be done.

RG 36
 Entry 1
 File Things to be done
 Box 5

LIBERAL AND ECONOMIC

I. Things Which it May be Desirable to Do Within 24 Hours.

- A. Revoke foreign exchange regulations and general license of November 12, 1934.
- B. Stop buying gold or silver or permitting its importation, and amend gold regulations and issue appropriate silver regulations.
- C. Sterilize all gold held in this country under earmark.
- D. Take immediate steps to bring home gold and silver owned by the United States and held abroad.
- E. Prohibit export of gold and silver.
- F. Status of Tripartite accord. We may wish either to terminate this on 24 hours' notice or take steps to strengthen the accord and obtain its application along the lines considered recently, or in any other manner which would strengthen and extend our cooperation with the democratic countries.

II. Things Which it May be Desirable to Do Within a Week.

- A. Amend Executive Order regulating foreign exchange (1) so as to require licenses for foreign exchange transactions even though of a normal character; (2) prohibit except under license not only foreign exchange transactions, etc., but transactions between banks in this country.
- B. Use free gold and silver to support Government bond market and to cover demands for payment on "baby" bonds.
- C. Use all free gold and silver and other assets and means within the Government's power to counteract any contraction in the economy, fall in the market, or flight from the dollar, etc.
- D. Through control of transactions between banks and through desterilization, spending of government assets, government deposits, etc., take steps to prevent or neutralize liquidation of security values, etc.
- E. Upon issuance of a Presidential proclamation recognizing the existence of a state of war, application of Section 3 of the Neutrality Act which makes it unlawful for any person within the United States to purchase, sell, or exchange obligations of a belligerent government or to make any loan or extend any credit to a belligerent government.
- F. Nationalize or control foreign holdings of currencies, securities, etc. of American nationals.

RG 36
Entry 1
File "Things to be done immediately after war"
Box 5

CUSTOMS

I. Things to be Done Immediately After President Proclaims Existence of War in Europe.

A. A telegram has been drafted for despatch to all collectors of customs as soon as the President proclaims that a state of war exists between foreign nations. Collectors will:

- (1) Prevent the departure of vessels intended for conduct of hostilities or to supply warships of belligerents. ✓
- (2) Enforce the export and import restrictions of the regulations governing international traffic in arms. ✓
- (3) Enforce the observance of neutrality in radio communications by vessels.

B. Necessary papers have been prepared under the 1917 Act.

II. Further Customs Action would be Dependent upon Presidential Action, Which Might be Taken Under:

- A. U.S.C. title 15, sec. 76. Power of President to restrict importations during existence of a war in which the United States is not engaged. ✓
- B. U.S.C. title 15, sec. 77. Power of President to restrict clearance of vessels because of discrimination against Americans or American vessels, during existence of war in which the United States is not engaged. (Commerce laws.) ✓
- C. U.S.C. title 15, sec. 31. Power of President (during war in which the United States is neutral), or any person authorized by him, to withhold clearance from any vessel when there is reasonable cause to believe that it is about to carry arms, etc., to a belligerent in violation of laws, treaties or obligations under the law of nations. (Commerce laws.)
- D. U.S.C. title 15, sec. 32. Power of President, or any person authorized by him, to detain armed vessels in time of a war in which the United States is neutral. See U.S.C. title 15, sec. 36.
- E. U.S.C. title 19, sec. 1318. Emergency proclamation by President - power to authorize Secretary of Treasury to permit importations free of duty and to defer time for performance of acts required by the customs laws.

RG 36
 Entry 1
 File "Things to do in event of war"
 Box 5

- 3 -

F. U.S.C. title 50, sec. 191. Secretary of Treasury has several powers.

FINANCING AND BANKING

I. Nothing.

II. A. Financing

- (1) Under the Second Liberty Bond Act we are authorized to issue approximately 2.1 billion dollars of new notes, bills and certificates of indebtedness; and approximately 5.6 billion dollars of new bonds bearing interest not to exceed 4%. Immediate attention should be given to the preparation of legislation to raise the maximum rate of interest which the bonds may bear and to increase or remove the limitations on the amount of bonds, notes, bills and certificates of indebtedness which may be outstanding at any one time.
- (2) It is probable that in the event of war, there will be a pronounced rise in London interest rates. Money again will be in demand and a corresponding rise in money rates in the United States will result. One of the immediate repercussions might well be the liquidation in large quantities of United States Savings Bonds and Adjusted Service Bonds of 1945. These are the only securities (of which there are approximately 1.5 billion outstanding) which are redeemable at any time at the option of the owner. Thought should be given to methods for anticipating such liquidation.

B. Banking

During war-time, the emergency might be such that it would be necessary to promulgate additional restrictions upon the operation of banks. It would seem that existing legislation is sufficient to authorize the President to control the operation of banks. It should be noted that at the present time, technically, the banking emergency holiday, and legislation authorizing such holiday, are still in effect. We can rely upon existing proclamations, executive orders and regulations as precedents for any necessary additional measures.

C. Transportation

Since the Secretary of the Treasury, as Director General of Railroads, is responsible for the liquidation of what

331080

RG	36
Entry	1
File	"Things to be kept in mind"
Box	5

- 4 -

remains of the Railroad Administration established during the World War, the files of the Railroad Administration are at present deposited in the Treasury Department. Accordingly, if it should be necessary for the Government to take over the operation of railroads, certain responsibilities might be conferred upon the Treasury Department.

D. Emergency Agencies

We have made a number of studies of the powers of the various emergency agencies such as Federal Surplus Commodities Corporation, Export-Import Bank and Reconstruction Finance Corporation to effect purchases, sales and storage of war materials and other commodities. It may be well to make a reexamination of the entire field of emergency agencies to determine whether or not there are any additional functions that they can perform in connection with such purchases, sales, storage, processing, etc., and also in connection with financing of other emergency war-time functions.

NARCOTICS

I. Nothing.

II. A. The country depends for its supply of crude opium and coca leaves on importations from abroad. The 1938 allotments of crude opium have been withdrawn from the Treasury vaults and the 1939 allotments have been or are being imported and stored in the Treasury vaults. It will become necessary therefore, in the event of a European war, which will close up sources of crude opium supply, to take all possible steps to conserve, and if possible to augment, the present supply of crude opium in the United States. The first step is to prohibit absolutely all exportation of narcotic drugs and preparations. Pending emergency legislation this should be done administratively if possible.

B. An immediate survey should be made to ascertain stocks on hand of all narcotic drugs in the possession of all manufacturers and wholesale dealers. A determination should be made of what quantities of narcotics are necessary for normal medical needs for a period of say six months, and the Government should confiscate all supplies over and above this quantity, including stores of crude opium in the Treasury vaults, to await some system of apportionment in order to prevent hoarding and profiteering. Probably emergency legislation for this purpose would be required.

331081

RG	<u>36</u>
Entry	<u>1</u>
File	<u>"Thurs to 1st of Dec"</u>
Box	<u>5</u>

C. The Government should endeavor to import as fast as possible on its own account, quantities of crude opium and coca leaves sufficient for several years' supply.

D. The Government should undertake to make arrangement with an appropriate State, through the Department of Agriculture, whereby opium poppies will be grown within the United States, in order to make the country self-sufficient with respect to its medical needs for morphine.

PROCUREMENT

I. Nothing.

II. Take steps to procure strategic materials, including drugs, and other materials difficult to procure in case of war.

ALCOHOL TAX UNIT

I. Nothing.

II. Nothing.

ENROLLMENT AND DISARMAMENT

I. Nothing.

II. Nothing.

FEDERAL ALCOHOL ADMINISTRATION

I. Nothing.

II. Nothing.

PUBLIC HEALTH

I. Nothing.

II. Cooperate with Procurement in procuring drugs and other medical supplies which would be difficult to procure in case of war.

INTERNAL REVENUE

I. Nothing.

II. Nothing.

RG 36
Entry 1
File "Things to be kept in mind 84 Wes."
Box 5

- 6 -

COAST GUARD

- I. A. Papers have been prepared under the 1917 Act.
- B. Alternative instructions have been prepared to all divisions, captains of ports, vessels, bases and districts referring to all applicable statutes, circulars, instructions, and regulations and inclosing copies of proclamations, etc.
- II. A. Shift whatever vessels may be necessary and can be spared from other duties to ports at which violations of the espionage and neutrality laws may be expected.

RG	36
Entry	1
File	"Things to be done in 1938"
Box	5

ADDENDUM

September 15, 1938

Mr. Cliphant

Mr. Foley

Measures Necessary to Support Government Securities Market.

The existence of a state of war in Europe would cause tension in world money markets which would be reflected, in all probability, by a rise in interest rates in the United States. As a result of such rise, there would be pressure on the market for Government securities with a resultant drop in market prices. Provision should be made to counteract a drop in Government security prices (a) so that we would not have to pay unreasonably high interest rates on new borrowings and (b) because the price of Government bonds is regarded as an index of the credit of the United States.

During the World War this situation was met in part by the creation of a "five per cent bond purchase fund" under the authority of section 15 of the Second Liberty Bond Act, as amended. Thus, in addition to sinking fund operations, the Secretary was authorized to use five per cent of the amount of any issue for the purpose of buying securities which formed a part of such issue. The authority to make such purchases expired one year after the termination of the World War, and it would not seem necessary at this time to consider reinstatement of such authority, although the matter should be borne in mind.

At the present time the cumulative sinking fund (which has not been utilized substantially during the past few years) is available for purchases of approximately a billion dollars of securities. Also, purchases could be made for the account of numerous funds and accounts which the Secretary administers. For example, if bonds go below par, they could be purchased for the unemployment trust fund and (if their yield is three per cent) for the old-age reserve account.

In addition to the above possibilities for bolstering our securities market, it is understood that Mr. Bernstein has suggested in his memorandum other possibilities involving the use of the stabilization fund, greenbacks, etc.

E. H. F. Jr.

331084

RECORD GROUP 36 – BUREAU OF CUSTOMS

RG 36 – Records of the Bureau of Customs

Office of the Commissioner

**Office Files of Commissioner of Customs William R. Johnson
1931-1945**

Entry 1

Box 5 – Neutrality to Shipment

File – topics vary

Photocopy of yellow paper cover on the file, containing title of the file, is attached to the sheets copied from that file

Archives I – 8th and Pennsylvania Ave., N.W., Washington, D.C.

Location: **12E4 – 12 – 6 – B**

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Row 12

Compartment 6

Shelf B

RG 36
Entry 1
File "Things to be done in event of war"
Box 5

331085

"THINGS TO BE DONE IN
THE EVENT OF WAR IN EUROPE"

9/14/1938

REPRODUCED AT THE NATIONAL ARCHIVES

RG 36
Entry 1
File "Thurs to Sat, 3/10/50"
Box 5

COPY

March 10, 1950

Secretary Morgenthau

E. H. Foley, Jr., Acting General Counsel

Attached is a memorandum enumerating problems and possible courses of action affecting the Treasury Department which should be considered in the light of the current European crisis and possible developments.

I will be at Robert Winmill's, Warrenton, Virginia, until tomorrow evening. If you need me, I can get back to Washington in an hour. The telephone number is Warrenton 210.

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

Attachment

- cc: Mr. Bernstein
- Mr. Cox
- Mr. Cairns
- Mr. Manning
- Mr. Johnson

EHF:is Typed 3/10/50

331086

RG 36
Entry 1
File "Threat to the infant
of War"
Box 5

3/18/39

Non-legislative Action Which the Government Can Take in
Case of a War Abroad in Which the United States is Not a Party.

I

Monetary and Fiscal Control

- A. Reinstate foreign exchange control by revoking the general license under which foreign exchange transactions are now taking place and extend such control to ordinary commercial transactions, which were not previously covered. Within this frame, any degree of control could be carried out.
- B. Stop selling gold and prohibit export of gold and silver.
- C. Take immediate steps to bring home gold and silver owned by the United States and held abroad.
- D. Status of tripartite accord. We may wish either to terminate this on 24 hours' notice or take steps to strengthen the accord along lines which would extend our cooperation with the democratic countries.
- E. Nationalize or control holdings abroad of currencies, securities, etc., by American nationals.
- F. Use free gold and silver, stabilization fund, and other resources to support Government bond market and to cover demands for payment on "baby" bonds.
- G. Use free gold and silver and other available assets and means within the Government's power to counteract any contraction in the economy, fall in the market, or flight from the dollar, etc. Plans should be further developed with SEC and Federal Reserve Board for dealing with the sudden liquidation of foreign-owned securities and for supporting the Government bond market. This might entail the closing of the stock markets or might perhaps involve the setting up of machinery for the orderly liquidation of foreign-owned securities. In this connection papers have been drawn to create a privately-owned corporation to assist in the orderly liquidation of securities and other property of foreigners.
- H. Filing of detailed reports concerning all property in this country held by foreigners.
- I. Through control of payments by banks in this country, sterilization of all gold held in this country under earmark, and other means, prevent the use by belligerents of their assets in this country or the sale of their property in any manner inconsistent with our interests.

331087

RG	<u>36</u>
Entry	<u>1</u>
File	<u>"Things to Disinfect 84 Wks"</u>
Box	<u>5</u>

- 2 -

- J. Upon issuance of a Presidential proclamation recognizing the existence of a state of war, application of Section 5 of the Neutrality Act which makes it unlawful for any person within the United States to purchase, sell or exchange obligations of a belligerent government or to extend any credit to a belligerent.

II

Control of Prices and Supply of Commodities

- A. Creation of a central purchasing agency, representing the democracies, to get increased bargaining power as an antidote to rising prices of war and related materials.
- B. The use of cheap credit extended by RFC to competing companies which can get into production and/or which agree to keep prices down.
- C. Hearings before the Temporary National Economic Committee on commodities or articles whose prices are running up too high.
- D. The timing of Government purchasing to keep prices down.
- E. Use of any other Government agency or mechanism, such as, perhaps, the AAA, Export-Import Bank, etc., to control prices and supplies of commodities.

III

Customs Control

- A. Discriminatory Duties. Even in the absence of war, under the Customs laws, the President, when he finds it in the public interest, may proclaim new or additional duties up to 50 per cent of the value on articles wholly or in part the product of or imported in a vessel of Germany whenever he finds as a fact that such country discriminates in fact against the commerce of the United States. In published letters addressed to you in connection with trade agreement proclamations, the President, on several occasions, has stated that he finds it a fact that Germany discriminates against the commerce of the United States.

If, after the new duties are imposed, Germany maintains or increases its discrimination against the commerce of the United States, the President, if he deems it consistent with the interests of the United States may issue a further proclamation directing that the products of Germany or articles imported in German vessels shall be prohibited importation into the United States.

331088

RG	36
Entry	1
File	"Thurs to Aug 1917"
Box	5

- 5 -

- B. If the President issues a proclamation under the Neutrality Act that a state of war exists between foreign nations, the following action must be taken:
1. Prevent the departure of vessels intended for conduct of hostilities or to supply warships of belligerents.
 2. Enforce the export and import restrictions of the regulations governing international traffic in arms. ✓
 3. Enforce the observance of neutrality in radio communications by vessels.
- C. If the President also declares that the placing of restrictions on exports other than war materials is necessary to promote the peace and security of the United States, Customs and Coast Guard will have to prevent the departure of American vessels carrying such materials directly or indirectly to belligerent states.
- D. Whenever the President shall have issued proclamations under the "Cash and Carry" clause of the Neutrality Act, Coast Guard and Customs will be required to prevent exports unless title has passed to the consignee before shipment.
- E. Concurrently with the proclamation of a state of war under the Neutrality Act, or independently thereof, the President, under the Espionage Act of June 15, 1917, may declare a national emergency to exist, and the Secretary of the Treasury may make rules and regulations governing anchorage and movement of vessels from the territorial waters of the United States. Customs and Coast Guard would enforce such regulations. Rough drafts of the necessary papers have been prepared.
- F. If the President restricts or prohibits the importation of products of Germany on the ground that importation of products of the United States is prohibited or restricted by Germany, the Coast Guard and Customs will enforce such prohibition or restriction.
- G. If the President orders the detention of any vessels on the ground that it is discriminating against American nationals in the shipment of commodities Customs and Coast Guard will enforce the order.
- H. If the President orders the withholding of clearance of any German vessels on the grounds that the German Government is not affording the same facilities to American vessels as are afforded by the United States to German vessels, Customs and Coast Guard will enforce such order.

