Note:

Index to Diary not completed from Book 852 on.

DIARY

Book 852

June 5-7, 1945
June 5, 1945
9:45 a.m.

GROUP

Present: Mr. D. W. Bell
Mr. Gaston
Mr. White
Mr. C. S. Bell
Mr. Luxford
Mr. Pahle
Mr. Hess
Mr. Blough
Mr. O'Connell
Mr. Hartley
Mr. Russell
Mr. Cos
Mr. Gamble
Mr. Klots

H.M.: Charles, the only business that has been done at the hospital I did get the Commanding Officer--the Captain in charge--I got him to dictate that message which I sent to you, and I've got some stuff which they gave me. They don't know that Civil Service exists. They get a bulletin occasionally. They do have an employment man down there.

Mr. C. S. BELL: The United States Employment Service man probably.

H.M.: What they have at this place--and they discharged over four hundred there last month--they have counselors, and each counselor is supposed to have seventy-five or eighty-five men in his charge.

Mr. C. S. BELL: A War Department man.

H.M.: Have you been over there?

Mr. C. S. BELL: No, sir, but I have been through that machinery.

H.M.: The others will be interested. He takes the man from the time he comes until the time he leaves, and of the men discharged, ninety-five percent have seen overseas service.

Now, they said if we want to reach them, the way to do it is through the Adjutant General's Office, the way I told you, but the Civil Service Office down there is at Atlanta.

Mr. C. S. BELL: That's right. There is no regional office in that neck of the woods.

H.M.: If they get an order from the Adjutant General's Office, they pay attention to it.

Mr. C. S. BELL: They will get that, and they will get a bulletin every week, and they are going to give complete coverage on that.

H.M.: The Adjutant General?

Mr. C. S. BELL: Yes.

H.M.: You have seen him?

Mr. C. S. BELL: Already this morning I have talked with Captain Bell, and we are writing up a statement to go in his bulletin, and that will go out to all of these convalescent centers, hospitals, every place where a man is discharged, and they will get into the hands of every counselor.

H.M.: Well, that I learned yesterday, and the other thing they said on what they would like to do is that the men are there for two months, and the man elected to do this--they would like to establish courses on it.

Mr. C. S. BELL: That will be good for the fellows that are going to hang around.

H.M.: No. They would like to have a course in this kind of work. If a man is qualified, they will es-
tablish a course, because they are short of courses.

MR. G.S. BELL: You could do that in large centers.

H.W.JR.: There are about thirty-five hundred men at this place. They would like to have a course if a man has the educational qualifications.

Another thing they would like to have is—for the men's own information—know your money courses. They would like very much to have that.

MR. G.S. BELL: I see.

H.W.JR.: For general education. Would you take care of that?

MR. G.S. BELL: Yes, sir.

H.W.JR.: But I must say the more I see of what the Army is doing with the men going back into civilian life in assisting them, the more impressed I am. They are very, very thorough. I am very much impressed at the grade of counselors they have. It is very high. The other thing I learned—I didn't bring the stuff with me—URSHA has a special dispensation. If URSHA wants a man, URSHA has a special dispensation. If URSHA wants a man, he can get a discharge from the Army, active service or otherwise, to go to work for URSHA. They said they had a sergeant down there who was a counselor, and he applied for a job and got a four thousand dollar job and was discharged. That is something to look into. All of these men here are hungry for assistance, and I thought that one of the suggestions I was going to make is to get a list of the good Revenue men, especially Intelligence men who are in the Army.

MR. ASTON: We made up such a list.

H.W.JR.: And write a letter to Stimson. I'd be glad to sign it. But URSHA can get anybody they want out of the Army, and they said that it is the only organization that can.

MR. O'CONNELL: Would you be willing to do that with respect to Special Agents and Revenue Agents—good ones in the Army? We have hundreds of them.

H.W.JR.: Who are not in active service?

MR. O'CONNELL: It is hard to know what they are all doing.

MR. GASTON: I just got up such a list— it is on my desk now — to give to Bernie Bernstein for the purpose of picking men for use in Germany.

H.W.JR.: This would go also, for instance, if you have to get attorneys, but I specify if the men are on active duty, no, but if they are sitting at somebody's desk—

MR. O'CONNELL: We can probably find out.

MR. GASTON: We have asked for that repeatedly and we haven't had any luck. Perhaps the Secretary can help. We have asked for that very thing.

H.W.JR.: But I am pointing out that URSHA can get anybody.

MR. O'CONNELL: Oh, well, that would help us both in connection with Revenue Agents and Special Agents. We have five or six hundred Revenue Agents.

H.W.JR.: We didn't think you could get the money, but now we can get a blank check.

MR. O'CONNELL: I don't think my memory is wrong. I suggested a couple weeks ago we do this, and you turned it down.

H.W.JR.: What?

MR. O'CONNELL: Ask Army to release Revenue and Special Agents.
MR. O'CONNELL: I might have, but since I've seen what they are doing, I am willing to change.

H.W.: Come up to me through Charles Bell, but I'd specifically say those not on active duty.

MR. O'CONNELL: That would give us a nucleus for an expanded force.

H.W.: But I mean in active fighting. They are on active duty when they are sitting at a desk. You mean combat duty.

MR. O'CONNELL: Combat duty. Things have changed. I change. It's my privilege.

MR. O'CONNELL: For the better this time.

MR. GASTON: The men in Europe are on combat duty. I know, and there are a lot in Europe. The Army is probably planning to use them for a lot of this military government work. At least they told me so.

H.W.: You will be interested at Cabinet Stimson asked the President to make a general proclamation asking civilians to go to work for General Clay, and somebody spoke up and thought the President shouldn't do that. He ought to ask for them individually and then get the President's help. I don't know whether any of you with your various social around town know what happened between the President and Robert Murphy.

MR. PEILE: Did something happen?

MR. LUXFORD: Murphy said he was going right back to Germany when he left.

H.W.: If that's true, then the wrong thing happened. All right, Charles?
H.M. Jr.: They told me yesterday that forty-six percent of the men want different jobs than they had before they went in the Army.

Mr. White: What percent?

H.M. Jr.: Forty-six.

Mr. White: That doesn't seem very high. Probably at least forty-six percent of the population want different jobs from what they have.

H.M. Jr.: Shall we take a Gallup poll in the room here?

(Laughter)

Mr. C.S. Bell: I prepared a little memorandum for the record on the steps we have taken the last week and each week I will give you a memorandum on that. (Mr. Bell hands Secretary memorandum to the Secretary from Mr. C.S. Bell dated June 8, 1945.)

I have the testimony from the Senate, and shall I turn it over to John Peble?

H.M. Jr.: Senate?

Mr. C.S. Bell: Yes, sir. It just came over this morning. There was some question in there regarding OPA, and I think you spoke of that, wanting to go over it.

Mr. Peble: I'll be glad to go over it, Mr. Secretary. I'll see that it's cleared.

H.M. Jr.: All right.

Mr. C.S. Bell: Senator Ferguson has written in and wanted a report on the research work done in Treasury, and Mr. Blouche and Mr. Mass both gave me material, and I wrote a letter for you to sign, and they both initialed it.

H.M. Jr.: Do we have to answer any Senator that wants something?
MR. D. W. BELL: Yes, but I am not favorably inclined to that suggestion.

MR. C. S. BELL: We need a bootblack boy. The Welfare and Recreation Association is willing to finance it. Actually, all we do on it is agree.