331089

RG	36
Entry	1
File	"Threat to Security ^{of War} "
Box	5

- 4 -

- I. If the President, independently of the Neutrality Act, orders the withholding of clearance of any vessel on the ground that there is reasonable cause to believe that it is about to carry arms, etc., to a belligerent in violation of our laws, treaties, or international obligations, Coast Guard and Customs will enforce such order.
- J. If the President exercises his authority to order the detention of certain armed vessels in ports of the United States if suspected of intent to aid belligerents, Coast Guard and Customs will enforce the detention.
- K. If the President proclaims the finding of an emergency and grants authority to the Secretary of the Treasury, Customs will permit imports free of duty of food, clothing, medical, surgical and other supplies for use in emergency relief work or extend during the continuance of such an emergency the time prescribed for the performance of acts under the Customs laws.

Note: The original and the initialed carbon were taken personally to the Secretary 7:00 P.M.

cc: Mr. Bernstein
 Mr. Cox
 Mr. Cairns
 Mr. Manning
 Mr. Johnson

331090

RECORD GROUP 36 – BUREAU OF CUSTOMS

RG 36 – Records of the Bureau of Customs

Office of the Commissioner ~~of Customs~~

**Office Files of Commissioner of Customs William R. Johnson
1931-1945**

Entry 1

Box 5 - Neutrality to Shipment

File – topics vary

Photocopy of yellow paper cover on the file, containing title of file, is attached to the sheets copied from that file

Archives I - 8th and Pennsylvania Ave., N.W., Washington, D.C.

Location: **12E4 – 12 – 6 - B**

Stack Area – 12E4

Row 12

Compartment 6

Shelf B

RG 36
Entry 1
File "Things to be done in event of war"
Box 5

331091

"THINGS TO BE DONE IN
THE EVENT OF WAR IN EUROPE"

9/14/1938

RG	36
Entry	1
File	Thompson to lead informant
Box	5

Customs

VI. WESTERN UNION

December 7, 1941

TO ALL COLLECTORS OF CUSTOMS AND CUSTOMS PERSONNEL

TAKE ALL NECESSARY STEPS TO ENFORCE IMMEDIATELY SECTION 3(a), (b), AND (c) OF THE TRADING WITH THE ENEMY ACT WHICH READS AS FOLLOWS:

QUOTE IT SHALL BE UNLAWFUL (a) FOR ANY PERSON IN THE UNITED STATES, EXCEPT WITH THE LICENSE OF THE PRESIDENT, GRANTED TO SUCH PERSON, OR TO THE ENEMY, OR ALLY OF ENEMY, AS PROVIDED IN THIS ACT, TO TRADE, OR ATTEMPT TO TRADE, EITHER DIRECTLY OR INDIRECTLY, WITH, TO, OR FROM, OR FOR, OR ON ACCOUNT OF, OR ON BEHALF OF, OR FOR THE BENEFIT OF, ANY OTHER PERSON, WITH KNOWLEDGE OR REASONABLE CAUSE TO BELIEVE THAT SUCH OTHER PERSON IS AN ENEMY OR ALLY OF ENEMY, OR IS CONDUCTING OR TAKING PART IN SUCH TRADE, DIRECTLY OR INDIRECTLY, FOR, OR ON ACCOUNT OF, OR ON BEHALF OF, OR FOR THE BENEFIT OF, AN ENEMY OR ALLY OF ENEMY.

(b) FOR ANY PERSON, EXCEPT WITH THE LICENSE OF THE PRESIDENT, TO TRANSPORT OR ATTEMPT TO TRANSPORT INTO OR FROM THE UNITED STATES, OR FOR ANY OWNER, MASTER, OR OTHER PERSON IN CHARGE OF A VESSEL OF AMERICAN REGISTRY TO TRANSPORT OR ATTEMPT TO TRANSPORT FROM ANY PLACE TO ANY OTHER PLACE, ANY SUBJECT OR CITIZEN OF AN ENEMY OR ALLY OF ENEMY NATION, WITH KNOWLEDGE OR REASONABLE CAUSE TO BELIEVE THAT THE PERSON TRANSPORTED OR ATTEMPTED TO BE TRANSPORTED IS SUCH SUBJECT OR CITIZEN. (c) FOR ANY PERSON (OTHER THAN A PERSON IN THE SERVICE

331092

RG	36
Entry	1
File	<i>Things to be done</i>
Box	5

page 2

OF THE UNITED STATES GOVERNMENT OR OF THE GOVERNMENT OF ANY NATION, EXCEPT THAT OF ANY ENEMY OR ALLY OF ENEMY NATION, AND OTHER THAN SUCH PERSONS OR CLASSES OF PERSONS AS MAY BE EXEMPTED HEREUNDER BY THE PRESIDENT OR BY SUCH PERSON AS HE MAY DIRECT), TO SEND, OR TAKE OUT OF, OR BRING INTO, OR ATTEMPT TO SEND, OR TAKE OUT OF, OR BRING INTO THE UNITED STATES, ANY LETTER OR OTHER WRITING OR TANGIBLE FORM OF COMMUNICATION, EXCEPT IN THE REGULAR COURSE OF THE MAIL; AND IT SHALL BE UNLAWFUL FOR ANY PERSON TO SEND, TAKE, OR TRANSMIT, OR ATTEMPT TO SEND, TAKE, OR TRANSMIT OUT OF THE UNITED STATES, ANY LETTER OR OTHER WRITING, BOOK, MAP, PLAN, OR OTHER PAPER, PICTURE, OR ANY TELEGRAM, CABLEGRAM, OR WIRELESS MESSAGE, OR OTHER FORM OF COMMUNICATION INTENDED FOR OR TO BE DELIVERED, DIRECTLY OR INDIRECTLY, TO AN ENEMY OR ALLY OF ENEMY: PROVIDED, HOWEVER, THAT ANY PERSON MAY SEND, TAKE, OR TRANSMIT OUT OF THE UNITED STATES ANYTHING HEREIN FORBIDDEN IF HE SHALL FIRST SUBMIT THE SAME TO THE PRESIDENT, OR TO SUCH OFFICER AS THE PRESIDENT MAY DIRECT, AND SHALL OBTAIN THE LICENSE OR CONSENT OF THE PRESIDENT, UNDER SUCH RULES AND REGULATIONS, AND WITH SUCH EXEMPTIONS, AS SHALL BE PRESCRIBED BY THE PRESIDENT UNQUOTE THE WORDS "ENEMY" AND "ALLY OF ENEMY" UNDER SECTION TWO OF THE TRADING WITH THE ENEMY ACT INCLUDE-- (a) ANY INDIVIDUAL, PARTNERSHIP

REPRODUCED BY THE
RG 36
Entry 1
File Things to be destroyed
Box 5

Page 3

OR OTHER BODY OF INDIVIDUALS, OF ANY NATIONALITY, RESIDENT WITHIN THE TERRITORY (INCLUDING THAT OCCUPIED BY THE MILITARY AND NAVAL FORCES) OF JAPAN, OR OF ANY NATION WHICH IS AN ALLY OF JAPAN, OR RESIDENT OUTSIDE THE UNITED STATES AND DOING BUSINESS WITHIN SUCH TERRITORY, AND ANY CORPORATION INCORPORATED WITHIN SUCH TERRITORY OR INCORPORATED WITHIN ANY COUNTRY OTHER THAN THE UNITED STATES AND DOING BUSINESS WITHIN SUCH TERRITORY (b) THE GOVERNMENT OF JAPAN OR OF ANY NATION WHICH IS AN ALLY OF JAPAN, OR ANY POLITICAL OR MUNICIPAL SUBDIVISION THEREOF, OR ANY OFFICER, OFFICIAL, AGENT, OR AGENCY THEREOF.

HENRY MORGENTHAU, JR.
SECRETARY OF THE TREASURY

1961 Dec 7 PM 8 15

copy

331094

REPRODUCED AT THE NATIONAL ARCHIVES

Entry 1
File "Things to be identified"
Box 5

COLLECTOR OF CUSTOMS:

- Portland, Me.
- St. Albans, Vt.
- Boston, Mass.
- Providence, R.I.
- Ogdensburg, N.Y.
- Rochester, N.Y.
- Buffalo, N.Y.
- New York, N.Y.
- Bridgeport, Conn.
- Philadelphia, Pa.
- Pittsburgh, Pa.
- Baltimore, Md.
- Norfolk, Va.
- Wilmington, N.C.
- Charleston, S.C.
- Savannah, Ga.
- Tampa, Fla.
- Mobile, Ala.
- New Orleans, La.
- Port Arthur, Tex.
- Galveston, Tex.
- Laredo, Tex.
- El Paso, Tex.
- San Diego, Calif.
- Nogales, Ariz.
- Los Angeles, Calif.
- San Francisco, Calif.
- Portland, Ore.
- Seattle, Wash.
- Great Falls, Mont.
- Pembina, N.D.
- Minneapolis, Minn.
- Duluth, Minn.
- Milwaukee, Wis.
- Detroit, Mich.
- Chicago, Ill.
- Indianapolis, Ind.
- Cleveland, Ohio
- Louisville, Ky.
- Memphis, Tenn.
- St. Louis, Mo.
- Omaha, Nebr.
- Denver, Colo.
- Juneau, Alaska
- Honolulu, T.H.
- San Juan, P.R.
- Charlotte Amalie, St. Thomas, V.I.

NO 86
Entry 1
File "There to last interest of War"
Box 5

COLLECTOR OF CUSTOMS:

Portland, Me.
St. Albans, Vt.
Boston, Mass.
Providence, R. I.
Ogdensburg, N.Y.
Rochester, N.Y.
Buffalo, N.Y.
New York, N.Y.
Bridgeport, Conn.
Philadelphia, Pa.
Pittsburgh, Pa.
Baltimore, Md.
Norfolk, Va.
Wilmington, N.C.
Charleston, S.C.
Savannah, Ga.
Tampa, Fla.
Mobile, Ala.
New Orleans, La.
Port Arthur, Tex.
Galveston, Tex.
Laredo, Tex.
El Paso, Tex.
San Diego, Calif.
Nogales, Ariz.
Los Angeles, Calif.
San Francisco, Calif.
Portland, Ore.
Seattle, Wash.
Great Falls, Mont.
Pembina, N.D.
~~Minneapolis, Minn.~~
Duluth, Minn.
Milwaukee, Wis.
Detroit, Mich.
~~Chicago, Ill.~~
~~Indianapolis, Ind.~~
Cleveland, Ohio
~~Louisville, Ky.~~
~~Memphis, Tenn.~~
St. Louis, Mo.
~~Omaha, Neb.~~
~~Denver, Colo.~~
Juneau, Alaska
Honolulu, T.H.
San Juan, P.R.
Charlotte Amalie, St. Thomas, V.I.

SUPERVISING CUSTOMS AGENT

BOSTON MASS
NEWYORK NY
BALTIMORE MD
JACKSONVILLE FLO
DETROIT MICH
CHICAGO ILL
HOUSTON TEX
ST PAUL MINN
SANFRANCISCO CALIF
SEATTLE WASHN

SUPT OF US CUSTOMS PATROL

BUFFALO NY
HAVRE MONT
ELPASO TEX

331096

RG 36
Entry 1
File "Things to be in front of us"
Box 5

Don't pass controls

Internal Security Agency

Gen Serv Adm

Defense Materials Procurement Agency

Dept of Commerce

State

Withhold clearance of vessels and
aircraft pending check of security
and defense requirements -

(50 USC 1987 for review)
Sect 1 Esp act of 1917 & Air Aeron
Act - for aircraft

Ship Warrants System - Under Consideration
by Coast Guard - Develop Operating Plans
(Dept of Commerce) -

331097

Small Note Tell out of loose papers in front of file folder

RECORD GROUP 36 – BUREAU OF CUSTOMS

RG 36 – Records of the Bureau of Customs

Office of the Commissioner [REDACTED]

**Office Files of Commissioner of Customs William R. Johnson
1931-1945**

Entry 1

Box 5 - Neutrality to Shipment

File – topics vary

Photocopy of yellow paper cover on the file, containing title of file, is attached to the sheets copied from that file

Archives I - 8th and Pennsylvania Ave., N.W., Washington, D.C.

Location: 12E4 – 12 – 6 - B

Stack Area – 12E4

Row 12

Compartment 6

Shelf B

11-17-41

SEARCH OF PASSENGERS AND BAGGAGE - MEMO. ON STEPS TAKEN BY CUSTOMS TO ASSURE CUSTOMS EXAMINATION OF PASSENGERS AND IMPORTED ARTICLES COMING INTO U. S. IN MILITARY AND NAVAL PLANES.

331098

RG 36
Entry
File Arch of the ship
Box .

RG 36
Entry 1
File Arch of Passports
Box 5

November 17, 1941.

MEMORANDUM

No general instructions have been issued concerning the treatment of military aircraft arriving in the United States. However, the subject has been the matter of correspondence with a number of customs collection districts, such as Maine, Florida, Vermont and Montana.

Military aircraft arriving in the United States from a foreign country are not subject to the Air Commerce Act and the regulations thereunder. Therefore, they cannot be compelled to report to the customs authorities upon entering the United States.

The Bureau has suggested, in correspondence with collectors of customs in certain districts, that the commanding officers, at each military airfield in the particular district, be contacted and that these officers be advised that in the event any merchandise or baggage is brought into the United States in military aircraft, the nearest customs officer should be notified immediately and the merchandise or baggage held intact until customs inspection and clearance can be had.

In the case of direct arrivals at Bolling Field an arrangement has been worked out with the deputy collector of customs, Washington (Georgetown), D. C., which appears to be functioning satisfactorily. The airfield notifies the customhouse of each arrival and a customs officer proceeds to the airfield and clears through customs any merchandise or baggage that may have been brought in on the plane.

331099

RECORD GROUP 36 – BUREAU OF CUSTOMS

RG 36 – Records of the Bureau of Customs

Office of the Commissioner

**Office Files of Commissioner of Customs William R. Johnson
1931-1945**

Entry 1

Box 5 – Neutrality to Shipment

File – topics vary

Photocopy of yellow paper cover on the file, containing title of the file, is attached to the sheets copied from that file

Archives I – 8th and Pennsylvania Ave., N.W., Washington, D.C.

Location: **12E4 – 12 – 6 – B**

Stack Area – 12E4

Row 12

Compartment 6

Shelf B

RG 36
Entry 1
File - Memo - Inter-Office
Box 8

March 29, 1941.

TO: A. S. JOHNSON

FROM: W. R. JOHNSON.

I find no particular Treasury interest in the bust. Let it go in regular channels to Procurement, where I suppose the Fine Arts Commission will have something to say about its ultimate disposition.

(Signed) W. R. Johnson

WRJ-esb

331100

RECORD GROUP 36 – BUREAU OF CUSTOMS

RG 36 – Records of the Bureau of Customs

Office of the Commissioner

**Office Files of Commissioner of Customs William R. Johnson
1931-1945**

Entry 1

Box 8 – Vessels to General Provisions, Foreign Trade

File – topics vary

Photocopy of yellow paper cover on the file, containing title of the file, is attached to the sheets copied from that file

Archives I – 8th and Pennsylvania Ave., N.W., Washington, D.C.

Location: **12E4 – 12 – 6 – C**

Stack Area – 12E4

Row 12

Compartment 6

Shelf C

RG 36
Entry 1
File - Circular Letter 2282
Box 9

741.04

CIRCULAR LETTER 2282 AND SUPPLEMENTS

TRADING WITH THE ENEMY ACT

Platinum

3/12/43

92 2271

Copy of 2282 20525 12/11

3/12/43

331101

741.04

OFFICE OF THE COMMISSIONER OF CUSTOMS

August 4, 1942.

MEMORANDUM FOR THE COMMISSIONER OF CUSTOMS

In accordance with the Secretary of War's letter of July 6 in which he requests that a representative of the Military Intelligence Division of his Department confer with a representative of the Treasury Department in order to simplify procedure in connection with the bringing of tangible communications into the United States by designated Army couriers, the following report is submitted:

Lieutenant Goodrich of Military Intelligence Division came to my office yesterday for the second visit on this matter and submitted the attached memorandum of the procedure the War Department would like the Customs Service to adopt in connection with this matter. Lieutenant Goodrich also stated that his Department greatly desired to have the Customs Service pick up all tangible communications other than those of a highly secret and confidential nature which will be passed without examination and deliver them to the Chief Intelligence Officer in the district in which they enter the country. If this procedure is adopted, the Military Intelligence Division will be in a position to detect and punish, if the circumstances justify, any officer who attempts to bring communications into the United States which are not admissible. Under present arrangements, many violations of Army personnel are never reported to their office and, if so, it is through the censorship office by use of submission slips many weeks after the offense occurs. By this procedure, the Military Intelligence Division of the Army will have a close check on all Army personnel bringing communications into the United States otherwise than by regular Army mail.