MR. WHITE: To have our hair cut?

MR. C. S. BELL: To give them a little space in the building, possibly down in the basement.

MR. WHITE: It is a good idea. The Secretary and Joe and I are not very much interested.

MR. GASTON: I think we better stick to eating and finance.

H.M.JR: I think the next thing you want to have is a meat market.

MRS. KLOTZ: That's something else--red meat.

H.M.JR: Who thinks it is good or bad to have a barber shop?

MR. PEHLE: I do.

MR. GASTON: I think no.

MR. WHITE: It certainly would be convenient.

MR. LUXFORD: I am for a barber shop.

H.M.JR: I guess you better not have it.

MR. O'CONNELL: How about a bootblack?

MR. WHITE: Who thought it was bad? I didn't see. Did anybody say we shouldn't have it?

H.M.JR: I said who thought we should, and I saw about two hands.

H.M.JR: That is one of the new ideas that takes a while to percolate. Bring it up in another month.

MR. BLOUGH: If I had voted, I would have said yes.

MR. LUXFORD: Why don't you say who votes against it?

H.M.JR: Do you have anything else? Is this all?

MR. C.S.BELL: No. I have a couple other things here. I would like to get a fellow by the name of Jack Diver out of the Army. He is a major. We want him to do over to Procurement. He was in there earlier. He is a high class fellow. George Jans knows him, and I know him very well. Cliff would like to have him.

H.M.JR: What is he doing in the Army?

MR. C. S. BELL: Statistical work and planning. I fixed a letter up on that. We would be one of the better men for Cliff Jack, and he needs a man on procedure. (Secretary signs letter to Secretary Stimson from Secretary Morgenthau dated June 5, 1945.)

Here is your employee letter that deals with vacations this year and discourages traveling.

H.M.JR: You better talk to me about that.

MR. C. S. BELL: Okay, sir.

H.M.JR: I can't go along with that myself.

MR. C. S. BELL: Cliff has been preparing for you a letter to the President on Lend-Lease shipments. I wonder if you wanted that to continue.

H.M.JR: No.

MR. C. S. BELL: We will discontinue it. That is all I have.
H.M. JR: Who wants to go on the hill, or who has an appointment?

MR. LUXFORD: Well, I have to be there at eleven o'clock.

MR. O'CONNELL: The House meets at eleven.

MR. WHITE: I have an appointment at ten, but they are giving a recording of a broadcast on Brannon Woods--a three minute broadcast.

H.M. JR: Talk now, then.

MR. WHITE: The only thing I have is we are going up on the hill. They wanted us to be on the floor of the House, and Spence called Solcott and said he would be glad to do it, but there would be an uproar, and they decided to put us somewhere else, not on the floor.

MR. BLOUGH: It would hurt us to go on the floor of the House.

MR. O'CONNELL: It has been done, but it causes trouble either in the House or Senate.

MR. WHITE: So, speeches have been parcelled out.

H.M. JR: When does it start?

MR. WHITE: Eleven o'clock this morning, although they probably won't get going until one or so.

H.M. JR: How long a debate is it?

MR. O'CONNELL: Two days.

MR. WHITE: I understand they are going to have two days.

MR. O'CONNELL: They start reading the bill which will take about five minutes about three-thirty tomorrow afternoon. At that point there will be some amendments offered, probably, depending upon the time consumed, and they will either vote late tomorrow or the next day. They will vote on the bill the latest on Thursday.

MR. BLOUGH: There will be one day of general debate and they will read the bill in five minutes.

MR. WHITE: Today is the general debate. They have got half of the time divided amongst themselves. Smith is insisting on three hours for himself. We are seeing Wagner late this afternoon to get his advice on how to tackle some of the Senators. He didn't want to move without his advice, and he hasn't been back up until now.

H.M. JR: What else?

MR. WHITE: That's all.

H.M. JR: While you are here, I read this morning's paper on the message on lend-lease. I notice France, Belgium, and Holland are left out, or so it says.

MR. COE: They are not.

H.M. JR: It says so.

MR. COE: Not in the President's report. Then it was reported wrong.


MR. COE: We are getting the figures back of that. I think it all adds up to the fact they have provided money.

H.M. JR: Where does that leave me as far as this round robin of the President's on Belgium and Holland and France?

MR. COE: I don't know whether that will or won't be necessary. Mr. Bell and I will tell you about the discussion yesterday at Vinson's where a proposal was put
Forward to have an over-all policy directive written for lend-lease, and Croydon just objected vigorously to having one written.

H.M.Jr.: Excuse me. I think you will find it in the Budget section in the Times, the whole statement of the President.

Mr. Coe: Yes. I thought I had gone over it.

Mr. White: Maybe after you hear what happened at that meeting, my thought would be probably you would want us to sit tight on it.

H.M.Jr.: Do you want to listen while we discuss that?

Mr. White: No. I wanted to give you my view.

H.M.Jr.: I'd like you to stay. Do you mind?

Mr. White: No. They can wait. They can't have the recording without me.

H.M.Jr.: I'd like you to stay.

Mr. White: Mr. Childs—Russell made an arrangement with Marquis Childs to come talk on Germany. Now, I imagine that it is all right with you to give him some more information on Germany?

Mr. Luxford: We should do something with Childs because we went off on the wrong base before.

H.M.Jr.: Yes, as long as you don't give him—as long as he doesn't call the article the Morgenthau Plan.

Mr. White: Yes. We will see what he has in mind and try to steer clear of that unless there is some reason you want to be particularly careful. We'll let things remain as they are now for a while.

H.M.Jr.: I think it would be very unfortunate to start something there, particularly with Senator Allore due back the end of the week, and I hope to be able to

arrange that I'm going to be able to testify on Germany before Senator Hill. I wouldn't want to spill the beans just for Marquis Childs. It isn't worth it.

Mr. White: That's true. We would like his support. Maybe we'll just listen and see what he has in mind and postpone him for a couple weeks.

Mr. Gaston: Remember the story you gave to Tom Twitty? He gave a pretty good summary. He is over in Europe now, but twice beginning with Y-E Day they have asked me if I could persuade you to let them use that story Tom Twitty wrote, and I told them no.

H.M.Jr.: No. I would go easy with Childs rather than argue with him.

Mr. White: All right.

H.M.Jr.: You can take any one, but--

Mr. White: Yes.

H.M.Jr.: I would be careful.

Mr. White: I think I know what you have in mind.

H.M.Jr.: Mr. Bell, let's get a report while White is here. I want him in on this thing. He has a responsibility.

Mr. D. W. Bell: Let Frank tell it.

Mr. Coe: Do you want to clear this one up first?

H.M.Jr.: Which?

Mr. Coe: The question you just raised. I think I found the language.
MR. COE: The President's message here says, we will carry out our lend-lease agreements with France, Belgium, and the Netherlands. These are the S-C agreements consistent with war conditions, basic war-time purposes. As I understand that, that means that certain heavy things were provided--

H.W.: That's isn't what I referred to.

MR. COE: ...certain heavy things will be screened out and won't be sent. The Budget Bureau says that such action, that is, expansion of the Export-Import Bank will make possible the financing. The portions of the Lend-Lease S-C agreement with the French, Belgium, and the Netherlands Governments for delivery of industrial equipment and supplies, provision for which has not been made in the program recommended above because of changed war conditions.

H.W.: From reading that and reading those letters, wouldn't my deduction be correct?