Major Wadsworth of the Office of Censorship advised me that the postal censorship does examine, when found in the regular mails, communications addressed to an individual residing in the United States which is being sent by Army personnel. However, there is practically no mail of this type entered into the United States. All Army mail from abroad is sent in regular pouches and does not come through postal censorship channels. Major Wadsworth was also of the opinion that it would be a very desirable procedure if customs would turn over to the Military Intelligence Division all communications found in the possession of Army personnel entering the United States. Censorship does not examine any official mail between a Government officer and his Department.

Stephens

331102

RECORD GROUP 36 – BUREAU OF CUSTOMS

RG 36 – Records of the Bureau of Customs

Office of the Commissioner

**Office Files of Commissioner of Customs William R. Johnson
1931-1945**

Entry 1

Box 9 – Proclamations to Smith, Walter

File – topics vary

Photocopy of yellow paper cover on the file, containing title of the file, is attached to the sheets copied from that file

Archives I – 8th and Pennsylvania Ave., N.W., Washington, D.C.

Location: **12E4 – 12 – 6 – C**

Stack Area – 12E4

Row 12

Compartment 6

Shelf C

op-16-B-2 (Naval Censorship)
mbw-gw

NAVY DEPARTMENT
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
WASHINGTON

RG 36
Entry 1
File - No tab with title
Box 10 May 11, 1943.

MEMORANDUM TO: U. S. CUSTOMS.
Attention Mr. Shirley Stephens, Chief,
Enforcement Division.

Subject: Proposed Revision of Alnav 70.

1. Subject revision of Alnav 70 is forwarded for the approval or recommendation of your office and of the Commissioner.
2. Attached thereto is a letter to all ships and stations which is applicable to paragraph seven.
3. It is requested that this office be sent about twenty copies of Bureau of Customs Circular Letter No. 2394, one to be forwarded to each of the fifteen U. S. Naval Districts, and to the U. S. Marine Corps Intelligence Section, Washington, D. C., with especial attention drawn to paragraph (e)(2).

M. B. Wells

M. B. Wells,
Lieut., USNR.

PC 36
Entry 1
File - No tab with title
Box 10

April 16, 1943

ENCLOSURE
5/11/43

From: The Secretary of the Navy
To: All Naval Districts #70 112305/70

Because of violations of Customs and Censorship regulations, the following order is promulgated:

Commanding officers of Naval vessels and aircraft shall either personally or by designated officer demand and receive all letters, notebooks, photographs, exposed films, souvenirs, or other tangible forms of a communication from all officers, crew, and passengers and deliver same to a United States Customs official upon arrival of the vessel at the port of entry, or to the Naval Port Director, or Intelligence Officer designated by commanding officers at destinations on United States stations or activities.

If there is no objectionable matter found therein articles will be forwarded or returned to the owners, otherwise such articles will be marked and retained by the collector of customs or forwarded to the Naval Censorship Division of the Office of Naval Intelligence for appropriate action.

On merchant vessels senior Naval officers or ratings will be held responsible for compliance with the foregoing requirements by all Navy personnel.

Commanding officers of outlying stations shall inform personnel returning from such stations of the foregoing requirements.

Courier mail and official correspondence are exceptions to this directive and are controlled by other regulations.

pmOne Dist.: List 9

Enclosure "A".

331104

COPY

OFFICE OF THE SECRETARY

ENCLOSURE
5/11/42

From: The Secretary of the Navy.
To: All Ships and Stations.

RESTRICTED
Op-13C-jo
Serial 163113
SO 1241047
September 24, 1942.

Subject: Procedure to Clear CLASSIFIED MATTER
Through CUSTOMS.

1. Present naval practice requires that district intelligence officers at ports of departure and entry handle the clearance, with customs officials, of naval officers and civilians employed on naval contracts when carrying classified matter.

2. In order to facilitate the administration of this procedure it is directed that all such personnel passing through customs have an authorization which will identify them, and the classified matter they are carrying, to the district intelligence officer. This authorization will be signed by the commanding officer of the naval personnel concerned or by the officer-in-charge of the construction in the case of civilian contractors or their representatives.

JAMES FORRESTAL
Acting Secretary of the Navy

Oct. 1, 1942

NAVY DEPARTMENT BULLETIN
R-679

SecNav

-COPY-

RG 36
Entry 1
File - No tab with title
Box 10

741042

June 10, 1943

Dear Mr. Lase:

I have your letter of June 7, 1943, regarding the activities of customs officers in connection with the work of your Board. Your kindly commendation of the work our people have done for you is sincerely appreciated.

This office would welcome an opportunity to offer suggestions before the issuance of any regulations of your Board which are to be administered in any part by customs officers. We shall be glad, also, to designate an appropriate representative to confer with your office in any particular matters likely to affect the Customs Service. However, our very limited personnel and the pressure of current business makes it impracticable for us to designate a permanent representative of this office for regular attendance at your bi-weekly staff meetings.

With assurance of our desire to cooperate in every way,
I am

Sincerely yours,

(Signed) W. R. Johnson

Commissioner of Customs

Mr. Hector Lase
Assistant Director,
Board of Economic Warfare
Office of Exports
Washington, D. C.

WRJ-esb

331106

RECORD GROUP 36 – BUREAU OF CUSTOMS

RG 36 – Records of the Bureau of Customs

Office of the Commissioner

**Office Files of Commissioner of Customs William R. Johnson
1931-1945**

Entry 1

Box 10 – Enemy Act of 1917 to State

File – topics vary or files are untitled

Photocopy of yellow paper cover on the file, containing title of the file, is attached to the sheets copied from that file

Archives I – 8th and Pennsylvania Ave., N.W., Washington, D.C.

Location: **12E4 – 12 – 6 – C**

Stack Area – 12E4

Row 12

Compartment 6

Shelf C

REPRODUCED AT THE NATIONAL ARCHIVES

Customs Form 3046
 TREASURY DEPARTMENT
 Ft. 1923, C. R. 1927, T. 48648, 49608
 Bur. Cir. 1922, Oct. 5, 1930
 Feb. 1942

RG 36
 Entry 9
 File - Monthly Report of Marine Activities
 Box 1

MONTHLY REPORT OF MARINE ACTIVITIES

United States Customs Service

District No. 1 Port or station of Bangor, Maine Month of June, 1943

CURRENT MONTH

CLASSIFICATION	FLAG	IN BALLAST		WITH BULK CARGO		WITH GENERAL CARGO		TOTAL	
		No.	Net Tons	No.	Net Tons	No.	Net Tons	No.	Net Tons
ENTRANCES (For Month)									
Direct from foreign ports	Foreign	3	216	3	1286			6	1502
	American								
Via other domestic ports with residue cargo	Foreign								
	American								
Via other domestic ports to lade	Foreign								
	American								
Not in foreign trade	American								
RECAPITULATION	Foreign	3	216	3	1286			6	1502
	American								
GRAND TOTAL		3	216	3	1286			6	1502
CLEARANCES (For Month)									
Direct from foreign ports	Foreign	5	995					5	995
	American								
Via other domestic ports with residue cargo	Foreign								
	American								
Via other domestic ports to lade	Foreign								
	American								
Not in foreign trade	American								
RECAPITULATION	Foreign	5	995					5	995
	American								
GRAND TOTAL		5	995					5	995

ACCUMULATIVE TOTALS

ENTRANCES (Year to Date)									
Direct from foreign ports	Foreign	19	1400	19	8306			38	9706
	American								
Via other domestic ports with residue cargo	Foreign								
	American								
Via other domestic ports to lade	Foreign								
	American								
Not in foreign trade	American								
RECAPITULATION	Foreign	19	1400	19	8306			38	9706
	American								
GRAND TOTAL		19	1400	19	8306			38	9706
CLEARANCES (Year to Date)									
Direct from foreign ports	Foreign	37	9199					37	9199
	American								
Via other domestic ports with residue cargo	Foreign								
	American								
Via other domestic ports to lade	Foreign								
	American								
Not in foreign trade	American								
RECAPITULATION	Foreign	37	9199					37	9199
	American								
GRAND TOTAL		37	9199					37	9199

	CURRENT MONTH	YEAR TO DATE
Number of documents issued (registers, enrollments, and licenses).....	2	2
Number of licenses renewed.....		
Number of mortgages, bills of sale, and abstracts of title recorded.....		
Number of abstracts of title issued.....		
Number of seaman's certificates issued.....		
Number of navigation fines imposed.....		
Number of certificates of award of motorboat numbers issued (including new numbers, transfers, and loss of original certificates).....		

INSTRUCTIONS.—If a vessel enters or clears with general and bulk cargo, show tonnage under "general cargo" class only. If in several trades, list in one group only, using trade requiring greatest amount of customs attention in the following order: (1) direct; (2) with residue cargo; (3) to lade; (4) not in foreign trade, such as noncontiguous, intercoastal, and coastwise.

RECORD GROUP 36 – BUREAU OF CUSTOMS

RG 36 – Records of the Bureau of Customs

Office of Administration
Management Analysis Division

Entry 9

Box 1

Monthly Report of Marine Activities

Customs Form 3065

Box held three thick files labeled:

Fiscal Year 1943

Fiscal Year 1944

Fiscal Year 1945

Form is NOT of use to the Commission

Archives I – 8th and Pennsylvania Ave., N.W., Washington, D.C.

Location: 12E4 – 1 8 – 4 – A
Stack Area – 12E4
Row 18
Compartment 4
Shelf A

DECLASSIFIED
 Authority MIN 978020
 By VR NARA Date 01/8

RG 56
 Entry TFR 300-500 Memo
 File Acc. 66A-816
 Box 52

TREASURY DEPARTMENT
 Foreign Funds Control
 June 1, 1943

CODE OF FEDERAL REGULATIONS

Title 31 - Money and Finance: Treasury
 Chapter I - Monetary Offices, Department of the Treasury
 Part 137 - Special Regulations under Executive Order
 No. 8389, as amended, and Executive Order
 No. 9193.

Sub-part A

SPECIAL REGULATION NO. 1

REQUIRING REPORTS ON FORM TFR-500 BY PERSONS SUBJECT TO THE JURISDICTION OF THE UNITED STATES WITH RESPECT TO PROPERTY IN ANY FOREIGN COUNTRY. (*)

Section 137.1 Persons required to report. A report on Form TFR-500 is hereby required to be filed by (a) every person subject to the jurisdiction of the United States having at the close of business on May 31, 1943, any interest whatsoever, direct or indirect, in any property in a foreign country on such date and by (b) every person subject to the jurisdiction of the United States with whom any foreign organization was allied on such date.

Section 137.2 Property to be reported.

(a) Report shall be made with respect to all property in a foreign country at the close of business on May 31, 1943, in which on said date the person reporting or any foreign organization then allied with him had any interest whatsoever, direct or indirect.

(b) Property damaged, destroyed, or seized at any time between January 1, 1938, and May 31, 1943, as a result of war or a "scorched-earth" policy carried on by any country, or through any confiscatory action or duress by a country which on May 31, 1943, was at war with the United States or was occupied by a country at war with the United States, shall be reported if otherwise reportable, provided that no person shall report any property sold or otherwise disposed of or seized, confiscated, destroyed, or lost before such person became subject to the jurisdiction of the United States.

*Part 137: - Sec. 3(a), 40 Stat. 412; Sec. 5(b), 40 Stat. 415 and 966; Sec. 2, 48 Stat. 1; 54 Stat. 179; Public No. 354, 77th Congress, 55 Stat. 838; Sec. 3, Public No. 831, 77th Congress; Ex. Order 8389, April 10, 1940, as amended by Ex. Order 8785, June 14, 1941, Ex. Order 8832, July 26, 1941, Ex. Order 8963, December 9, 1941, and Ex. Order 8998, December 26, 1941; Ex. Order 9193, July 6, 1942; Regulations, April 10, 1940, as amended June 14, 1941 and July 26, 1941.

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(c) Property shall be deemed to have been in a foreign country at the close of business on May 31, 1943, if (1) in case of tangible property, it was located in a foreign country; (2) in case of other property, it was issued or created by, or constituted an obligation of, or was asserted to constitute an obligation of a foreign country or a person within a foreign country, regardless of where any evidence thereof was located; and (3) without limitation upon the foregoing, in case of currency and coin, securities, and negotiable instruments for the payment of money issued or created by the United States, or any agency or person therein, the property or evidence thereof, as the case may be, was located in a foreign country.

(d) In ascertaining whether property was located in a particular foreign country at the close of business on May 31, 1943, all foreign countries shall be deemed to have the national boundaries existing on January 1, 1938, without regard to prior or subsequent invasion, or other similar act.

Section 137.3 Exemptions.

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

(b) Reports are not required from (1) any citizen of the United States in enemy or enemy-occupied territory, or (2) any member of the armed forces of the United States serving outside the continental United States, regardless of the amount or kind of property otherwise reportable by any such person.

(c) Any person entitled to the benefits of an exemption may nevertheless file a report on Form TFR-500 if he so desires.

Section 137.4 Filing.

(a) Reports by persons within the United States shall be filed on or before August 31, 1943, with the Federal Reserve Bank of the District or with the Governor of the territory or possession of the United States in which the person filing the report resides or has a principal place of business or principal

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office or agency or, if such person has no legal residence or principal place of business or principal office or agency in a Federal Reserve District or a territory or possession of the United States, then with the Federal Reserve Bank of New York or the Federal Reserve Bank of San Francisco.

(b) Reports by persons outside the United States who are subject to the jurisdiction of the United States shall be filed on or before September 30, 1943, with the United States Consul of the District wherein such person is then present.

(c) A report received by the proper Federal Reserve Bank, Governor, or Consul, in a correctly addressed and stamped envelope bearing a postmark of a time prior to midnight of the date upon which the report is due, shall be deemed to have been duly filed.

Section 137.5. Other matters.

(a) Reports on Form TFR-500 shall furnish all the information called for in such form and in any instructions relating thereto issued pursuant to this Regulation. Each report shall be filed in duplicate, under oath. All spaces in the report must be properly filled in. Reports not in proper form, or lacking in essential details, shall not be deemed to have been filed in compliance with the Orders and this Regulation.

(b) The Secretary of the Treasury reserves the power, in his discretion, to grant extensions of time or exemptions with respect to the filing of any or all reports required by this Regulation and also to make exclusions from the exemptions provided by this Regulation.

(c) Nothing in this Regulation shall be deemed to authorize any transaction involving trade or communication with an enemy national within the meaning of General Ruling No. 11, as amended, issued pursuant to sections 3(a) and 5(b) of the Trading with the enemy Act, as amended, and the Orders and Regulations issued thereunder.

(d) Form TFR-500 and any circular of instructions relating thereto may be obtained from any Federal Reserve Bank, the Governor of any territory or possession of the United States, any American Consul, or the Secretary of the Treasury, Washington, D. C.

(e) Reports on Form TFR-500 shall be filed regardless of whether a report on Form TFR-300 has previously been filed in respect of any property to be reported.

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Section 137.6 Definitions. For the purpose of this Regulation and all forms and instructions or rulings issued hereunder, the following definitions are prescribed.

(a) "Person" shall include an individual, partnership, association, corporation, or other organization.

(b) "Person subject to the jurisdiction of the United States" shall mean: (1) any citizen of the United States, whether in the United States or in a foreign country; (2) any corporation or other organization created or organized under the laws of the United States or any state, territory, district, or possession thereof; (3) any individual resident in the United States on May 31, 1943, including any individual continuously within the United States for three months next preceding that date, whether or not claiming to be resident; (4) any person not otherwise subject to the jurisdiction of the United States, to the extent that on May 31, 1943, such person had any branch, office, or representative within the United States.

(c) "Person within a foreign country" as to any particular foreign country shall include, but not by way of limitation: (1) any individual resident in such foreign country, including a citizen of any other foreign country or of the United States; (2) any corporation or other organization organized under the laws of such foreign country; (3) any branch or office within such foreign country of a corporation or other organization organized under the laws of any other foreign country or of the United States; and (4) except when inappropriate, the government of the country and any subdivision, agency, or instrumentality thereof.

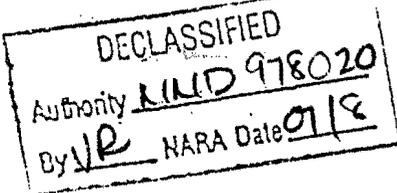
(d) "United States" shall mean the United States and any territory or possession of the United States, except the Philippine Islands and Guam.

(e) "Foreign country" shall be deemed to include, but not by way of limitation, the Philippine Islands and Guam.

(f) "Foreign organization" shall mean any partnership, corporation, association, business trust, or other organization, created, organized, existing, or operating under the laws of or in a foreign country and shall include any foreign branch or office of an organization subject to the jurisdiction of the United States.

(g) "Allied foreign organization", or "foreign organization allied with a person", shall mean any foreign organization which was controlled by, or a substantial part of the stock, shares, bonds, debentures, notes, drafts, certificates, or other securities or obligations of which, or other ownership interest in

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which, was owned or controlled by, directly or indirectly, a person subject to the jurisdiction of the United States, or by such a person in conjunction with one or more of his affiliates subject to the jurisdiction of the United States. Without limitation of the foregoing, the term shall in any event include (1) any foreign organization of which 25 per cent or more of the outstanding voting stock, shares, or other voting securities or comparable ownership interest therein, was owned or controlled, directly or indirectly, by such a person, or by such a person in conjunction with such affiliate or affiliates, and (2) any foreign partnership of which such a person was a partner, whether general, special, limited, or otherwise. The Secretary of the Treasury reserves the power to determine, in any case, that any person was or shall be deemed to have been an "allied foreign organization" within the meaning of this definition.

(h) "Affiliate" shall mean (1) in relation to any corporation or other organization issuing stock or similar securities, any person who, directly or indirectly, owned, controlled, or held with power to vote, ten per cent or more of the outstanding voting securities thereof, and (2) as to any other organization, any person who owned or controlled ten per cent or more of the comparable ownership rights therein. Any corporation or other organization of which a person was an affiliate also shall be deemed to have been an affiliate of such person, and all persons who were affiliates of the same person shall likewise be deemed to have been affiliates of each other. Notwithstanding the foregoing, persons shall not be deemed to have been affiliates of each other by reason only of their ownership or control of interests in or obligations of a foreign organization.

Section 137.7 Penalties. Section 5(b) of the Act of October 6, 1917, as amended, provides in part:

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

Section 137.8 Amendment, modification or revocation. This Regulation and any forms, instructions, or rulings issued hereunder may be amended, modified, or revoked at any time.

RANDOLPH PAUL
 Acting Secretary of the Treasury.

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Foreign Relations
of the
United States

Diplomatic Papers

1944

Volume II

General: Economic
and Social Matters



United States
Government Printing Office
Washington : 1967

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elaborate machinery for reviewing and initiating action on all listing cases, it is not believed that a situation comparable to that of the British will exist regarding attendance at meetings of the Interdepartmental Proclaimed List Committee, considering its technical composition and necessary compactness. In order that the French authorities may fully weigh these considerations, the Embassy is most cordially invited to have a representative attend several meetings of the Interdepartmental Proclaimed List Committee as a visitor. Additionally, if it should develop in the joint study of certain cases that efficiency would be gained by having a French representative participate in discussion before the Committee, the Embassy will be invited to have an officer attend meetings of the Committee for that purpose.

WASHINGTON, January 16, 1945.

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CONCERN OF THE UNITED STATES OVER ENEMY ATTEMPTS TO SECRETE FUNDS OR OTHER ASSETS IN NEUTRAL COUNTRIES: INCEPTION OF THE SAFE-HAVEN PROGRAM

840.51 Frozen Credits/12479a : Circular telegram

*The Acting Secretary of State to Certain Diplomatic and Consular Officers*¹

WASHINGTON, February 22, 1944.

There is quoted below the text of a declaration issued by the Secretary of the Treasury² at twelve noon Eastern War Time, February 22, 1944. A similar declaration was issued by the United Kingdom and U.S.S.R. Treasuries.³

"On January 5, 1943 the United States and certain others of the United Nations issued a warning to all concerned, and in particular to persons in neutral countries, that they intend to do their utmost to defeat the methods of dispossession practiced by the governments with which they are at war against the countries and peoples who have been so wantonly assaulted and despoiled.⁴ Furthermore, it has been announced many times that one of the purposes of the financial and property controls of the United States Government is to prevent the liquidation in the United States of assets looted by the Axis through duress and conquest.

¹ In Algeria, Argentina, Australia, Bolivia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Egypt (repeated to the diplomatic representatives for Greece and Yugoslavia), El Salvador, Ethiopia, Great Britain (repeated to the diplomatic representative for Belgium, Czechoslovakia, the Netherlands, Norway and Poland), Guatemala, Haiti, Honduras, Iceland, India, Iran, Iraq, Liberia, Mexico, New Zealand, Nicaragua, Panama, Paraguay, Peru, Portugal, Spain, Sweden, Switzerland, Turkey, Union of South Africa (Pretoria and Capetown), Union of Soviet Socialist Republics, Uruguay, and Venezuela.

² Henry Morgenthau, Jr.

³ A memorandum of December 27, 1943, by the Chief of the Financial Division (Livesey) stated: "The general policy expressed in the proposed declaration was thoroughly cleared in the Department and approved by two Assistant Secretaries and the Secretary. The Treasury was told of this general approval and of collateral suggestions by the Department of State that the issuance of the statement should be taken up with the British with a view to having them take parallel action." (740.00113 European War/1253b)

⁴ In a memorandum of December 29, 1943, the Chief of the Financial Division noted that Harry Dexter White, Assistant to the Secretary of the Treasury, had informed him in a telephone conversation on that date that Secretary Morgenthau, several days before, had suggested that the consultation with Great Britain regarding the proposed Treasury declaration be broadened by also consulting the Soviet Union (740.00113 European War 1939/1278).

⁵ For text of Inter-Allied declaration against acts of dispossession committed in territories under enemy occupation or control, January 5, 1943, see *Foreign Relations*, 1943, vol. I, p. 443.

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One of the particular methods of dispossession practiced by the Axis powers has been the illegal seizure of large amounts of gold belonging to the nations they have occupied and plundered. The Axis powers have purported to sell such looted gold to various countries which continue to maintain diplomatic and commercial relations with the Axis, such gold thereby providing an important source of foreign exchange to the Axis and enabling the Axis to obtain much-needed imports from these countries.

The United States Treasury has already taken measures designed to protect the assets of the invaded countries and to prevent the Axis from disposing of looted currencies, securities, and other looted assets on the world market. Similarly, the United States Government cannot in any way condone the policy of systematic plundering adopted by the Axis or participate in any way directly or indirectly in the unlawful disposition of looted gold.

In view of the foregoing facts and considerations, the United States Government formally declares that it does not and will not recognize the transference of title to the looted gold which the Axis at any time holds or has disposed of in world markets. It further declares that it will be the policy of the United States Treasury not to buy any gold presently located outside of the territorial limits of the United States from any country which has not broken relations with the Axis, or from any country which after the date of this announcement acquires gold from any country which has not broken relations with the Axis, unless and until the United States Treasury is fully satisfied that such gold is not gold which was acquired directly or indirectly from the Axis powers or is not gold which any such country has been or is enabled to release as a result of the acquisition of gold directly or indirectly from the Axis powers."⁵

You are instructed to bring the above declaration to the attention of the appropriate officials of the government to which you are accredited, and to inform such officials that it is our sincere hope that their government will take parallel action.⁶

STETTINIUS

⁵ A note of February 22 from the Soviet Ambassador (Gromyko) cited a letter from the Acting Secretary of the Treasury (Bell) to the effect that the provisions contained in the last paragraph of the Treasury declaration would not be applied to operations on gold transactions of the U.S.S.R. The Acting Secretary of State (Stettinius), in his note of February 22 to the Soviet Ambassador, confirmed that the provisions in the final section would not be held operative in respect to gold transactions of the U.S.S.R. (800.515/973)

⁶ During 1944, according to Department records, the following Governments declared publicly their adherence to the declaration, or notified the Department of their acceptance of its principles and their intention to implement the declaration: Belgium, Brazil, China, Czechoslovakia, Dominican Republic, El Salvador, Ethiopia, Greece, Guatemala, Haiti, Iceland, India, Iran, Liberia, Luxembourg, Netherlands, New Zealand, Nicaragua, Norway, Peru, Poland, Union of South Africa, and Yugoslavia.

740.00112A E.W.1939/36597a: Airgram

The Secretary of State to the Ambassador in the United Kingdom
(Winant)

WASHINGTON, April 25, 1944—5:10 p. m.

A-702. If such a communication has not been sent within recent months, the Department believes that a circular instruction should be sent to the missions at Stockholm, Lisbon, Madrid, Bern, Tangier and Ankara requesting them to be on the alert for any information or evidence relating to enemy attempts to secrete funds or other assets in neutral countries for safekeeping, or for other purposes, and to report all pertinent information immediately to the Department. Meanwhile the Department will appreciate receiving from you the text of any communications of this type which may have been sent by you or MEW⁷ and also copies of any reports which you or MEW may have received from the missions with regard to enemy attempts to place their funds in neutral territory.

HULL

The National Archives, FEA Records

The Director of the Special Areas Branch, Foreign Economic Administration (Stone) to the Chief of the Eastern Hemisphere Division
(Merchant)

WASHINGTON, May 17, 1944.

DEAR LIVY: Later this year military developments may threaten trade communications between Germany and the Iberian Peninsula or Turkey or other European neutrals. One of the problems which will then arise will be a last minute flight of German capital for safe keeping in neutral territory. Enemy firms, officials and individuals will, no doubt, attempt to transfer legally owned wealth and loot in their various forms such as gold, gems, securities and money, and will be under special pressure to accelerate such exports while it is still physically possible. German assets in neutral territory will no longer be usable for purchases of war supplies and hence will be available for other purposes, possibly for transfer to the Western Hemisphere.

Our Government will no doubt wish to consider taking stronger measures than heretofore to offset this form of enemy activity. It might be decided, for example, to exert pressure on the neutrals to refuse such enemy capital exports or alternatively to catalogue existing caches as part of a joint program in preparation for ultimate post-war settlements.

While it might now be too early to take final action, I believe a useful purpose would be served if informal preliminary discussions on

⁷ British Ministry of Economic Warfare.

this problem could be inaugurated. I am sure that the Treasury will be actively interested, together with the British Embassy, yourselves and ourselves. I would suggest, therefore, that interested officials of these agencies be called together for preliminary discussions in order to lay the groundwork for definite, prompt and effective action when the occasion arises. Your comments would be appreciated.⁸

Sincerely yours,

WILLIAM T. STONE

740.00112 EW/11104 : Airgram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, June 17, 1944.

[Received June 23—8 a. m.]

A-744. Reference Department's A-702, April 25 regarding enemy efforts to secrete funds or other assets in neutral countries.

1. Embassy has not sent any circular instruction or communication to Missions of type mentioned in Department's reference airgram nor has Embassy any reports from Missions regarding enemy attempts to secrete assets in neutral countries.

2. Early in May, Embassy discussed Department's reference airgram with competent officials of appropriate sections of MEW. Embassy is now informed by MEW that no circular instructions or communications, described in Department's reference airgram, have been sent to British Missions.

3. Embassy understands that MEW has comparatively little in its files in connection with this problem. However, MEW is gathering together all available material both from interested sections of MEW and from other government departments.

4. MEW is also carefully considering the terms of a circular instruction it proposes to send to British Missions in Europe. MEW's tentative view is that the aim of the proposed circular will be defeated if it is too general in its terms and too broad in its scope. Consequently, the Ministry is planning a circular instruction which will be well defined in scope and will request missions for specific kinds and categories of material. Embassy will refer to Department MEW's proposed circular instruction as soon as a copy is received.

⁸ In an "interim acknowledgment" dated May 23, not printed, Mr. Merchant wrote: "Your suggestion that informal discussions should take place on this problem appears to me to be a very sound one. However, I will write you more fully after I have taken up the matter with the various interested divisions in the Department." (The National Archives, FEA Records)

5. MEW's collection of available data will probably not be completed for about three or four weeks. Embassy will transmit all such material to Department immediately after receipt.

6. In meantime interested officers of Embassy, including Treasury Representative,⁹ met to discuss future flow of relevant material from London to Washington.

WINANT

740.00112A EW 1939/6-2744

The Under Secretary of State (Stettinius) to the Foreign Economic Administrator (Crowley)

WASHINGTON, July 19, 1944.

MY DEAR MR. CROWLEY: Please refer to your letter of June 27 in which you advise that the Foreign Economic Administration is engaged in a fact survey of transfers of Axis enterprises and other assets.¹⁰

As you may know, this Department has been interested in and is following the activities of certain individuals who are thought to be actively engaged in assisting the enemy in the particular field covered by your letter under reference.

Mr. Seymour J. Rubin, Assistant Chief of the Division of Financial and Monetary Affairs, has been following the problem of transfers of Axis interests to neutral countries and Mr. J. Daniel Hanley, Assistant Chief, Division of Foreign Activity Correlation, is also engaged in coordinating the reports on this subject insofar as the scope of the work is international. Mr. Hanley is particularly interested in the survey of transfers of Axis enterprises and other assets because of the continuing interest the Division of Foreign Activity Correlation has in the individuals involved.

In answer to the final sentence of your letter under reference, both Mr. Rubin and Mr. Hanley will be glad to cooperate with your representative¹¹ concerning the survey suggested.

Sincerely yours,

EDWARD R. STETTINIUS, JR.

⁹ William H. Taylor.

¹⁰ Letter not printed. Mr. Crowley had written a letter of similar purport dated May 12 to the Treasury Department. Subsequently, FEA arranged to borrow Mr. Samuel Klaus from the Treasury Department to work on the project.

¹¹ Ben W. Lewis, Adviser on Economic Organization in the Office of Economic Programs, FEA.

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800.515/8-1144: Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 11, 1944—11 p. m.

[Received 11:15 p. m.]

6472. Ronald¹² in an informal talk raised a point regarding Resolution VI of the Final Act of the Bretton Woods Conference, dealing with enemy assets and looted property.¹³ He said the Foreign Office is still most reluctant to undertake or recommend any measures which could not effectively be enforced without widespread continuation after the war of postal censorship, blockade and navicerts. He asked what if any measures the State Department proposes to take as a result of this Resolution and said that though he feels the objections he made at Bretton Woods¹⁴ have not lost force, the Foreign Office will do its best to cooperate with the State Department in any measures which it may take.

WINANT

800.515/8-1944: Circular airgram

The Secretary of State to All Diplomatic Missions

WASHINGTON, August 19, 1944—2 p. m.

In connection with efforts to defeat the methods of dispossession used by the Axis, the following text of Resolution VI, adopted at the United Nations Monetary and Financial Conference at Bretton Woods, New Hampshire, is sent to you for your information:

"Whereas, in anticipation of their impending defeat, enemy leaders, enemy nationals and their collaborators are transferring assets to and through neutral countries in order to conceal them and to perpetuate their influence, power, and ability to plan future aggrandizement and world domination, thus jeopardizing the efforts of the United Nations to establish and permanently maintain peaceful international relations;

¹² Sir Nigel Bruce Ronald, British Assistant Under Secretary of State for Foreign Affairs, who was a member of the United Kingdom delegation to the United Nations Monetary and Financial Conference, Bretton Woods, New Hampshire, July 1-22, 1944. For documentation on this Conference, see pp. 106 ff.

¹³ For text of Resolution VI, see *infra*. At the Bretton Woods Conference, the French and Polish delegations had submitted proposals on enemy assets and looted property to Committee 2 of Commission III. When the United States delegation submitted an alternative draft resolution containing features of their proposals, the French and Polish delegates withdrew their drafts. Thus, it was essentially the United States draft resolution that was finally adopted as Resolution VI. (*Proceedings and Documents of the United Nations Monetary and Financial Conference, Bretton Woods, New Hampshire, July 1-22, 1944* (Washington, Government Printing Office, 1948), vol. 1, p. 862.)

¹⁴ The British delegate was the only member of Committee 2 to speak in opposition to the proposed resolution; for summary of his objections, see *ibid*.