MR. COE: I think your deduction would be correct, actually it's a matter in which they are planning to give France a billion six out of its two billion six promised on lend-lease, and evidently have scaled down Belgium and the Netherlands somewhat, too.

H.W.: If somebody read that, they would say whatever they are going to get would be the Export-Import Bank and nothing from lend-lease.

MR. COE: It's not yet, but it's not correct. We'll have a figure for you this morning.

H.W.: I was alarmed when I read that.

MR. COE: It gives a better face to the congressional critics, but it's not accurate.

H.W.: I think it's a great mistake if we are going to do something to have a thing like that which is wholly misleading.

MR. GASTON: The newspaper men seemed all confused on it—the newspaper stories.

MR. COE: The Post headlined it, that lease-lend for those three countries was out.

H.W.: The thing you read was the budget part, which I read.

MR. COE: Yes.

H.W.: What comes next, Dan?

MR. D.W. BELL: Frank can tell you about the Vinson matter.

MR. COE: Well, the meeting—yes, I think we both felt—was a very confused one. Judge Vinson announced he had certain documents of the Quebec conversations, a letter from Stimson on what the War Department was supposed to do about lend-lease to the British, and one or two other things. In the course of the discussion, where he was trying to find out what had been agreed upon and to what extent we were permitted or committed, everybody had some documents which nobody else had, and these came in seriatim. Patterson had the least in the way of documentation. He knew almost nothing, and Judge Vinson naturally had only those which he had. Crowley had a—we didn't have the letters which had passed between Stimson and Vinson—and Crowley in addition had a letter from the combined Chiefs of Staff, which he hadn't. The Stimson letter and combined Chiefs of Staff letter they enunciated principles which were different from what had been decided last fall, in fact different from what had been decided between the President and the Prime Minister. However, in the course of the discussion, a fair amount of agreement emerged as to what kind of commitments in principle had been made, and that the War Department had complete freedom on the actual details of the program to change according to supply. Judge Vinson proposed at one point to refer the matter back to the original committee, even though it had been dissolved on the ground that Judge Patterson wanted a directive, a policy directive, and this seemed to be the simplest way for him to get it. However, Mr. Crowley hit the roof at that point, and
more or less stayed there. He talked on committees in general, land-lease in general, his responsibility to Congress, and said flatly if one were set up, he wouldn't sit on it.

After some checking around the table, Judge Vinson decided it would be done some other way. Patterson thought maybe the President ought to send him something telling him what to do. He wanted to be told that this list—the Army should just follow this list. Nobody wanted to tell him that. People wanted to tell him certain principles he should abide by. However, Crowley also objected to the President writing something. He thought that would be very unwise. He thought it was one more piece of paper.

H.M.JR: Go tell it very well. Go ahead.

MR. COE: He also objected to Vinson writing something, but Vinson, I think, had become convinced there was a good deal of confusion, and at the end of the meeting announced that he was going to write it. Now he'll write it, I don't know. I think Dan and I figured out that he's most likely to say that these schedules should be guides. They should guide us, and he picked from among the various sets of principles, and I hope he picked the right ones.

MR. D.W. BELL: He'll answer the letter, that's about what he'll do.

MR. GASTON: The situation was normal, I understand, Frank.

MR. COE: It was a normal land-lease situation.

H.M.JR: At any time during this discussion did either Bell or Coe enunciate how I felt about it?

MR. COE: Yes. Mr. Bell started out by giving a description of your position, which was our version of that memorandum. We looked forward—that you felt that definite commitments in principle had been made, and we described the actual status of these subcommittee reports; that they were not binding, and it was Judge Vinson's opinion, however, that the President had received them, knew about them, and understood what was--

H.M.JR: That's what Vinson or Bell said.

MR. COE: Mr. Bell said--

H.M.JR: That's what Bell said?

MR. COE: Judge Vinson seemed to think that he was perhaps willing to go a little further than the bare outline, I thought, at least at one point. He said that these schedules had been drawn up in accordance with the understanding at Quebec, and they were apparently the best ideas of the people at the time as to the way they would carry out the decisions at Quebec, as long as it was understood that they could be revised in the light of changing circumstances, as everyone but Patterson knew, or seemed to know. Why, I think he would have been willing, if the thing had been a little more orderly, to underwrite them further, but they weren't before him.

MR. D.W. BELL: He had never seen the list.

H.M.JR: Did he have the dossier I prepared to the President? Did the President turn it over to him?

MR. COE: I don't think so. We thought what had happened--

MR. D.W. BELL: That worried me a little, because--

H.M.JR: What?

MR. D.W. BELL: That's in the hands of other persons. Two people are now working on that in the White House.

H.M.JR: You mean McKim?

MR. D.W. BELL: Yes, and I wondered if you would call McKim.
H.M.Jr.: Would you do that?

MR. D.W. BELL: Yes. I was afraid somebody would bring it up yesterday when we talked about the Committee--reviving it. I told them you felt there was a commitment and that you were thinking of going over with President Truman some of the things President Roosevelt had left undone, that he might want to pick up. This was one of the problems. I didn't tell them you had written a memorandum that had been turned over to Makin, but I told them you had brought it to President Truman's attention. And I expected somebody in the Conference to bring up the memorandum you had written to the President, but they didn't.

MR. COE: Papers came from all sides. I thought that was a very protective device by Mr. Bell. We never knew what somebody might pull out.

MR. D. W. BELL: And we never did find out.

MR. WHITE: That's a very peculiar reaction about Mr. Patterson. You remember meeting in Leahy's office. It was Patterson who made most of the fact that the Army schedule was not a commitment on the part of the Army, but was merely a schedule to which they would give attention and modify it as they saw fit. He stressed that point.

H.M.Jr.: I wasn't at the meeting with Leahy. You boys went over without me.

MR. WHITE: He made a great deal of that point and he agreed that was not a definite commitment on the Army and he said it was only with that understanding he would sign it. So his remarks at this meeting were a little strong.

H.M.Jr.: We may have made a little mistake when the Army wrote me this letter a month ago asking was it a commitment, and we wrote back flatly, no. That's what Somervell had in mind. I think we should have pointed out it wasn't a legal commitment, it was an oral commitment. As I remember the way you wrote the letter, it didn't point that out.

MR. WHITE: That was not a commitment.

MR. COE: If we had tried to take, with any of the agencies yesterday, the position that the schedules were commitments, it would have made for impossible working conditions, because they are all having to change the schedules.

H.M.Jr.: I think this, Dan. I think at this meeting you will want to call Makin and explain this thing to him, and it's too bad it's in Vinson's hands, but--

MR. D.W. BELL: I told them you told the President that the Committee was dissolved.

H.M.Jr.: Does Vinson grasp the thing very well?

MR. D.W. BELL: Yes, I think he does.

H.M.Jr.: Does he get the thing? Do you think he had the picture when you got through?

MR. D.W. BELL: I think he had a confused picture, but I think he got enough out of it to see that he shouldn't write an over-all directive. We might run right head-on into Crowley.

MR. WHITE: You ought to sit tight if Crowley has made a flat statement if there is a committee, he is not going to sit on it. The reconstitution of that committee is going to create from the beginning a squabble. Now, that would be all right if there was something to be obtained by it, but I don't think there is.

H.M.Jr.: I wonder if his taking this position the last couple of days has anything to do with the return of Oscar Cox to town?

MR. COE: He wasn't there.