"Whereas, enemy countries and their nationals have taken the property of occupied countries and their nationals by open looting and plunder, by forcing transfers under duress, as well as by subtle and complex devices, often operated through the agency of their puppet governments, to give the cloak of legality to their robbery and to secure ownership and control of enterprises in the post-war period;

"Whereas, enemy countries and their nationals have also, through sales and other methods of transfer, run the chain of their ownership and control through occupied and neutral countries, thus making the problem of disclosure and disentanglement one of international character;

"Whereas, the United Nations have declared their intention to do their utmost to defeat the methods of dispossession practiced by the enemy, have reserved their right to declare invalid any transfers of property belonging to persons within occupied territory, and have taken measures to protect and safeguard property, within their respective jurisdictions, owned by occupied countries and their nationals, as well as to prevent the disposal of looted property in United Nations markets; therefore

"The United Nations Monetary and Financial Conference

1. Takes note of and fully supports steps taken by the United Nations for the purpose of:

- (a) uncovering, segregating, controlling, and making appropriate disposition of enemy assets;
- (b) preventing the liquidation of property looted by the enemy, locating and tracing ownership and control of such looted property, and taking appropriate measures with a view to restoration to its lawful owners;

2. Recommends:

That all Governments of countries represented at this conference take action consistent with their relations with the countries at war to call upon the Governments of neutral countries

- (a) to take immediate measures to prevent any disposition or transfer within territories subject to their jurisdiction of any
 - (1) assets belonging to the Government or any individuals or institutions within those United Nations occupied by the enemy; and
 - (2) looted gold, currency, art objects, securities, other evidences of ownership in financial or business enterprises, and of other assets looted by the enemy; as well as to uncover, segregate and hold at the disposition of the post-liberation authorities in the appropriate country any such assets within territory subject to their jurisdiction;
- (b) to take immediate measures to prevent the concealment by fraudulent means or otherwise within countries subject to their jurisdiction of any
 - (1) assets belonging to, or alleged to belong to, the Government of and individuals or institutions within enemy countries;

- (2) assets belonging to, or alleged to belong to, enemy leaders, their associates and collaborators; and to facilitate their ultimate delivery to the post-armistice authorities."

HULL

800.515/8-1444: Circular airgram

*The Secretary of State to Certain Diplomatic and Consular Officers*¹⁵

WASHINGTON, August 23, 1944—9:05 a. m.

MISSION RE FLIGHT OF AXIS CAPITAL

The following airgram, sent to our missions in the neutral European capitals,¹⁶ is repeated to you for your information:

Reference is made to Bretton Woods Resolution VI, and to the interest of this Government in the problem of looted assets and similar questions. This Department, Treasury, and FEA¹⁷ are studying and desire to be kept currently informed concerning enemy investments, and enemy plans, as well as operations under such plans, to seek safe haven in neutral and other countries for assets and military and industrial potential in frustration of anticipated Allied controls following the cessation of hostilities. A mission consisting of representatives of the Department, Treasury, and FEA, familiar with the details of the proposed project, will visit you shortly. Herbert J. Cummings of the Department and Samuel Klaus of FEA have been, respectively, designated to visit your missions in the course of this project to consult with the Chief of Mission or such officer as may be designated. The project to be discussed will, of course, be developed under the supervision of the Chief of Mission, the contacts to be arranged through the Mission. Treasury has not as yet designated its representative. Pending designation of such representative, the Treasury personnel in your mission, if any, will act as such representative. It is anticipated that the Treasury representative may meet the other members of the mission en route. The itinerary is planned to include London, Madrid, Lisbon, Rome, and Ankara and such other places as may be feasibly and profitably visited.

In the meantime, and without attempting to be all-inclusive, you should proceed to gather together new data on this subject, having due regard to the secret nature of this project. For your guidance the following are suggested items which you may wish to consider in making this study:

1. Have there been established in your area any new enterprises which may in some way represent either enemy or looted assets? This item should be broadly interpreted to include new enemy investments of every kind, open and cloaked, new holding companies, business firms, majority or minority interests in enterprises, patent

¹⁵ The diplomatic representatives in Algeria, Egypt, the United Kingdom, and Rome (Office of the U. S. representative on the Advisory Council for Italy), and the consular officers at Istanbul and Naples.

¹⁶ Circular airgram, August 23, 9:10 a. m., to the diplomatic representatives in Morocco, Portugal, Spain, Sweden, Switzerland, and Turkey.

agreements, licensing or commission agreements, and similar devices through which control may be exercised over business enterprises.

2. What evidence can you obtain on capital transfers to or through your territory, including bank balances, gold transfers, whether between Central Banks or otherwise, in which there may be an enemy interest; new deposits of wealth in all forms, including gold, gems, currency, and the like; securities, stock piles of merchandise or raw materials in warehouses, mortgages, annuities, art objects, claims of various kinds, the creation of new credits by the delivery of merchandise, and performance of services, real or fictitious, by which the enemy is paid by book entry or otherwise?

3. What information are you able to obtain on retransfers from other neutrals to your area for enemy accounts?

4. Has there been any evidence that enterprises in your area, irrespective of the nationality of their ownership or control, have been utilizing German technicians or managerial help? This could constitute one medium through which the enemy could attempt to maintain its industrial or military skill or experimental or shadow-plant activity.

5. Are there not some industries and individuals in your area which have been so allied with the enemy economic or military organization in the past that it is likely that they are being or may be used to provide safe haven whether by partnership relations, employment relations, or the provision of opportunities for technical experience or research, and so forth?

6. Is there any evidence that the Governments in your area are considering plans for inviting enemy technical or managerial help to build up the industrial and military potential of their countries? (In view of recent developments in Turkey, this item will probably be irrelevant so far as that country is concerned.)

7. Are there any refugees (real or questionable)—pro- or anti-Nazi—who are engaged in planning projects of the types described above, or who may be intermediaries in communications on this or related subjects?

Pending arrangements made in conference with the mission mentioned above, you are requested to submit to Washington, for the attention of State, Treasury, and FEA, repeating to London for the information of the Embassy, any presently available basic material on this subject, and all material gathered in pursuance of these instructions as rapidly as it is obtained.

HULL

800.515/8-1144: Telegram

The Secretary of State to the Ambassador in the United Kingdom
(Winant)

WASHINGTON, August 24, 1944—midnight.

6775. Refer yourtel 6472, Aug. 11, 11 p. m. Resolution VI of Bretton Woods Conference is being distributed by airgram to American missions, and there is clearing in the Department a proposal to put this Government on record as supporting it. Consultation with

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British would be initiated before taking a stand with the neutrals on the resolution, and it would be hoped that simultaneous notes might be delivered by the British and U.S. missions to the European neutrals, calling for action of the type outlined in the resolution.

In view of the fact that the resolution calls largely for action by the neutrals themselves, it is not felt that support of the resolution will necessarily imply support of post-war censorship, blockade and navicerts. The continuation for a period of controls over importation of securities and similar controls designed to prevent realization on looted assets may be worked out; but in general the Department's tentative attitude is that wartime extraordinary and burdensome controls should be relaxed immediately after the war to the extent compatible with post-war security, supply conditions, and the like.

HULL

800.515/9-144 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 1, 1944—6 p. m.

[Received September 2—8 a.m.]

7137. For Department, Treasury and FEA. Refer Department's A-702, April 25 and Embassy's A-744, June 17.

1. Prior to MEW receiving requisite directives some weeks ago to collect information regarding enemy efforts to secrete assets in neutral countries, Embassy's repeated discussions with MEW were necessarily general and tentative. Since receipt of directives MEW is proceeding along the following lines for collecting material: firstly, it has prepared a draft circular to British Missions; secondly, it is examining its own files; thirdly, it is arranging for data to be obtained through British censorship and secret services.

2. The text of the draft British circular to Missions is given in Embassy's A-1067, September 1.¹⁹ The draft was recently sent to Foreign Office, Treasury, Board of Trade, Trading with Enemy Department and Embassy for clearance before being sent to British Missions in Lisbon, Madrid, Stockholm, Ankara, Bern, Tangier, Buenos Aires and Washington. To save time MEW will despatch the circular immediately after it has been cleared in London.

3. In meantime Department's circular airgram to Missions on flight of Axis capital arrived and Embassy discussed British draft with MEW in a preliminary way in the light of the airgram a copy of which was given to MEW. We pointed out that the British draft though broad in its scope does not include new enemy enterprises such

¹⁹ Not printed.

as in paragraph numbered 1 of the circular airgram and MEW has agreed to include specific mention of such enterprises in the British circular.

4. Embassy also emphasized to MEW that while British draft substantially covers realisable assets it omits entirely a broader phase of the problem involving specialized enemy personnel along lines of paragraphs numbered 4 to 7 of Department's circular airgram. MEW appreciates importance of such personnel in building up Germany's post-war economic potential but its initial reaction is that in the British organizational setup other Departments both in London and in their Missions such as secret services and passport control are involved. MEW's view therefore is that this enemy personnel problem should be incorporated in a separate and supplementary circular and a reference in the British draft under consideration might be made to such contemporaneous or forthcoming circular. MEW is clearing this matter with other interested British agencies and ETO²⁰ will keep our authorities advised of developments.

5. Subject to considerations in paragraphs 3 and 4 above Embassy believes that the draft British circular substantially meets requirements. It will probably take 12 days before the draft clears other British agencies. Accordingly it is anticipated that our authorities will have sufficient time to telegraph their suggestions after arrival of Embassy's A-1067. In any event any suggestions of our authorities would be incorporated in a further circular letter to British Missions.

6. Soon after MEW had obtained directives for the collection of information an internal MEW memorandum in the form of a standing order (No. 282) was issued on August 18²⁰ to guide the various sections of MEW in their watch on current transactions. A copy of the order is contained in Embassy's A-1068, September 1.²⁰ The terms of the order provide for compiling a register to the extent possible of German assets in neutral countries. Information sought is divided under headings of "loot" and "flight capital". Embassy also pointed out to MEW in connection with the order that it omitted reference to new enemy enterprises and movements of specialized enemy personnel. Since the order is solely an internal MEW memorandum there will be no difficulty in supplementing it to include these additions.

7. The standing order mentioned in preceding paragraph formed the basis of MEW's requests for data to British censorship and secret services. As a result there were no references to new enemy enterprises and movements of specialized enemy personnel but it is understood that in fact these are included in the scope of the existing

²⁰ European Theatre of Operations.

²⁰ Not printed.

tripartite censorship agreement. Accordingly MEW will ascertain whether the coverage of materials under the tripartite agreement is adequate. In this connection it is possible that Washington is not receiving copies of all British wireless intercepts; MEW will investigate with a view to remedying any lacunae. In turn MEW raised the question of our censorship supplying the British with similar material particularly from Argentina. MEW emphasized its view that the information obtained through censorship and secret services will be more valuable than that obtained through the missions.

8. MEW has also commenced investigation of its own files particularly those in black list and financial intelligence sections. However, information in MEW's files was obtained in order to conduct economic warfare operations rather than as an intelligence procurement problem; hence much of MEW's material deals only generally or indirectly with the instant problem. Accordingly it will take considerable time apart from inadequate staffing to collect a large amount of material. The first result of searching MEW's files is contained in 12 brief miscellaneous reports which are being forwarded to Department by despatch No. 17813 of September 1.²¹ MEW has promised further similar reports in the near future.

9. On the operational side MEW is paying more attention to problems of looting and secretion of enemy assets by emphasizing listing neutrals involved in such activities.

10. British agencies now primarily interested in collecting information on looting and secretion of assets are MEW and TED.²² It is understood, however, that although MEW has been charged with the collection of data on these problems all its information will be turned over to other agencies at the conclusion of hostilities with Germany. In the first instance TED will probably be the recipient of MEW's collected information.

11. British have not decided the ultimate uses to which the collected material will be put. It is understood that this question of overall policy will be discussed with our authorities.

12. Embassy is preparing a telegram on MEW's initial reactions to Department's circular airgram of August 23.

WINANT

²¹ Not printed.²² Trading with the Enemy Department.

102.1/9-144: Telegram

The Secretary of State to the Ambassador in the United Kingdom
(Winant)

WASHINGTON, September 1, 1944—10 p. m.

7080. From the Department, Treasury and FEA. The immediately following cable ^{22a} quotes airgrams which have been sent to our missions in Portugal, Spain, Sweden,²³ and Turkey.²⁴

In cable No. 6224 of August 7,²⁵ you were requested to discuss with the British the desirability of instituting negotiations with the Governments of Portugal, Spain, Turkey and Sweden, looking toward acceptance by those Governments of a satisfactory gold policy. We hope you will succeed in obtaining British concurrence at the earliest possible date to the proposals contained in the above airgrams to the American Missions in those countries. You should advise our Missions in Portugal, Spain, Turkey and Sweden as soon as parallel instructions have gone forward from the British Government. If any delay is indicated please cable full details immediately.

A separate message will be sent to you on the Swiss negotiations.

HULL

102.1/9-144: Telegram

The Secretary of State to the Ambassador in the United Kingdom
(Winant)

WASHINGTON, September 1, 1944.

7081. From the Department, Treasury and FEA.

"1. We consider the early adoption, by the Government to which you are accredited, of the following gold policy to be of greatest importance:

On their own behalf the Government of will not acquire any interest in or receive for deposit gold in which any Government, entity or person in occupied territories or Axis countries and associated countries has an interest and will prohibit the receipt or acquisition of such gold by entities or persons within its jurisdiction.

^{22a} No. 7081, *infra*.²³ Airgram 472, September 2, 10 a. m., to Madrid, repeated on the same date as airgrams 706 and 228 to Lisbon and Stockholm, respectively, for the attention of Treasury representatives Wood and Olsen.²⁴ Airgram 146, September 2, 9 a. m., repeated airgram 472 with the following additional paragraph: "There should be no difficulty in obtaining Turkish concurrence in the desired gold policy in view of her break with Germany. Immediate action on the part of Turkey to refuse to buy Axis-tainted gold from the European neutral countries (it is assumed that Turkey will not now knowingly buy gold from Germany) would be a substantial contribution toward making more difficult Germany's efforts to obtain needed foreign exchange by the sale of gold. Moreover, gold imported before the break in relations might be in the process of transfer within Turkish borders." (800.515/9-244).²⁵ Not printed.

Moreover, the Government will not permit the import for safekeeping or for storage in bond of gold in which any Government, entity or person in occupied territories or Axis countries and associated countries has an interest, nor will they permit their currencies or other currencies to be made available for or against gold already held in for or on behalf of any such Government, entity or person.

"2. You are authorized to commence negotiations with the Government to which you are accredited looking toward the immediate acceptance by that Government of the above gold policy. We are requesting the London Embassy to obtain the agreement of the British similarly to instruct your British colleague. Accordingly, unless you receive instructions to the contrary from us, you should wait until you have been advised by the American Embassy in London that instructions have gone forward from the British Government before proceeding with this matter. For your information, we have previously sent similar instructions to the American Legation at Bern.

"3. It may be helpful in your negotiations to point out that careful studies both in Washington and London give ample evidence that all Germany's own pre-war gold stocks were used up long ago and therefore all the gold now in the possession of or available to the Axis countries or associated countries must be presumed to be looted gold. Hence the further acquisition or importation of gold in which the Axis countries or associated countries have an interest will hamper the accomplishment of the policy announced by the United Nations on January 5, 1943 of restoring looted property to its rightful owners. Furthermore, any acquisition of, or transfer of title to, Axis-tainted gold will not be recognized by the nations who have subscribed to the Gold Declaration of February 22, 1944. Dealing in such gold will result in being prevented from selling to any country which has joined in the Gold Declaration not only that gold but also other gold held by it which is located outside the territorial limits of the country to which the gold is tendered for sale. Consequently, the immediate adoption of the gold policy suggested above would be clearly beneficial to the long run economic interests of"

HULL

800.515/9-544 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Winant)*

WASHINGTON, September 5, 1944—midnight.

7189. ReDeptel 6775 of August 24, 1944. Respecting Resolution VI of the Bretton Woods Conference, the chiefs of mission at Dublin, Madrid, Bern, Ankara, Lisbon, Stockholm, and Tangier

are being instructed²⁶ to present on or about September 19 notes to the governments to which they are accredited, reading substantially as follows and to report any reactions or developments:

"The 44 nations assembled at the United Nations Monetary and Financial Conference at Bretton Woods, New Hampshire, adopted the following resolution. (Here quote the text of the Resolution as set forth in the circular airgram referred to.)

"I have been instructed to inform you that my Government, considering the Bretton Woods Resolution to be directed at the same purposes as the Declaration of London, of January 5, 1943, with respect to looted property, and the declaration of February 22, 1944, concerning gold, fully supports the said Bretton Woods Resolution. In accordance with the terms of that Resolution, I am instructed therefore to state that my Government calls upon your Government to institute the measures set forth in the Resolution. I am further instructed to state that my Government considers cooperation in this matter to be of primary importance to the welfare of occupied nations and to the protection of the lives and property of their nationals, and to the peace and security of the post-war world."

It would be desirable to have simultaneous parallel action by the British Government. Since the note above quoted merely endorses the Bretton Woods Resolution VI, and since, as stated in your 6472, August 11, 1944, the Foreign Office is prepared to cooperate in any measures with respect to that Resolution taken by the Department, it is thought that British will accede readily to this proposal.²⁷ A suggestion similar to this is being made to the Soviet Union. It is not thought wise to postpone action any longer than necessary; hence the deadline is set at about September 19. A press release describing in general terms the action taken will be issued shortly thereafter in Washington.

HULL

²⁶ Circular telegram, September 5, midnight, to diplomatic representatives in Ireland, Morocco, Portugal, Spain, Sweden, and Turkey, and telegram 3063, September 5, 8 p. m., to Switzerland, not printed. In telegram 2135, September 5, midnight, to Moscow, the circular telegram was repeated, with an additional paragraph stating, in part: "Please inform the Soviet Government of the intended action and state that we would welcome similar action by them. Since the note proposed above is in pursuance of a recommendation of Resolution VI, it is thought that the Soviet Union may well wish to take like steps, at least in Ankara and Stockholm." (800.515/9-544)

²⁷ In telegram 7522, September 13, 8 p. m., from London, Ambassador Winant reported on his discussions with a representative of the British Foreign Office concerning the desire of the Department to address a note to certain neutral governments regarding implementation of Resolution VI of the Bretton Woods Conference; the Foreign Office representative stated that he did not believe the United Kingdom Government would be prepared to associate itself with the *démarche* in the form proposed but that the Foreign Office was anxious to bring about the results desired by the Department (800.515/9-1344).

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The Secretary of State to the Minister in Switzerland (Harrison)²⁸

WASHINGTON, September 8, 1944—1 p. m.

3104. From the Department, Treasury and FEA. ReLegs cable 5549, August 24.²⁹ The missions in Sweden, Turkey, Portugal and Spain, for your information, are being instructed, subject to British concurrence, to initiate negotiations with the Governments to which they are accredited, with a view to getting those Governments to take action similar to that outlined in Department's 2558 of July 26.³⁰ regarding acquisition of gold. After considering the subject further it has been considered desirable to substitute Axis for Germany in the policy statement, and in each instance to have the prohibition extended to persons, entities and Governments. The changes are in detail rather than in substance. However, to make the policy statements uniform you may wish to substitute the following statement for that contained in Department's 2558 at an appropriate time during the discussions, unless the substitution would jeopardize the acceptance of the program by the Swiss:

The Government of Switzerland on their own behalf will not receive for deposit or acquire any interest in gold in which any individual entity or Government in occupied territories or Axis and associated countries has an interest and will forbid the acquisition or receipt of such gold or of any interest in such gold by individuals, to entities, including the Swiss National Bank, within Swiss jurisdiction. Furthermore, the Government of Switzerland will not permit gold, in which any individual or entity in occupied territories or Axis and associated countries has an interest, to be imported into Switzerland, either for storage in bond or for safe-keeping. The Swiss Government will not permit their currency or other currencies to be made available to or in behalf of any such individual entity or Government as described herein for or against gold already held in Switzerland.

We shall keep you informed on how the negotiations with the other neutral European countries are progressing so that you may make appropriate use of the information in your conversations with the Swiss.

Sent Bern, repeated London.

HULL

²⁸ Repeated on the same date as telegram 7272 to London.

²⁹ Not printed; it indicated that an *aide-memoire*, which included a paraphrased text of the gold clause as transmitted in Department's telegram 2558, July 26 (not printed), had been handed on August 24 to a Swiss official for transmission to the Political Department (862.515/8-2444).

³⁰ Not printed; it transmitted in paraphrase the proposed text of the gold clause (862.515/7-2644).

Telegram 2713, August 7, 1 p. m., authorized the Minister in Switzerland to start negotiating with the Swiss with a view to immediate acceptance by the Swiss Government of the gold policy embodied in telegram 2558 (862.515/8-744).

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 13, 1944—8 p. m.
[Received September 14—3:25 a. m.]

7522. ReDepts 7189, September 5, midnight. The desire of the Department to address a note to certain neutral governments regarding the implementation of Resolution VI of the Bretton Woods Conference was discussed with Ronald of the Foreign Office. While reiterating his statement, reported in the Embassy's 6472, August 11, 11 p. m., that the Foreign Office wished to cooperate with the Department in any measures it might take, he nevertheless said he could see difficulty in going along in the manner suggested.

Ronald pointed out that the resolutions of the Bretton Woods Conference were not "adopted" by the governments but merely by the delegates who referred them to the various signatory governments for their consideration and that Resolution VI had not yet been fully considered by the Government of the United Kingdom and he could not yet say what the final attitude of his Government would be on this question. The British Government has therefore not yet decided what steps would be expedient or appropriate for implementing this resolution and he expressed considerable doubt as to the efficacy or appropriateness of calling upon neutral governments, at this stage, to institute all the measures mentioned in the resolution. Ronald said he did not believe the United Kingdom Government would be prepared to associate itself with the *démarche* in the form proposed but that the Foreign Office was anxious to bring about the results desired by the Department. He therefore suggested informally and subject to later confirmation after consultation with the other Government Departments concerned, that the United Kingdom Government might at a date somewhat later than September 19 be willing to join in an approach to the neutral governments along the following lines: *Begin statement:*

"1. (Draw attention to Resolution VI of the Bretton Woods Conference and quote its terms.)

2. The United States/United Kingdom Governments having regard to the terms of the above resolution, call upon the blank government to take all possible steps (a) to prevent the entry into or transfer to any person in blank territory of any property or assets acquired by an enemy government or national from persons in United Nations territory which is or has been in enemy occupation, and also to suspend all further dealings in any such property or assets already in or lodged with any person or institution in blank territory pending consultation with the United Nations; (b) to prevent the concealment in blank territory by means of fictitious transfers to persons or institutions therein, or otherwise, of any property or assets of an enemy

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government or national or of persons or institutions in enemy territory."

This message only to Department but Department's 7189 repeated to Moscow.

WINANT

102.1/9-1544: Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 15, 1944—4 p. m.
[Received September 16—11:45 a. m.]

7635. For Department, Treasury and FEA. ReDepts 7080, September 1. MEW informs Embassy that in consultations with other departments, certain objections have been raised to the method of attaining the end of inducing neutrals to adopt the desired gold policy. The objections which we believe come from the British Treasury arise from (a) the use of the word "negotiations" in the Department's instructions to the Missions which might imply that we should be prepared to bargain with the governments concerned and possibly accept a compromise undertaking which might tie our hands in the future and (b) from a fear that acceptance of undertakings might imply a condonation of past dealings in looted gold on the part of the countries concerned before the giving of an undertaking. MEW expresses the belief that you do not imply negotiation in the sense of bargaining or the offer of any inducement to the neutrals to give us an undertaking and if as they suppose the proposal is that we should propound to the governments concerned the Swiss formula and simply invite their acceptance of it they will make a further approach to the Treasury on this basis. MEW adds further that in view of other present or pending discussions it may not be expedient to make representations on the subject simultaneously to all the neutrals concerned. Embassy believes this reservation refers to Turkey alone. Embassy requests confirmation that the above conforms with the Department's views and would point out that minor amendments of the instructions to the Missions would be necessary.

MEW points out that Nazi leaders and industrialists might use submarines to find safe haven for loot outside Europe and ask if similar approaches should not also be made in Latin America.

WINANT

800.515/9-1644: Circular telegram

*The Secretary of State to Certain Diplomatic Representatives*²²

WASHINGTON, September 16, 1944—4 p. m.

RE FLIGHT OF AXIS CAPITAL TO NEUTRAL COUNTRIES

In view of discussions now going forward with British on possibility of presenting a joint note on Bretton Woods Resolution VI, please do not present note described in Department's circular telegram of September 5, 1944,²³ until you receive further instructions from Department.

HULL

800.515/9-1644: Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 16, 1944—6 p. m.
[Received 8:16 p. m.]

7652. ReDepts 7189, September 5, midnight and Embassy's 7522, September 13, 8 p. m. The ForOff told us this afternoon that it had had second thought with respect to addressing a note to certain neutrals regarding the implementation of Resolution VI of the Bretton Woods Conference. The ForOff now feels that it is perhaps unwise to attempt, as Ronald's preliminary draft sent in our 7522, did, to spell out the meaning of Resolution VI. It therefore proposes to address a note substantially the same as that proposed by the Department. In order to meet Ronald's point that the resolutions of the Bretton Woods Conference were only adopted as referendum it is proposed that the note read "the delegates of the 44 nations assembled" . . . adopted the following resolution."

Because of the feeling of the ForOff that the measures set forth in the resolution cover wide territory and are difficult of exact interpretation, it suggests that the sentence in the Department's note which states "my Government calls upon your Government to institute the measures set forth in the resolution" should be amended to read "my Government calls upon your Government to institute such measures as will fulfill the aims of the United Nations as expressed in the resolution." The British representatives are being instructed by the ForOff to refer in case they are asked what the aims of the United Nations are, to the

²² The diplomatic representatives in Ireland, Morocco, Portugal, Spain, Sweden, and Turkey. Paraphrased texts were transmitted to Switzerland in telegram 3216, September 16, midnight, and to the Soviet Union in telegram 2230, September 18, 7 p. m. (neither printed).

²³ See Department's telegram 7189, September 5, to London, p. 226, and footnote 26, p. 227.

last paragraph to the preamble of Resolution VI beginning "whereas, the United Nations have declared their intention et cetera."

The question was also raised as to whether or not a like note would be addressed to Argentina. The ForOff state that inasmuch as the United Kingdom still maintains diplomatic relations with Argentina and as it feels that Argentina would probably be one of the great loopholes, it desires to address such a note to it. It also desires to address a note to Turkey but in view of the fact that Turkey has broken off relations with the Axis it would be addressed in a milder manner. Instead of using the words "call upon" ForOff, would use "expresses the hope that Turkey will institute such measures."

The present attitude of the ForOff, as indicated above, has so far been approved only at the official level and it was made clear that before final instructions could be sent to the British Missions it must have ministerial approval. It is believed that this will be obtained within 10 days and the ForOff hopes that the Department will agree to postponing the presentation of its note for that length of time so that the British and American notes may be presented about the same time although not necessarily simultaneously.

WINANT

800.515/9-1644 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Winant)*

WASHINGTON, September 22, 1944—9 p. m.

7742. A conference has been held between the Department, Treasury, and FEA with respect to transmittal of the Bretton Woods Resolution VI to the European neutrals and particularly with reference to your 7522, September 13, 1944, the Department's 7587, September 18, 1944,³⁴ and your 7652, September 16, 1944. As has already been indicated to you, our missions in the neutral capitals have been requested to withhold transmittal of the proposed note pending discussions with the British.

1. Department, Treasury, and FEA are prepared to accede to the suggested British changes in the note transmitted in the Department's 7189, September 5, 1944, in view of the desirability of obtaining coordinated action at the earliest possible date. It is our understanding that the text of the note, as thus agreed upon, will read as follows:

"The delegates of the 44 nations assembled at the United Nations Monetary and Financial Conference at Bretton Woods, New Hampshire, adopted the following Resolution. (Here quote the text of the Resolution as set forth in the circular airgram referred to.)

³⁴ Telegram 7587 not printed.

"I have been instructed to inform you that my Government, considering the Bretton Woods Resolution to be directed at the same purposes as the Declaration of London, of January 5, 1943,³⁵ with respect to looted property, and the declaration of February 22, 1944, concerning gold, fully supports the said Bretton Woods Resolution. In accordance with the terms of that Resolution, I am instructed therefore to state that my Government calls upon your Government to institute such measures as will fulfill the aims of the United Nations as expressed in the Resolution. I am further instructed to state that my Government considers cooperation in this matter to be of primary importance to the welfare of occupied nations and to the protection of the lives and property of their nationals, and to the peace and security of the post-war world."

2. Previous plans already called for the presentation of a similar note to Turkey. We are willing to accede to the British suggestion that milder language be used in the proposed Turkish note and the phraseology suggested is acceptable. Our mission in Ankara will be sent the proposed text of the note as so corrected as soon as possible.

3. The Department does not believe it desirable to have the British present Resolution VI to Argentina at this time. In view of the fact that neither the United States nor the British maintain normal diplomatic relations with Argentina, we would suggest to the British that a different approach to Argentina be made. The approach to be made on this and related problems, such as the question of refuge for Axis war criminals, is under discussion within the Department. It is not believed desirable, moreover, to encourage any action which might possibly be construed to indicate divergence between United States and British relations with or attitude toward Argentina.

4. It is desired to reiterate the point made in the Department's 7587 under reference, that we consider this matter to be highly urgent. It is hoped that, in view of our complete acceptance of the proposed British changes, there will be no difficulty in clearing this matter at a ministerial level in London within the next few days. It is hoped to have the presentation of notes take place on October 2, 1944.

5. Please indicate whether the British desire a joint US-UK statement or identical notes delivered more or less simultaneously by our respective missions.

6. Your reaction is requested to the proposed issuance of press release to describe briefly the action thus taken, and to be issued shortly after the presentation of the notes.

7. The above may be taken as a reply also to your telegram 7742, September 19.³⁶

HULL

³⁵ *Foreign Relations*, 1943, vol. I, p. 443.

³⁶ Not printed.

800.515/9-2844: Circular airgram

*The Secretary of State to Certain Diplomatic and Consular Officers*³⁷

WASHINGTON, September 28, 1944—4 p. m.

FLIGHT OF AXIS CAPITAL

Reference is made to the Department's circular airgram of August 23, 1944, entitled "Mission re Flight of Axis Capital".

Your attention is called to the request in paragraph 2 for evidence on transfers of securities to or through your territory. It is probable that the enemy, and particularly persons important in the Nazi regime, will attempt to secrete capital in the form of bearer securities issued by neutral governments which may be difficult to trace. You should be on the alert for investments in securities not only of industrials but also of the neutral governments.

No mention was made in the circular of cooperation with representatives of other Allied Governments. You should, of course, arrange with your British colleagues for a prompt and complete exchange of views on this subject. It is suggested that they be given a copy of the directives issued thus far. You should also approach informally any other Allied missions, especially the French, Dutch and Belgian, and discuss with them in an informal manner the information which is being collected and is already available, particularly with regard to looted property which is of interest to the respective governments. It should be pointed out to the missions of those countries now or formerly occupied by the enemy that while this Government recognizes their special interest in identifiable looted assets we, too, are interested in such assets with a view toward preventing the Germans from realizing any benefit therefrom and assuring that the United States will not inadvertently provide haven for such properties.

The Department is informed that the Ministry of Economic Warfare is issuing comparable instructions to the British missions.³⁸ The British instructions, however, broaden the scope of the project to include a catalogue of all German assets abroad. Specific instructions will be sent you in the near future concerning the extent to which you should collect a register of similar information. Meanwhile, you should preserve all intelligence of this general nature which comes

³⁷ The diplomatic representatives in Algeria, Egypt, Morocco, Portugal, Spain, Sweden, Switzerland, Turkey, and the United Kingdom; the consular officers at Istanbul and Naples; and the United States representative on the Advisory Council for Italy.

³⁸ British circulars to Missions on flight of Axis capital were transmitted to the Department in despatches 18138 and 18256 of September 21 and 28, respectively, not printed.

into your possession since information on looted and flight capital will tend to merge with information relating to German assets generally. In order to expedite prompt distribution, all cables, airgrams, and despatches on this subject should contain the code word "SAFEHAVEN".

HULL

800.515/9-2944: Circular telegram

*The Secretary of State to Certain Diplomatic Representatives*³⁹

WASHINGTON, September 29, 1944—2 p. m.

RE FLIGHT OF AXIS CAPITAL TO NEUTRAL COUNTRIES

British have decided to present to the European neutrals a note on Bretton Woods Resolution VI, more or less simultaneously with presentation by our missions of a similar note. British note will be substantially the same as American but not identical. Reference Department's circular telegram, September 5, 1944, midnight,⁴⁰ "Re Flight of Axis Capital to Neutral Countries", and Department's circular telegram of September 16, 1944, 4 a. m. [*p. m.*]

You are instructed to consult with your British colleague, and thereafter to present, on October 2, to the government to which you are accredited, the note set forth in the circular telegram which follows, dated September 29, 3 p. m., which note is slightly different in phraseology from note contained in Department's circular telegram under reference.