MR. WHITE: My guess would be no from what I rather Oscar Cox's role is there now, but I don't know. Possibly--

MR. D.W. BELL: I'll tell you what I do suspect. The reason the President never approved your memo is that he saw Mr. Crowley shortly after it went into his hands.
H.W.Jr: Well, the President has to make up his mind.

Mr. D.W. Bell: I mean President Roosevelt. He said he saw the President right after the memo was submitted and the President said he didn't want any signed agreement with the British.

H.W.Jr: Crowley said that?

Mr. D.W. Bell: Yes.

Mr. OE: Crowley the President told him he wanted the mission to go home and he didn't remember--

Mr. D.W. Bell: He didn't remember what he had initiated at Quebec.

H.W.Jr: Well, of course, he read it because I showed it to him three different times afterward. One thing I thought very illuminating were the three articles in Life on Churchill. They said Churchill was always very meticulous and he always wanted everything in writing, and Roosevelt never wanted anything, and when we went up to Quebec and had two or three sessions, and from one session to the next I couldn't get Roosevelt and Churchill to agree on previous things, my actual language was, "Are there any house rules against putting the thing down in writing?" So they said, "No," and we got Mr. Churchill's secretary and he dictated it, but we had at least two or three sessions, didn't we, Harry, and each time Churchill and Roosevelt would disagree on what they said.

Mr. White: That's with reference to Germany.

H.W.Jr: No, the whole business. So, I wanted something in writing. So you think Crowley got in to see Roosevelt afterward?

Mr. White: He said they just mentioned that.

Mr. D.W. Bell: He said he saw him and at the time the President said he did not want to sign the agreement.

H.W.Jr: Well, when Roosevelt--when I went to see him that last time in his office, I think with Leahy, I said, "Mr. Roosevelt, this is a moral obligation between you and Churchill personally. You have given your word." He said, "Let me read that again."

"All right," he said, "that's fine." I put it on that basis, "You have given your word." Why, he would have given them everything. He would have given them six billion before I started on the thing, whatever the figure was.

Mr. White: Six and one-half. Yes, but I think as we agreed to it, when he gives six and one-half billion that's the way he feels about it now with the knowledge if he doesn't have it in writing, maybe later he can make it ten or twenty, as the case may require.

H.W.Jr: The trouble with DeGaulle was DeGaulle gave him a piece of paper with seven French divisions. Roosevelt put on there "Agreed in principle at Casablanca." They argued about that for a year. "What does that mean, "Agreed in principle"? DeGaulle said he has a firm commitment. I think it was seven or ten divisions. Anyway, I took part in that, and if I am in town during any other meeting, I am certainly going to take the position that this is the word of the United States Government given as to principal.

Mr. White: Of course, Crowley has given them material according to schedule. The Army is giving them material, so I don't think there is any abandonment or retreat from the acceptance of that as a commitment as yet.

Mr. D.W. Bell: Crowley said he is using it as a guide and we never did find out the particular cases that brought this to the front.

Mr. OE: No, the Army--

Mr. D.W. Bell: They never did mention those.

Mr. OE: What's bothering the Army--what cases are bothering them we knew because Somervell had talked with you about vague rumors, but no specific cases, and they didn't bring out any there, and apparently they didn't bring out any otherwise.
H.M.Jr: In talking to Mr. Mclnn you can point out the
sooner the President cleans this thing up and makes some-
body number one fiscal officer, the quicker it will be
easier for the President.

Mr. White: I wonder whether the approach might
not be to get away from the question of lend-lease and
at some time in the near future to prepare a memo to
the President highlighting the financial situation of
these countries and its relationship to their getting
lend-lease. And it that 'way rather than raise the issue
now of the lend-lease, because if Mr. Crowley will go to
Mr. Mclnn and others and say, `This is a lend-lease matter,'
you are in a peculiar position to argue for the retention
of the committee.

H.M.Jr: The little I have seen of Mr. Truman, I think
he has got a very orderly mind. I think he likes to do
things in an orderly fashion if he can, and I think when
he gets this reorganization, he's going to do some re-
organizing.

Mr. D.W. Bell: Remember, Mr. Mclnn said he was going
to talk to Stettinius and Crowley before he went ahead?

H.M.Jr: Yes.

Mr. D.W. Bell: I don't know whether he has talked
to Mr. Crowley or not.

H.M.Jr: You contact him. You better go have your
voice recorded.

Mr. White: This is an easy way to get it out
temporarily, and if you get it, then it will be a clear
mandate, but you can do it indirectly.

Mr. D.W. Bell: Let it lie dormant for a while.

H.M.Jr: My deduction from this meeting is that I
think Mr. Crowley is looking for an excuse and whipping
boy so that he can turn to Mr. Truman and say,
"I can't get along with Morgenthau. I would love to stay
and help you, but I can't get along with Morgenthau.
Therefore, here's my resignation."

Mr. D.W. Bell: Does he need all that excuse?

H.M.Jr: Well, then, why doesn't he get out?

Mr. D.W. Bell: I don't know. It's been rumored
for the last three years.

Mr. White: I don't think he wants to get out. I
think he does want to strengthen himself at this time.
It's true he will be up on the Hill for two money
appropriations, not only lend-lease but Export-Import
Bank, and it's a good time to say to the President,
"I have to have a free hand."

H.M.Jr: In the meantime, I would rather be "Hi-No-
Silver," than I would be Leo Crowley getting this
appropriation. (Laughter)

Joe and I have got something good. We are after
the butcher, the baker, and the candlestick maker, and
the housewife is with us.

Mr. White: Mr. Brand wants to know when to contact
he called me again.

H.M.Jr: Tell him the President of the United States.

Mr. D.W. Bell: Tell him Mr. Vinson.

H.M.Jr: Vinson?

Mr. White: Tell him it's in the President's hands?

H.M.Jr: I don't want to say Vinson. Say it's in
the hands of the President.

Mr. White: And it will remain there, so far as we
know, until further notice.
H.W.Jr.: You better get McKin. Is anybody else in a hurry?

(Mr. White leaves the conference.)

Mr. Gamble: Yes. Levy got this gal, Smith, to do that program. He is going to New York this afternoon.

H.W.Jr.: I can't hear you.

Mr. Gamble: Mrs. Isotta Jewel Smith.

H.W.Jr.: She's a grandmother, isn't she?

Mr. Gamble: After all, she's working for us.

Mr. D.W. Bell: You have to be polite.

Mr. Gamble: Earth agreed to do the other, so those are both in good shape. I haven't anything exciting to report.

H.W.Jr.: Before this gal gets too far along, I would like to talk to her myself.

Mr. Gamble: It may be possible, and it may not be possible. He is going to meet her in New York and she agreed to do a spot that she would like. She didn't want to undertake to do the whole script, but they talked to her about it and she liked one particular sequence she thought she could do a good job on.

H.W.Jr.: For me?

Mr. Gamble: Yes.

H.W.Jr.: I only need one good spot.
MR. BARTELT: Mr. Secretary, we are making pretty good progress with respect to those refunds of Internal Revenue taxes. The Division of Disbursements has been able to recruit about two hundred additional employees and their cases on hand are less than a week's work with respect to it.

H.W.JR: I would like to get a report from you once a week about how many veterans—unemployed veterans—you are paying.

MR. BARTELT: Yes, we get that weekly and I'll be glad to give that to you.

H.W.JR: I would like to have it.

MR. BARTELT: The unemployed veterans under the GI Bill?

H.W.JR: Yes.