This matter is also being discussed with the USSR, and it is hoped that the Russian mission, where there is any, will also present a similar statement.⁴¹

HULL

³⁹ The diplomatic representatives in Ireland, Morocco, Portugal, Spain, Sweden, Switzerland, and Turkey; repeated on the same date to the diplomatic representatives in the United Kingdom and the Soviet Union.

⁴⁰ See footnote 26, p. 227.

⁴¹ Ambassador Harriman informed the Department in telegram 3759, October 2, 4 p. m., that he had notified the Soviet Foreign Office by note on September 30 of the procedure to be followed by the British and United States Governments in presenting notes concerning Resolution VI to the European neutrals and again expressed the hope of the United States Government that the Soviet Government would find it possible to take similar action (800.515/10-244).

800.515/9-2944: Circular telegram

*The Secretary of State to Certain Diplomatic Representatives*⁴²

WASHINGTON, September 29, 1944—3 p. m.

RE FLIGHT OF AXIS CAPITAL TO NEUTRAL COUNTRIES

"The delegates of the 44 nations assembled at the United Nations Monetary and Financial Conference at Bretton Woods, New Hampshire, adopted the following resolution. (Here quote the text of the Resolution as set forth in the Department's circular airgram of August 22 [19], 1944.)

I have been instructed to inform you that my Government, considering the Bretton Woods Resolution to be directed at the same purposes as the Declaration of London, of January 5, 1943, with respect to looted property, and the declaration of February 22, 1944, concerning gold, fully supports the said Bretton Woods Resolution. In accordance with the terms of that Resolution, I am instructed therefore to state that my Government calls upon your Government to institute such measures as will fulfill the aims of the United Nations as expressed in the Resolution. I am further instructed to state that my Government considers cooperation in this matter to be of primary importance to the welfare of occupied nations and to the protection of the lives and property of their nationals, and to the peace and security of the post-war world."

HULL

⁴² The diplomatic representatives in Ireland, Morocco, Portugal, Spain, Sweden, Switzerland, and Turkey. (None of these Governments had agreed to implement the Resolution by the end of the year 1944.) Repeated on the same date to the diplomatic representatives in the United Kingdom and the Soviet Union. Also repeated in a circular telegram at 5 p. m. on the same date to the diplomatic representatives in Australia, Bolivia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Cuba, Denmark, Dominican Republic, Ecuador, Egypt (repeated for Greece and Yugoslavia), El Salvador, Ethiopia, France, Great Britain (repeated for Belgium, Czechoslovakia, Luxembourg, Netherlands, Norway, and Poland), Guatemala, Haiti, Honduras, Iceland, India, Iran, Iraq, Liberia, Mexico, New Zealand, Nicaragua, Panama, Paraguay, Peru, Union of South Africa, Uruguay, and Venezuela.

Telegram 143, September 29, 5 p. m., informed the diplomatic representative in Morocco that "the note in question should be handed to the Spanish High Commissioner [Orgaz] with the explanation that simultaneous representations are being made by the American Embassy at Madrid." (800.515/9-2944) The Spanish High Commissioner informed Chargé Childs (despatch 2385, October 6, from Tangier) that a copy of the note would be transmitted to Madrid, which would decide upon the policy with respect to metropolitan and Spanish territory, as well as any Spanish possessions and the zone of the Protectorate (800.515/10-644).

Telegram 849, October 2, 6 p. m., to the diplomatic representative in Turkey, informed him that if note had not already been presented to the Turkish Government, he was authorized, in concert with his British colleague, to alter the terms of the note in a manner deemed appropriate by him to reflect the different status of Turkey from European countries preserving strict neutrality, in view of Turkey's break of relations with Germany (800.515/10-244).

800.515/9-2244: Telegram

The Secretary of State to the Ambassador in the United Kingdom
(Winant)

WASHINGTON, September 29, 1944—3 p. m.

7937. Reurtel 7930, September 23, 1944.⁴³ The Department strongly feels that no approach should be made to the Argentine Government on this matter, whether informal or otherwise, and does not feel that a copy of the note should be informally handed to the Argentine Embassy. No such approach will be made here. Should a press release be issued, the Argentine Government will receive notice through that means.⁴⁴

We are also instructing our missions in each of the United and Associated Nations to inform the Governments of those nations of the approach being made by us to the European neutrals with a view to instigating a similar approach by the Governments of those nations to the European neutrals. You are instructed to inform the British that a parallel approach by them to the United and Associated Nations would, in the opinion of this Government, be highly desirable. Inform the Department whether the British agree to approach the other United and Associated Nations with a view to inviting them to take a similar approach to the European neutrals.⁴⁵

The following two circular telegrams dated September 29, 2 p. m. and 3 p. m.⁴⁶ which have been sent to our missions in the European neutral capitals and Moscow are repeated to you for your information. (Reurtel 8009, September 26, 1944.⁴³)

HULL

800.515/9-2944: Circular telegram

*The Secretary of State to Certain Diplomatic Representatives*⁴⁷

WASHINGTON, September 29, 1944—6 p. m.

RE FLIGHT OF AXIS CAPITAL TO NEUTRAL COUNTRIES: BRETTON WOODS
RESOLUTION VI

Resolution VI adopted by the delegates at the Bretton Woods Financial and Monetary Conference of July, 1944, recommended that the

⁴³ Not printed.⁴⁴ The United States and British Governments subsequently agreed not to make any approach to the Argentine Government. For documentation on efforts of the United States to enlist the American Republics and the United Kingdom in a common policy toward Argentina, see vol. VII, pp. 288 ff.⁴⁵ In telegram 8227, October 2, 2 p. m., Ambassador Winant stated that the British Foreign Office had that morning informed him that it would make a similar approach to the Governments of the United and Associated Nations regarding Resolution VI (800.515/10-244).⁴⁶ Ante, pp. 235 and 236, respectively.⁴⁷ The diplomatic representatives in Australia, Bolivia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Cuba, Denmark, Dominican Republic, Ecuador,

United Nations call upon the neutral countries to take measures designed to carry out the objectives of the Resolution, among which are the disclosure of Axis assets, in particular flight capital and looted property. Reference is made to the Department's circular airgram of August 22 [19], 1944, containing the text of Bretton Woods Resolution VI.

It has now been decided that this Government will endorse the Resolution and will call upon the governments of the European neutral countries, in the manner recommended in the Resolution. Instructions are being sent to the American missions in Bern, Stockholm, Dublin, Lisbon, Madrid, Tangier, and Ankara,⁴⁹ to present on October 2 or as soon thereafter as possible, a note the text of which is quoted in the following circular telegram dated September 29, 5 p. m.⁵⁰

The British missions are being instructed to present a note couched in similar terms, with the omission of the last sentence of the above-quoted note, at the same time. Discussions are also being held in Moscow with the government of the USSR with reference to the possible presentation of a similar note by that Government to those neutral governments to which the USSR has representatives.

You are instructed to bring immediately to the attention of the Government to which you are accredited the fact that action is being taken by the United States to endorse Bretton Woods Resolution VI, to point out that it may be desired by that Government to take parallel action, and to indicate the importance which is attached to this matter by this Government.⁵¹

The American Embassy in London has been informed of this procedure, and it seems reasonable that the British will wish to take similar action. However, after informing your British colleague of the action which is described herein, you should proceed independently. It is felt to be important that the other United and Associated Nations be informed of our proposed action before it is taken. Similar steps on their part would of course be very welcome.

HULL

(Footnote continued from p. 237.)
Egypt (repeated for Greece and Yugoslavia), El Salvador, Ethiopia, France, Great Britain (repeated for Belgium, Czechoslovakia, Luxembourg, Netherlands, Norway, Poland), Guatemala, Haiti, Honduras, Iceland, India, Iran, Iraq, Liberia, Mexico, New Zealand, Nicaragua, Panama, Paraguay, Peru, Union of South Africa, Uruguay, and Venezuela.

⁴⁹ Circular telegrams, September 29, 2 p. m., and 3 p. m., pp. 235 and 236, respectively.

⁵⁰ See fourth sentence of footnote 42, p. 236.

⁵¹ During 1944 the following Governments informed the Department that they would take parallel action in the neutral countries where they had representatives: Belgium, Brazil, Canada, Chile, China, Czechoslovakia, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Iceland, Liberia, Luxembourg, Netherlands, New Zealand, Norway, Panama, Paraguay, Poland, and Venezuela.

102.1/9-2944: Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Winant)*⁵²

WASHINGTON, September 29, 1944—11 p. m.

7966. From Department, Treasury, and FEA. The following is in reference to proposed statement of a gold policy and particularly with reference to questions raised by the British and discussed in your 7635, September 15, 1944.

1. Use of the word "negotiations" in Department's 7080, September 1, 1944, was not intended to carry implication that our missions in Switzerland, Spain, Portugal, Sweden, or Turkey, should bargain with governments concerned or accept a compromise undertaking. It was our intention to instruct our missions in above-named countries to present the statement of the gold policy to governments to which they are accredited and to urge them to adhere to it without offering to those governments any inducements in connection with such an adherence. Nor was it our intention to consider any weakening or modification of the proposed statement.

2. The adoption of proposed gold policy will not result in a condonation by us of past dealings in looted gold. A country which adheres to the proposed gold policy will not be free from questioning as to transactions in gold. After the war, United States and other United Nations must face problems involved in clarifying position of looted property, including looted gold, acquired by neutral countries from Axis during the war. Moreover, we could not possibly foreclose nations from whom gold has been looted from taking appropriate action.

3. MEW's suggestion that an expression of our views on this matter should go to the Latin American governments is under review here. In this connection, special attention will be given to problem of bringing our policy to the attention of Argentina.

4. In view of urgency of this matter, it is requested that you impress upon British desirability of bringing gold policy to the attention of neutral governments named above without delay. We believe that no reason exists for not making a substantially simultaneous approach in all countries concerned. Consideration has already been given in Washington to the different position of Turkey by reason of that country's rupture of relations with Germany. For your information the following is an extract (in paraphrase) from our A-146 of September 2, 1944, addressed to our mission in Ankara:

[Here follows paraphrase of passage quoted in footnote 24, page 225.]

⁵² Repeated on the same date to diplomatic representatives in Portugal (telegram 2637), Sweden (telegram 1952), Spain (telegram 2666), and Switzerland (telegram 3364).

The importance of making a substantially simultaneous approach to countries involved is emphasized by possibility that an approach to less than all of these countries might result in Germans focussing their attention upon that country or those countries to which an approach had not been made. However, should the British feel strongly, for reasons which are not apparent here, that an approach to Turkey should be postponed or modified, it is strongly desired to achieve a simultaneous and joint approach to Sweden, Portugal, and Spain, rather than delay such an approach pending eventual solution of Turkish matter. Our position therefore is that advisability of a simultaneous approach to all of the countries concerned should be pressed upon British, with explanation that an additional statement might be made in presentation of any note to Turkey in recognition of Turkey's rupture of relations with Germany. However, should this simultaneous approach to all countries involved not be feasible, it is urged that a simultaneous approach to the other three countries be made without delay.

5. As soon as British concurrence may be received on these matters, you are requested, without further reference to Department, to advise our missions in countries concerned, as was indicated in Department's telegram 7080, September 1, 1944.

6. Please report reactions of British to these proposals, giving special attention to their attitude on Turkish matter.

HULL

[With reference to the presentation of the note on October 2, see Department's press release of October 4 entitled "Request to Neutral Governments Concerning Enemy Loot", Department of State *Bulletin*, October 8, 1944, page 383.]

102.1/10-1844 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 18, 1944—8 p. m.
[Received October 18—7:18 a. m.]

8897. For Treasury and FEA. ReDepts 7966, September 29, 11 p. m. After further discussion with British Treasury, MEW has today instructed representatives at Stockholm, Lisbon, Ankara and Madrid to join in effort to have those Governments adopt the desired gold policy by presenting a note the terms of which are summarized below. This note however is not to be presented until you have had an opportunity to consider the present telegram and the Missions are given the final instructions by MEW and ourselves.

First paragraph of note refers to declaration of February 22 concerning looted gold and note of October 2 on Bretton Woods Resolution VI. Second paragraph states that ample evidence exists that all Germany's pre-war gold stocks have been exhausted and therefore gold now in their possession is presumed to be looted. Third paragraph states that His Majesty's Government "expect" neutral government concerned to take steps which are set forth in exact terms of the formula contained in Department's instructions to Missions of September 1.

MEW feels the matter could be best handled by the simple presentation of a note to which no reply would be expected rather than by entering into discussions which might possibly be prolonged or the demanding of an undertaking which could only be considered in fact negotiating. While MEW's instructions to United Kingdom Missions do not appear to conflict materially with the Department's instructions to American Missions of September 1 the exchanges of telegrams with the Department indicate desire on the part of the Department to have the Missions urge adoption of the policy and obtain an undertaking as is in fact being done with the Swiss. MEW has no desire to change policy towards Swiss since the effort is already under way and if Department concurs in the views expressed above Embassy will arrange to have both Missions in each country instructed immediately to proceed.

WINANT

102.1/10-1844 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, October 28, 1944—midnight.

9036. From Department, Treasury, and FEA. Reurtel 8897, October 18, 1944. Although this Government feels that it would be desirable to obtain a commitment from the neutral governments, in a procedure similar to that now being followed with respect to Switzerland, this Government is not prepared to insist upon this matter in view of the position now taken by the British. In the interests of expediting action on presentation of the gold notes, you are authorized to inform the British and the missions in Stockholm, Lisbon, Ankara, and Madrid,⁵³ that immediate action should be taken along lines indicated by MEW. Without further consultation with Department, you may therefore issue instructions to the above-mentioned missions and arrange for simultaneous action by the

⁵³ By the end of 1944, none of these Governments had indicated willingness to subscribe to the gold declaration.

British and our missions in the countries named. Please request missions to inform Department, Treasury and FEA of action taken and of any developments.

STETTINIUS

800.515/11-1444 : Telegram

The Chargé in the Soviet Union (Kenman) to the Secretary of State

Moscow, November 14, 1944—2 p. m.
[Received November 14—1:52 p. m.]

4364. ReEmbs 3997, October 20, 11 a. m.⁵⁴ The Embassy received this morning a note from the Foreign Office dated November 12 stating that the Chiefs of the Soviet Missions in Stockholm and Ankara have been instructed to present notes on the subject of Resolution VI of the Bretton Woods Conference but that in view of the fact that the Soviet Government has no diplomatic missions in Dublin, Madrid, Lisbon, Tangier and Bern, the Foreign Office is unable to transmit similar notes to the appropriate governments.

No date is given as to when the instructions were issued to present the notes to the Swedish and Turkish Governments.

KENNAN

800.515/11-344 : Airgram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, December 2, 1944—10:45 a. m.

A-2536. For Schoenfeld (Czechoslovak Series No. —). Reference your despatch no. 207, November 3, 1944.⁵⁵ Department does not believe international conference on subject of looting and flight of Axis capital would be profitable at this time. Subject of restitution continues to be explored, and is being discussed with Robbins of the AmEmbassy London. Work is going forward on flight of Axis capital problems, on the operating and policy levels, and it would appear that nothing would be gained by international conference discussion of the subject, at least at this stage. The interest of the Czechoslovak Government, and of other governments in similar positions, is realized, and their cooperation on these subjects, where their interest is clear, will be sought.

STETTINIUS

⁵⁴ Not printed; in this telegram the Chargé reported that the Soviet Foreign Office had not replied to his note of September 30 regarding Resolution VI (800.515/10-2044).

⁵⁵ Not printed.

800.515/12-644

The Secretary of State to Diplomatic Representatives in the American Republics

WASHINGTON, December 6, 1944.

SAFEHAVEN PROJECT

SIRS: Reference is made to the Department's circular airgram of May 25, 1944, 11 a. m.,⁵⁶ requesting that you investigate and report any evidences that enemy capital has been or is being invested in your territory. Reference is also made to Bretton Woods Resolution VI, which was transmitted to you in a circular airgram of August 19, 1944, and to the interest of this Government in the problem of looted assets and similar questions.