MR. BARTELT: Yes, sir. I might make a brief report on the War Loan. Eight of the Treasury offices are already over the top. About six of them are in excess of ninety percent, and about four are above eighty percent. There are only three offices of the Treasury that are in the doubtful column as far as the Seventh War Loan is concerned.

H.W.JR: Who are they?

MR. BARTELT: Office of the Treasurer of the United States, the Bureau of Engraving and Printing, and—

MR. PEHLE: Procurement?

MR. BARTELT: No, Procurement is all right. Treasurer, Engraving and Printing, and I can't think of the third one.

H.W.JR: Julian around?

MR. BARTELT: Julian says he will get ninety-five percent. I said that will be all right. I believe the Treasury as a whole will go over the top all right.

MR. BARTELT: We have got full paid people.

MR. BARTELT: In the District of Columbia, we have about fifty-six percent of our over-all quota for federal employees as a whole.

H.W.JR: Anything else?

MR. BARTELT: That's all.

H.W.JR: Haas?

MR. HAAS: I can give you a report on the status of that statistical progress report on the tax drive.

H.W.JR: Tell Fitz I want to see that today.

MR. HAAS: I won't have it today. I'll have it tomorrow morning. I put a deadline on it. They will have to give me something this morning. They worked fifteen men from Monday until eleven-thirty last night, and I'll have something tomorrow morning for you. It will take us today to organize it.

H.W.JR: Tell Fitz I'll see you in the morning.

MR. HAAS: The other thing you asked about was a report that would show amended returns and money coming in as a result of your publicity. They sent a brief wire out to collectors, and it was misunderstood, and we went over that with them and got that organized, and we will get a weekly report on that every Monday.

H.W.JR: Frank?

MR. OGE: I have nothing more.

H.W.JR: Fussell?

MR. FUSSELL: There are various things that are good and lousy in Public Relations, Mr. Secretary. I think the only thing we could discuss, perhaps there that needs consideration right now—Herbert Gaston is more up to date on the Indiana situation than I am.
MR. GASTON: Well, Charlie Sheaffer called me yesterday to tell me about a man by the name of Reed, a representative of the Indianapolis Star. Reed talked to me after talking to Sheaffer. He said he had been referred to me by Sheaffer and he said he had a telegram from Gene Pulliam telling about a resolution about Indiana Bankers Association protesting against this order that the banks should give information about extraordinary money transactions, and he started to address a lot of questions indicating that this was a great violation to democracy, an invasion of civil liberties, and of the sanctity of the relation between the banker and client, and all that sort of thing. I told him I wasn't going to give him any quotes, representing the Treasury on that, and I suggested that he talk to somebody else. He talked to Joe, and Joe, I think, dealt pretty effectively with his questions. But he said Gene Pulliam was greatly disturbed about it and threatened to go to Senator and others protesting about this civil liberties. Dan suggested I talk to Ted Gamble, and Gamble talked to Pulliam, and I think succeeded in calming him down a little, and Pulliam agreed to come down and talk to us about it.

I also talked, at Dan's suggestion, to Bob Vanderpool of the Chicago Herald and Examiner and he agreed to write a column on the subject, and he said he would go over and talk to Hap Young and see what Hap Young could do to straighten these fellows out.

R.N.J.: Is that the only backfire?

MR. D.W. BELL: We have not a very dirty letter in from a banker about the same thing, and he will not comply, and he said he will even use a gun if it's necessary, and spend the rest of his life in jail. He said that he had three sons in the service, one of whom had died for his country and he didn't think he had to take any dictation from Washington.

MR. COE: I saw the Wall Street Journal on the same subject.

MR. O'CONNELL: I think Joe handled Reed very well. He can tell you more about his conversation than I can.

MR. O'CONNELL: I hope he doesn't quote what I said to him because before I finished talking to Reed, the discussion got a little serious. He was quoting from the constitution and talking about the right of the banks to be secure from unreasonable search and seizure, and his attitude seemed to be that we were forcing the banks into a position of being snoopers and part of a big Gestapo organization we were building up. He wasn't very effective.

R.N.J.: He wasn't?

MR. O'CONNELL: He didn't know what he was talking about. He talked about the Tread-Jones the Enemy Act and he wanted me to quote from the constitution the authority we had asking banks to give us reports of unusual currency transactions. It wasn't very enlightened conversation. Whether it was effective, I don't know. After that I talked to a representative of the APA who came in to see me to find out what it was all about. That was a little better, I think, although he started off by saying that of course the banks were very willing, generally speaking, to cooperate with us in this matter, but they wanted to know where we got the authority to ask them to give us the information. So that in itself seemed to me a little inconsistent. I was able to straighten him out, I think, as to not only the legality of the order, but also the propriety of it from our point of view, and he agreed he would talk to the editor of their paper, the American Banker.


R.N.J.: How about Wilcox on this?

MR. D.W. BELL: Wilcox, I think, was all right. He was at your press conference.

R.N.J.: I wonder how he was on his writing?

MR. O'CONNELL: I haven't seen anything.
H.J.: Will you send for Wilcox this morning?

MR. FUSSELL: Yes.

MR. D.W. BELL: He didn't seem disturbed. He seemed friendly.

MR. FUSSELL: Do you want to see him?

H.J.: No, you see him.

Mr. GASTON: The general theme of Vanderpool's story is crooks are going to be hurt by this.

Mr. FUSSELL: There is one more factor. I understand the Indiana State Bankers Association has adopted a resolution on this protesting it, and the dangerous thing will be other bankers' associations and maybe ASA will take the same stand.

H.J.: Some of you fellows have to do something about it. I haven't time to do it all. Talk about it amongst yourselves.

Mr. GASTON: Something has been done. I talked to Vanderpool and he is going to talk to Ray Young, and Ted Gamble talked to Pulliam.

H.J.: Yes, but Fussell sounds as thought it's up to me to do something.

Mr. FUSSELL: No, I was just suggesting that should be guarded against.

Mr. D.W. BELL: Do you think I ought to talk to Burgess on Indiana bankers?

H.J.: Yes.

Mr. D.W. BELL: I'll be glad to.

MR. FUSSELL: Did any of the Federal Reserve Banks put out releases?

H.J.: I sent a telegram and asked them to have a press conference.

Mr. D.W. BELL: I don't know. I have gotten only press clippings from Chester Davis. You asked for that from others, too. You asked them to send them to you, but that is the only one I have seen.

Mr. GASTON: I think public sentiment is on the right side of this thing.

H.J.: I am sure it is.

What else?

H. FUSSELL: That's all.

H.J.: I am not going to worry about it. I have got too many things to worry about. There are enough people here that can handle it.

Boy?

Mr. BLOUGH: I have lots of little items none of which are too important but all of which add up to a knowledge of the situation you may want. The interim tax bill is still being drafted. They are having some difficulty reducing it to proper form for legislation, but they are still hoping to get that done this week.

The request of the Economic Stabilization Board with Mr. Davis for an extension of the capital gains holding period which he and Vinson took down to and Mr. Bell took down to Mr. Doughton, which was turned over to the Treasury staff and joint staff, has reached the final decision or position that Mr. Stan and the Joint Staff have agreed that they are opposed to any action at this time.
They are letting me know that, and I passed it on to Walter Salant who is Mr. Davis' economist and who has been handling it for him. What they will do from now on, I don't know, but we have gone as far as we can with Stem on it, without, well—we will simply come to the point we have done as much as we can and that's all that can be done.

The Ways and Means Committee is now working on the renegotiations bill. I understand we are not taking any active part in that.

Joe knows about that better than I do. The power of appointments extension which has been going on for several years has passed the House and is in the Senate.

Mr. Eccles testified before the Small Business Committee last week—you probably saw the ticker--on taxes taking a position which is quite different from that which everybody else in the Administration has taken so far on the Excess-Profits tax after the war.

We are not testifying before Mr. Patman's subcommittee.

(Mr. Luxford leaves the conference.)
whether he wants that continued. The Federal Government apparently has very little in the way of a program so far as Public Works timing is concerned. The timing of Public Works -- there are a lot of bills in the mill. Some have passed already, calling for large amounts of Public Works expenditures, and every evidence that the agencies are anxious to get at it the minute they can, regardless of what effect it may have on the inflationary picture. I understand that, and in connection with Federal policy and Public Works, I understand that Harold Smith is going to - has or is going to, I'm not sure which - make a suggestion to Vinson that he issue some sort of statement on Federal policy on timing of Public Works, an invitation to the states and localities to bring their fiscal policies in line with Federal fiscal policy. I'm scheduled to talk to the New England Council on the twenty-second of June in Boston on tax matters. I got some evidence that they had the feeling that they were being neglected, businessmen in that area, and after talking with some of the people up there, concluded it would be a good idea to have one of the kind of talks I've had in other places, and they were very anxious to have it, and I also have an off-the-record talk scheduled in Philadelphia and a couple to be developed in Louisville and Lexington, so we're proceeding rather slowly on that, but as far as is advisable.

H.M. Jr: That's all good.

Mr. Brough: That's about all I have.

H.M. Jr: Joe?

Mr. O'Connell: I don't have anything other than -- probably before the end of the day I'll be able to give you a fairly complete report on the situation of the War Food Administration. We did get, about a month ago, about two hundred leads, so-called, from the War Food Administration. They were very sketchy, nothing much more than the names of things to look into, no size or detail, and they were funneled out through the bureau here into the field, into the district from which they originated, and Charlie Oliphant is working on getting a current report, and we'll get something on it during the day, and then I've also told him to see what he could dig up particularly in the District and in Kansas City. As I told you yesterday, the black market case in the District went to the Department of Justice on Saturday, which was amusing. I mean, from the point of time, because they completed the case and cleared it through the Chief Counsel's Office very quickly and did a good job.

H.M. Jr: Watch. Anything else?

Mr. O'Connell: No. I told you yesterday what the Commissioner's view was tentatively at least, and I've sent you a memo on it, too. I would prefer that we sort of watch that situation rather than attempt to establish quotes or something.

H.M. Jr: Herbert?

Mr. Gaston: The people over at General Staff have told us that as to these ten men that we took off the White House detail, they propose to take them all in the Army and assign them to service, which differs from the original impression which we got from them. I don't think we have any commitments to those men that would cause us to make any strong protest about that, but that's what they propose to do with Heilpy and all the rest of them. They'll probably be put on investigative work in Europe for the Army.

H.M. Jr: If my memory is correct, there was something about their being able to get a commission, and we told them they could do it this way.

Mr. Gaston: Well, I think they generally understood the situation at the time, and several of them did go out and get commissions. Wilson tells me the thing was quite carefully explained to these men. No promise was made they would be held on the detail. It was told them flatly that if the occasion arose to transfer them
from the detail, they would have to go to the Army for service. They said that was all explained to them, and in view of that prospect, one or two or three went out and got themselves commissions, and the others decided not to. I talked to Wilson who talked to one of these Colonels over there on the General Staff, and I talked to Eddy Greenbaum with the result that he put me in touch with, I think, the same man, and they merely repeated their decisions and seemed to be quite firm about it, and I doubt whether it's worth making any -- I'm inclined to think it's probably the best preception. The only question which would arise would be whether we have any commitments, and so far as I know --

H.M.JR: In the back of my head, I sort of figured there was a sort of commitment. I wouldn't feel any commitment toward Kelly or those two men close to him, but those other boys who behaved themselves.

MR. GASTON: Well, they didn't. The reason these men are all being taken off the staff was because they were part of the Kelly clique and all party boys that surrounded Kelly.

H.M.JR: Oh.

MR. GASTON: I didn't have close enough connection myself to say, but Chief tells me that there was no commitment, that the thing was thoroughly explained to them, and this is all consistent with what they were told at the start.

H.M.JR: Are you satisfied?

MR. GASTON: I'm satisfied.

H.M.JR: All right.

MR. GASTON: I'd rather the Army would let us have the men to assign ourselves, and I put something of an argument up, but I don't think we can argue any further. We're proposing to let Bernie Bernstein have five Secret Service men who are in active service in this country now to help him on this asset problem over there in Germany, particularly to act as sort of running down individuals and acting as arresting officers. Then we've also given him a list of Customs men whom he might be able to get, and we've given him complete lists of Secret Service agents who are in the foreign field, and we've given him a list of special agents and Revenue agents who are the type of men whom he wants for this asset, this figure work on the German books.

H.M.JR: Good. Anything else?

MR. GASTON: That's all, unless you want a -- I can give you a little later something about the President's schedule.

H.M.JR: Yes, I'd like to see you later anyway. I'd like to see Charles Bell and Dan Bell, Joe O'Connell, Gaston and Feible. I won't be very long.
June 5, 1945
10:50 a.m.

INTERNAL REVENUE

Present: Mr. D. W. Bell
Mr. O'Connell
Mr. Pehele
Mr. Gaston
Mr. C. S. Bell
Mrs. Kiots

H.M. Jr.: I want to get an Assistant Commissioner of Internal Revenue. I want to get a very high type of person. Well, I first thought that I would go to Judge Irving Lehman, who is Chief Judge of the Superior Court. It was through him originally I got Robert Jackson, and then I thought, Internal Revenue is pretty heavily weighted with New York.

Mr. O'Connell: You ought to go out of New York.

H.M. Jr.: So I had an idea. Gaston, originally, with Gamble, did a good job on getting people when we were setting up these state organizations, and I was going to suggest, if he was willing, if he would go to the Middle West for me, possibly take Irey with him, and he could do some of this and go, for instance -- I was picking states like Wisconsin, say Minnesota, possibly Iowa, that section which was not predominately Democratic.

Mr. Gaston: Missouri.

Mr. Pehele: Not Missouri. We've got enough from Missouri.

H.M. Jr.: No, I was thinking of Wisconsin, Minnesota, and Iowa, states which were not predominately Democratic, so the machine wouldn't force somebody on us. If you'll go and call on whoever the Superior Judge is in that state and say to him, the highest judge on the Supreme Court -- and ask him, what I want is an outstanding attorney, and then, after we had that and you were satisfied, you could talk to me about this man, and I'd like a Democrat. We could then clear him with the state organization and then come to town and clear him with Hamnegan. But if we don't wait, I would clear him with the President, because I spoke to the President about it and the President said I should take my time. But I was just thinking of those states which are Progressive, and not predominately Democratic. If we want to Illinois, Mayor Kelly would pick somebody. I thought between Wisconsin, Iowa, and Minnesota, we ought to be able to get somebody. And I thought Herbert could take his family and doesn't have to rush. I was going to suggest he take Irey with him and he can do the leg work, so to speak, or he doesn't have to take Irey. If the Superior Judge in the highest court recommends somebody, I don't have to do a lot of checking up.