This Government is attempting through all available means to obtain information concerning enemy investments and plans, and the activities of persons which could be employed as a means of preserving the enemy's economic, political and military potential abroad after the cessation of hostilities. There is evidence that the enemy, in tacit acknowledgment of defeat, is seeking refuge in neutral and friendly countries for persons and assets in order to remove them from anticipated Allied controls. While recognizing that the government to which you are accredited, consistent with its severance of diplomatic relations with or declaration of war upon the Axis, should have taken measures to preclude such activities, there may well remain a sizable body of enemy assets which have escaped control, through concealment or otherwise, and also enemy persons who have had little or no restrictions placed upon their movements and activities. It is not possible to state at this time precisely the disposition which will be made of such assets or the controls which will be imposed upon undesirable persons since those are matters requiring discussions among and concerted action by the United Nations. The information will, however, be of immediate value to this government in formulating plans for the post-war disposition of the enemy's foreign influence and of subsequent and greater value in expediting the execution of such plans. In furtherance of those objectives you are requested to transmit at an early date all presently available information requested hereinafter and to obtain through all possible sources additional data which might prove useful. It is important that each diplomatic and consular office be prepared to keep the Department currently informed on developments in this field for several years following the cessation of hostilities in order that any resurgence of enemy activity may be quelled in its inception.

⁵⁶ Not printed.

REPRODUCED AT THE NATIONAL ARCHIVES

331129

For purposes of this instruction the term "enemies" should be defined as persons or entities *in any of the Axis countries, or countries which have been or are allied with the Axis, and nationals of any country who in your discretion could be considered a present or potential threat to the effective execution of Allied control plans.* In carrying out this instruction the mission's attention should be directed in the first instance to firms and individuals domiciled in or controlled from Germany and, with respect to those whose ownership resides elsewhere, to those whose activities fall within the criteria for Proclaimed List action.

You are requested to compile a register of all known enemy assets which have not been satisfactorily vested, expropriated, confiscated, nationalized, or otherwise disposed of by the government of an Allied or other friendly country showing:

- (a) A description of the assets including their nature, value, location, etc.
- (b) The names of any persons who may be concealing the enemy ownership of assets (such persons should be considered for inclusion in the Proclaimed List) and
- (c) The names of the true owners of the assets.

In compiling a register, although equal emphasis should be given to both, a distinction should be made wherever possible between looted assets and other enemy held assets. In determining such a distinction it may be helpful to consider separately those assets owned by enemies prior to 1939 and those acquired since 1939. It may also be helpful to give special attention to those assets which are known or believed to have been owned by persons in enemy occupied areas on or after the occupation of such areas. Looted assets are those owned by persons or firms in territory now or formerly enemy occupied and which since occupation have passed to enemy ownership. They include both properties which have been transferred from enemy occupied territory and properties which originally were located in non-enemy territory but title to which has passed to an enemy.

The types of assets concerned are various, but the following items are of particular interest:

- (1) Bank balances and gold holdings and transfers thereof, whether between central banks or otherwise.
- (2) Gems, gold privately owned, currency, art objects, stocks of merchandise, etc.
- (3) Real estate, including leaseholds (e.g., industrial, commercial, mining, agricultural, and residential properties).
- (4) Securities, including investments in securities of neutral and other governments, as well as industrials.
- (5) Obligations owing to the enemy in the form of mortgages, bills of exchange, insurance policies, annuities, promissory notes or other evidences of indebtedness or book credits of any kind.

(6) Patents, trademarks and copy-rights and transfers, assignments, licenses, etc. in connection therewith.

(7) Beneficial interests under trusts or estates of deceased persons.

(8) Commercial, industrial, financial or other enterprises which in any way represent enemy assets, looted or otherwise. This item should be broadly interpreted to include old as well as new investments of every kind in which an enemy has an interest. In this connection it will be noted that new investments, both open and cloaked, may represent flight capital or looted assets. Such investments might include holding companies and minority interests in established domestic firms.

You should report in detail concerning any enemy-owned assets which come to your attention. Your investigations should concern not only assets presently located in your area but also those in transit, particularly where the assets emanate from a neutral European country. *It is possible that you already have reported such information in connection with a related subject, such as a recommendation for Proclaimed List action,⁵⁷ in which case a reference to the number and date of the communication will be sufficient.*

Simultaneously with the compilation of a register of enemy assets, this Government wishes to initiate a survey of enemy persons and their activities. This will require a continuous fact-finding on all persons of enemy nationality for a period of years in order that the Department will be able to sense any attempts on the part of the Germans in any part of the world to maintain and improve their technical abilities with the view of fitting into a general German plan for a rearmaments program inside Germany at some rather distant future date. To that end you are requested to report all available details concerning enemies in the country to which you are accredited, particularly with regard to persons and activities such as the following:

1. Enemy technicians, financial experts or managerial help, particularly recent arrivals, employed by any enterprises irrespective of nationality in your area, or evidence that such persons are attempting to place themselves in positions where they could assist in the development of the industrial and military potential of your territory. This would include persons who are being or may be used to develop Nazi potential through the medium of partnership relations, employment connections or by serving in advisory capacities. You should also report on business enterprises with which these persons are associated and also those which have been so allied with the enemy's economic or military organization in the past that they may offer safe haven for enemy skills by providing opportunities for technical experience, research facilities, etc. It is predictable that the persons who are enemies within the terms of this instruction will attempt to disguise them-

⁵⁷ For documentation concerning the Proclaimed and Statutory Lists, see pp. 154 ff.

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selves for a considerable period such as by posing as common laborers and refugees.

2. Careful attention should be given to enemy scientists engaged in private, governmental or university research since it is to be expected that such persons will want to maintain and improve their skills and keep abreast of any developments in their respective fields by engaging in research work in all countries affording these opportunities.

Such factors as religious adherence, political philosophies, and employment in the country to which you are accredited for several years prior to the outbreak of the war should not be considered as grounds for omitting such individuals from reports on this project. Your reports on enemy personnel should include descriptive data, such as details of training and relevant facts on previous employment. Although information on enemies recently employed in any of the above mentioned capacities is of primary interest, information on individuals employed in this type of activity subsequent to 1933 will be extremely useful. In compiling such information, the following are suggested as possible sources of information: (1) labor registrations; (2) immigration files; (3) police records; (4) university, college and technical school catalogs or faculty biographies; (5) biographical sketches in industrial and scientific publications; (6) Allied intelligence sources.

You should not hesitate to report unconfirmed rumors of attempts by the enemy to transfer his assets to places of safekeeping abroad in anticipation of impending defeat or of the movements of enemy persons seeking refuge for similar reasons. It is possible that the Department can obtain proof from other areas of the world or at least when Allied control over enemy territory is established.

The Proclaimed List should contain the most important persons and firms within your area who fall within the terms of this instruction and therefore it is suggested that the list be reviewed for the purposes stated herein in the initial stages of your work on the project. If you have not followed closely the activities of the listed persons and entities since they have been included in the list, you should now conduct investigations. It is possible that you have already undertaken such a review on the basis of the Department's circular telegram of September 20, 1944, 5 p. m.⁵⁸ In cases where you believe the objective of controlling or thwarting enemy activities of the nature set forth in this instruction could be achieved through inclusion of the names of individuals or firms in the Proclaimed List, you should forward a recommendation to this effect with your report.

⁵⁸ See footnote 84, p. 188.

Your British colleagues have already received instructions covering this subject and have been requested to cooperate with you in this project. You should arrange to consult and work with them as closely as possible in order to attain the maximum of information. Our final objective is to obtain, of course, complete coverage of all sources available to both you and your British colleagues so that the information exchanged may be of maximum mutual benefit. You should also approach informally any other Allied missions, especially the French, Dutch, and Belgian, and discuss with them the information which is being collected and is already available, particularly with regard to looted property which is of interest to the respective governments. It should be pointed out to the missions of those countries now or formerly occupied by the enemy that while this Government recognizes their special interest in identifiable looted assets we, too, are interested in such assets with a view toward preventing the Germans from realizing any benefit therefrom and assuring that United States facilities will not inadvertently be used to provide haven for such properties.

The chief of mission should designate a qualified Foreign Service or Auxiliary Foreign Service officer to coordinate the fact-finding and reporting on this project in the country to which he is accredited and should solicit the cooperation of all intelligence organizations of this government operating in the country. The coordinating officer should, of course, utilize the commercial, banking and governmental contacts afforded the office of the Commercial Attaché along with the contacts available at the various consular posts.

For the convenience of the reporting officer, the Department has devised a simplified form which may be utilized in forwarding any information, however brief, touching upon this project. A sample of the form is enclosed herewith.⁵⁹ The report should be forwarded in hectograph.

In order to expedite prompt distribution, all cables, airgrams, form replies, and despatches on this subject should contain the code word "SAFEHAVEN".

You should at all times have due regard for the delicate and highly confidential nature of this project.

Very truly yours,

For the Secretary of State:
DEAN ACHESON

⁵⁹ Not reproduced.

331131

102.1/9-2944: Telegram

*The Secretary of State to the Minister in Switzerland (Harrison)*⁶⁰

WASHINGTON, December 13, 1944—11 a. m.

4193. From Department, Treasury and FEA. Your 2108 to London November 3.⁶¹

1. You are hereby instructed forthwith to raise again the adoption of a gold policy by Swiss Government in accordance with instructions in our 3104 September 8 and to urge strongly not only acceptance but appropriate measures effectuating such gold policy. Suggested revision of text contained in 3104 should offer opportunity to raise question again. Concurrence of British in proposed approach is highly desirable, but action should not be unduly delayed on this account.

2. Please report immediately reaction of Swiss Government as requested our 3364 September 29,⁶² last paragraph, and if negative, what measures you recommend to impress upon Swiss the importance we attach to their adherence.

3. Our 3104 September 8, informed you that our missions in other neutral countries are being authorized to present to other neutrals for immediate acceptance a gold policy similar to that outlined in our cable to you 2558 July 26⁶³ with certain modifications quoted in 3104 September 8. This has been done.

STETTINIUS

800.515/12-1344: Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, December 13, 1944—9 p. m.

10399. For Embassy and Aarons⁶⁴ from Department and Treasury. The following is the text of a message which we propose to send to our missions in Egypt, Honduras, India, Iran, Iraq, Mexico, New

⁶⁰ Repeated on the same date to the Ambassador in the United Kingdom as telegram 10379, with the following paragraphs added:

"4. Please inform MEW and arrange, if possible, so that British Legation, Bern, will be similarly instructed forthwith.

"5. Washington considers immediate strong action important at this time.

"6. If you feel necessary that missions in Bern be told of exact terms in which approach was made to the other neutrals, you are authorized to do so. However, we feel this might confuse the issue, particularly at this late date."

⁶¹ Not printed; in this telegram (according to London's telegram 9995, November 15, 8 p. m.) Bern had requested further instructions as to whether the Swiss should again be approached concerning adoption of an approved gold policy (102.1/11-1544).

⁶² Not printed; it repeated telegram 7966, September 29, to London (p. 239), and inquired concerning Swiss reaction to presentation of Legation's *aide-mémoire* of August 24 (see footnote 29, p. 228). (102.1/9-2944)

⁶³ See footnote 30, p. 228.

⁶⁴ Lehman C. Aarons, assistant to the Treasury representative, William H. Taylor, in the United Kingdom.

Zealand, Nicaragua, Australia, Canada, Costa Rica, Cuba, Dominican Republic, Panama, South Africa, Chile, Ecuador, Liberia, Paraguay, Uruguay, and Venezuela.⁶⁵

"1. Reference is made to the Department's circular telegram of February 22, 1944 in connection with the gold declaration issued simultaneously by the Governments of the United States, the United Kingdom and the Union of Soviet Socialist Republics.

2. The efforts of the Axis to realize value for looted gold have greatly intensified as a result of military developments in recent months. Accordingly, it is extremely important that every effort be made to prevent the marketing of looted gold in neutral countries and thus reduce the shipment to Germany of materials essential to its war industries. This can be accomplished if all of the United Nations subscribe to the gold declaration making it clear to the neutrals that they will be deprived of markets in any of the United Nations for gold which they have acquired from the Axis or which they have been able to release as a result of acquisition of gold from the Axis.

3. It is noted that the government to which you are accredited has not adopted the gold policy set forth in the declaration of February 22. An immediate approach should, therefore, be made to that government. You should indicate to that government that this Government considers it extremely important that the gold policy be adopted. You should state that this Government will be required to take measures designed to effectuate the gold declaration. In addition to requiring a high degree of proof before purchasing gold from neutral countries, the United States will be compelled, as a matter of good faith with regard to the declaration, to require any member of the United Nations which has not adopted the gold policy and which offers for sale to the United States gold not physically located in the United States on February 22, 1944, to submit a certificate with each such offer stating that the gold offered has not been acquired directly or indirectly from the Axis and is not gold which it has or is enabled to release as a result of the acquisition of gold directly or indirectly from the Axis.

4. Please report the reaction of the government to which you are accredited as soon as possible."

It is requested that you inform the British of its contents and request the British Government to make a similar approach at the same time. It is our view that this matter is of sufficient importance to require the United States to take action immediately even should the British appear unwilling to join us at this time. The message will be sent to our missions on December 20.

⁶⁵ According to Department records, the Governments of India, Iran, New Zealand, Nicaragua, Dominican Republic, South Africa, and Liberia during 1944 either issued public declarations or declared to the Department their intention to implement the gold policy.

Our no. 692 to Paris⁶⁶ is repeated to you as no. 10319. We expect to send a similar communication on December 20 to our missions in or near countries which have been occupied by the enemy and which have not yet adopted the gold declaration, namely Norway, Greece, and Luxembourg.⁶⁷

STETTINIUS

800.515/12-2244 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Winant)*

WASHINGTON, January 6, 1945—9 p. m.

150. For Embassy and Aarons from Department and Treasury. Please give message in following Paragraph 1 to British in response to their communication paraphrased to us in your 11396, December 22.⁶⁸

1. "We are happy to note that you are in agreement as to objective of proposed approach to United Nations with respect to Gold Declaration. Accordingly, we intend to send on January 10, 1945, the message stated in our telegram of December 13, 1944,⁶⁹ which informs the other United Nations of the steps which this Government will be required to take with respect to future acquisitions of gold from countries which do not adhere to the Gold Declaration. In view of the fact that you have not yet approached the other United Nations on the subject of the Gold Declaration, we should be happy, if you feel unable to take identical action, to have your support of our approach in the manner suggested.⁷⁰ We shall instruct our Missions to inform their British colleagues of action taken."

⁶⁶ This telegram, dated December 9, 1944, 10 p. m., referred to the Department's circular telegram of February 22, p. 213, to Algiers, in which the United States had requested the French Committee of National Liberation to join in the declaration of policy with respect to the purchase of gold; expressed hope that the French would issue a similar declaration of policy and would participate in attempting to secure the cooperation of other United Nations which had not yet adopted the gold policy; and instructed the Ambassador in France to approach the French Government on this matter (800.515/12-944). Accordingly, a note on this subject (not printed), dated December 26, 1944, was forwarded by the Ambassador in France to the French Foreign Office (800.515/12-2744).

⁶⁷ According to Department records, Norway and Luxembourg issued public declarations in conformity with the Department's wishes. Although the Greek Government did not make a public declaration, it took steps to implement the gold policy.

⁶⁸ Not printed.

⁶⁹ No. 10399, *supra*.

⁷⁰ In London's telegram 257, January 8, 1945, 6 p. m., the Secretaries of State and Treasury were advised that while the British could not take identical action, they nevertheless indicated a strong desire to join the United States in this matter, and, accordingly, the British would send a message on January 10 to British Missions to give support to their American colleagues (800.515/1-845).

2. In connection with discussions with the British on this matter, our views on the other points raised in your 11396, December 22, are as follows:

(a) Since the Gold Declaration is, within its field, more far reaching than Bretton Woods Resolution VI, it is not thought necessary to refer to the Resolution.

(b) The fact that the British Dominions are not buying gold at the present time is not, in the opinion of this Government, a sufficient reason for not requesting their adherence to the Gold Declaration. The success of the policy set forth in the Declaration depends to a large extent upon the isolation from the world's gold markets of those countries which have been purchasing gold from the Axis. This isolation can be made clear to them only if all of the United Nations announce their adherence to the Gold Declaration.

(c) Our Missions are being instructed to check, before presenting the message, on whether the governments to which they are accredited have adhered. Norway and South Africa, on the basis of 11396 under reference, will be excluded in distribution of our message.

(d) All of the countries listed in Paragraph 6 of your 11396⁷¹ are listed here as having advised of their adherence to the Declaration. The steps taken with respect to France were described in our 10399 of December 13.

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⁷¹ Bolivia, Brazil, El Salvador, Ethiopia, Guatemala, Haiti, the Philippines, and Yugoslavia; Department records, however, show no record of adherence by Bolivia and the Philippines during 1944.

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