Mr. Pehele: This isn't the enforcement man; this is the number two man.

H.M. Jr.: This is to be the number two man, to be the Assistant to the Commissioner on everything.

Mr. Gaston: He would be more administrative, and he wouldn't be the enforcement man.

H.M. Jr.: No.

Mr. Pehele: The second man in the Bureau.

H.M. Jr.: The best way I can describe it, he'll be Under Secretary of the Internal Revenue.

Mr. Gaston: He might take one of these. We still have a vacancy in Assistant Commissioner, a Presidential position. That's the number one assistant.

H.M. Jr.: But he would not have any particular job. He would be -- I can't describe it any other way.

Mr. D. W. Bell: He would be the executive officer.

H.M. Jr.: He would be the Under Secretary of Internal Revenue. I want to get the highest type and somebody -- quite frankly, inside the room -- who would be a bigger,
broader, and more intelligent man than Nunan, but would be there as his Under Secretary, or, I don't know how to call it, but in charge of the flow of authority. It would be Nunan and this fellow, and everybody else underneath.

MR. O'CONNELL: He wouldn't be tagged with the particular day to day operations we have had heretofore. Everybody has his nose to the grindstone either in charge of Accounts and Collections or something.

MR. D.W. BELL: Somebody who could be Commissioner if there is a vacancy. (Laughter)

H.MJR: Did you hear what Bell said?

MRS. KLOTZ: That's wishful thinking.

MR. D.W. BELL: That's what I thought was going through your mind.

H.MJR: He said somebody who could be Commissioner, if there was a vacancy. (Laughter) The best way I can describe it is I want another Robert Jackson. When I went to Judge Lehman and asked him and described the kind of man I wanted, he said, "Robert Jackson is the man I'd be delighted to have come on our court. He's the ablest lawyer outside of the City of New York." On his recommendation I took him, and that's the way I got him. Now, Gaston, I'm thinking if we went to these states, you could find somebody and you could be looking for an enforcement man, incidentally.

MR. GASTON: Did you notice Ireys's comment about the Kansas City man who was Milligan's first assistant when they started the Fendagast thing?

H.MJR: I have not had a chance.

MR. GASTON: I forget the man's name, but he was a very good man, a very live wire in Fendagast's prosecution. He quit Milligan because he got at odds with him on some matter, and I think he stands all right with the other group, but he's--

H.MJR: That's a little ticklish.

MR. GASTON: He says he's a high grade man.

H.MJR: For what purpose?

MR. GASTON: Enforcement.

H.MJR: Has that come up to me?

MR. GASTON: It has.

H.MJR: I took those memorandums, but I just didn't read them. I've got them with me, but that is not--

MR. GASTON: This is a different one.

H.MJR: I don't think I want to get into that Milligan-Truman-Fendagast thing. I think it would be there must be other people around.

MR. GASTON: Well, it was Ireys's thought that he knew this man to be a good man; it was his thought that he did not get in bad as Milligan did.

H.MJR: Well, I think I better steer clear of that.

MR. GASTON: Politically, my guess or my judgment is that from the political standpoint the best kind of man would be a Wisconsin or Minnesota Farmer-Labor man instead of a Democrat. The organisation there needs to give recognition to the Farmer-Labor crowd in Minnesota, Iowa, or Wisconsin.

H.MJR: I'd like you to do this.

MR. GASTON: Of course, I'd be glad to.

H.MJR: The enforcement man would be a side thing. You would keep your ears open, but what I want first is number one assistant. Do you people agree?

MR. G.S. BELL: That would be Senior Assistant Commissioner of Internal Revenue.
H.W. JR: Like the Under Secretary of Internal Revenue with the same authority the Under Secretary has here. He's the second man in the Treasury.

MR. GASTON: Don't you think it would be necessary to mention it to Hannegan before I left, because wouldn't he find out pretty quickly?

H.W. JR: Hannegan is coming for lunch Thursday and I'll tell him.

MR. GASTON: I'm inclined to think—what do you think—probably it would be the best thing to do, let him know?

MR. O'CONNELL: I think if he's coming Thursday—

MR. GASTON: There are two things to think of. One is, he'll say, "If you want one, I'll find you a man," and the other is I'll get out there and somebody may, within the first week, say, "What is this fellow doing?"

MR. PEHLE: I think we ought to tell him, and tell him you will clear the man with him.

MR. D.W. BELL: Why should he? Why should anybody tell him?

MR. O'CONNELL: You can't go into one of these states and talk to two or three Judges without having Hannegan know about it in twenty-four hours, I'm sure.

H.W. JR: I've got the right to look for somebody.

MR. O'CONNELL: I'm only suggesting.

H.W. JR: I've told the whole story to President Truman.

MR. GASTON: You have? Well, that doesn't make it so necessary then.

H.W. JR: I mean President Truman—I can't repeat what he said here—but President Truman told me to take my time and look for somebody. Now, I'm going to tell

the story to Hannegan and tell him I'm looking for somebody, and I'm going to tell him that at Thursday's lunch, but Truman knows the whole story, and on this other man, in the room here, he said I told him Hannegan had recommended this fellow. He said, "If you have any trouble with Hannegan, send him to me and I'll take care of it."

MR. GASTON: That's like in the Seward proposition, isn't it? Seward thought he was the President when he first came in under the Lincoln Administration, but Lincoln had to show him otherwise.

H.W. JR: You're comparing Seward and Hannegan?

MR. GASTON: As to Truman, he's letting you know he's the President, and nobody else is the President.

H.W. JR: I don't know, are you comparing me to Seward, or—

MR. GASTON: I was comparing Truman to Lincoln; Hannegan to Seward.

H.W. JR: Seward was Secretary of the Treasury, wasn't he?

MR. D.W. BELL: War.

MR. GASTON: Seward was Secretary of State, who thought he was really President.

MRS. KLOTZ: Was it State?

H.W. JR: Who was Secretary of the Treasury?

MR. GASTON: Chase, Salmon P. Chase.

H.W. JR: All right. Now, will you undertake this?

MR. GASTON: Yes. When do you want me to start?

H.W. JR: As soon as you can comfortably, in a day or two. The sooner the better.
MR. GASTON: A day or two. All right.

H.M.JR: You take Irey with you if you want to.

MR. GASTON: I'd sort of like to take somebody to talk things over with, and probably he would be the right man. In other words, there can be a little cover-up there, too. There are some other things to look into.

H.M.JR: And keep your eyes open for an enforcement man, but I don't want to get this Milligan fellow. I'll tell you no, definitely not.

MR. O'CONNELL: I don't want to suggest you go to California, but I wish we could get one of the two from the West Coast.

MR. GASTON: I know the way.

MR. O'CONNELL: There's a lot of country out there we don't think much about.

H.M.JR: All right, keep going. Unless you find somebody in Wisconsin or Minnesota, keep going.

MR. GASTON: Keep going. I don't know how the transportation is beyond California.

H.M.JR: All right. I want to talk to Mr. Gaston alone.
Morgenthau speaking.

Mr. Sam Clark: Yes, Mr. Secretary.

Mr. Hoover Jr.: I understand that the so-called Wright case of the District of Columbia is over in your shop.

C: It arrived here, I think, two days ago and it is receiving our very active attention.

Mr. Hoover Jr.: Well, I just wanted to remind you, most likely unnecessarily, that three days ago you boasted about.

C: Well, Mr. Secretary, I hope I didn't stop myself, but that it is in the case where we do normal processing.

Mr. Hoover Jr.: (laughs)

C: Now, this particular case is not as easy as a normal case. Mr. Mitchell is thoroughly aware of the difficulties. This is a case where it isn't any question of our desire to go ahead, it is a question of whether we've got the proof. Briefly, we believe that he charged about eight cents a pound on the entire poundage of meat.

Mr. Hoover Jr.: Yeah.

C: We have evidence that he charged eight cents a pound extra and unreported on only a small fraction of the meat.

Mr. Hoover Jr.: Yeah.

C: Now it is a question of whether in a very serious case, Mr. Secretary - whether in an original trial evidence that he charged it on a small fraction of his total can be carried over as an inference to the entire amount. You see the problem?

Mr. Hoover Jr.: I see. Well, would you mind - when you make up your mind one way or the other to give me a ring personally?

C: I'll be very happy to do that.

Mr. Hoover Jr.: In the not too distant future?

C: Yes. I'll be very happy to do that. As a matter of fact, we've held a conference on the Wright case this morning.

Mr. Hoover Jr.: Ahem.

C: We are working on it just as actively as we can.

Mr. Hoover Jr.: Well, do you mean to say that there is no conclusive evidence that he has overcharged on at least a portion of his sales?

C: The tax case is built around the theory.

Mr. Hoover Jr.: Yeah.

C: ...sent over by the Commissioner.

Mr. Hoover Jr.: Yeah.

C: That he evaded his taxes on the - at the rate of eight cents a pound on the entire poundage that he said for the year.

Mr. Hoover Jr.: I see.

C: We have affidavits from his retailers that he overcharged on sales to them, but we have affidavits only from a small percentage - I think it runs from between five to ten per cent of his total.

Mr. Hoover Jr.: I see.

C: Now, I insured this morning as to what kind of a case we had on the basis of the actual affidavits at hand, and I don't think that that was worked up in the form that it came over.

Mr. Hoover Jr.: Yeah. Well, we know who - he had a hundred and seventy-five customers - we could go to all of them and get affidavits from them if necessary.

C: Well, if that is decided to be necessary, then it is a question of whether we should do that right now before presenting it to a grand jury, or perhaps present it to a grand jury and call them in. There are just those normal legal problems that we have to keep in mind.

Mr. Hoover Jr.: Right. Would you mind - as I say I'm repeating myself - but if you would keep me posted because I'm tremendously interested.
C: I'll be glad to do that.
MMJr: I thank you.
C: Goodbye.
MMJr: Goodbye.
June 5, 1945
4:21 P.M.

HMJr: Hello.
Operator: Munn. Go ahead.
HMJr: Hello.
Commissioner: Munn. I'm Mr. Secretary.
HMJr: How are you, Joe?
N: All right. I just came back from the Budget hearing.
HMJr: How did you do?
N: Well, I think they are going along with us. They didn't say actively, that is under $15,000, 300.
HMJr: Oh, I thought they had passed that.
N: Well, we had to go up before the appropriations committee on that.
HMJr: I mean, you say you have just been to Budget.
N: Well, I meant the appropriations. Budget passed it, but we were up at Appropriations.
HMJr: Oh.
N: And they seem favorable.
HMJr: Good.
N: Now I don't know whether it would be well if you contacted Mr. Cannon personally, and told him that you, in addition, were personally interested in the passage of that.
HMJr: Yeah. Well, he knows that.
N: Well, all right.
HMJr: It won't do any harm. Now, listen, we are having a little trouble with a man named Fullman, who is the publisher of the Indianapolis Star. He and a couple of bankers have got their books up over this order that the banks should cooperate.
N: Well, you know that came out at the hearing today before the Appropriations Committee when Ludlow asked me about it.

Oh, Ludlow.

Yes, he's from Indianapolis, you know.

I know he is.

He said he had heard from the banks. And I said, 'Well, the order that went out, Mr. Ludlow, said that the banks should not be upset in effect because it didn't affect their regular customers or the usual transaction of business. It was just unusual transactions.

Well, then my call is all the more important. We think over here that if we had an absolutely good case in Indianapolis that we could break, you see, and get the people interested there it would be very helpful. Hello?

Yes.

And particularly if Ludlow's excited. But if we had some good case -- you know?

Yes, sir.

I wish you would put your mind on it yourself.

I'll get right on the job.

And see if we can't get a couple of very good cases in Indianapolis.

All right.

I think it is very important, particularly if Ludlow is interested.

Yeah. Well, Ludlow wanted a copy of the order we sent out, so Charlie Shamon was up there and I asked him to get it for him. He wants to see a copy of it.

Well, you put somebody on this that you have confidence in.

All right. Now, I'd like to come over and see you sometime tomorrow about the result of the conference in New York yesterday.

Sure.
Anytime at your convenience.

HM Jr: Just a moment. Four o'clock.

N: Four o'clock tomorrow afternoon.

HM Jr: And I'll tell O'Connell. Do you want to bring anybody?

N: No, I'll only be there for a few minutes and I want to report to you on the conference we had in McQuillan's office yesterday on the Lustig case.

HM Jr: Was it O. K?

N: It's O. K., but not. when I say that it will be a little more of a time element involved.

HM Jr: But you've got a case though.

N: I'm quite sure we have. In the meantime Isner and Phil are in, and Mark Isner wants a conference with us. He thinks it is a voluntary disclosure, and I said, well, I didn't. And he said, "Well, I'd like a conference with the Secretary if possible." I said I'll pass that on to him, but I doubt if he will have it. But they filed some letters with me indicating - or giving what they think is a voluntary disclosure.

HM Jr: Is this a formal request from Mark Isner to see me?

N: Yes, sir.

HM Jr: Well.

N: You can wait until you get it. I should have it by tomorrow. I'll bring it over with me.

HM Jr: I don't see tax attorneys myself.

N: I knew that.

HM Jr: I hardly think -- the last time I saw one I got into real trouble - when I saw Ottomeyer, in '33.

N: Well, I told him to submit it and he would get a letter from me.

HM Jr: I saw him and he jumped up and down - the old man Ottomeyer.
June 5, 1945
4:40 p.m.

REPORT FROM COL. BERNSTEIN

Present: Mr. D. W. Bell
Mr. Coe
Mr. Feale
Col. Bernstein
Mrs. Kiots

H.M.Jr.: What about Jim Bynnes?

COL. BERNSTEIN: Immediately before I went in to see the President, the President had been having a conference with Justice Bynnes, Admiral Leahy, Mr. Grew, and Mr. Davis. The last three left, leaving Justice Bynnes behind. Apparently they were discussing sending a note to Harry Hopkins in Moscow and the talk centered around a question as to whether what they were currently going to do would fit in with what was actually agreed upon at Yalta. Admiral Leahy indicated that at Yalta the line that was being taken was that the assembly was to be the talking place and the Council the action place, and that the current trend in the thinking was that the Council was to be a little bit of a backwater. Admiral Leahy emphasized the fact that Jimy Bynnes was the one who was best informed now as to what was actually decided at Yalta because he not only had been there at the time but had actually taken notes, whereas others like Leahy were relying upon their memories.

H.M.Jr.: How did you pick this up?

COL. BERNSTEIN: They were discussing this in the Secretary's office while I was there. After Bynnes left he was to join Admiral Leahy in drafting some notes to be sent over to Moscow.

This is significant because what the President got to talking to me about after I had finished my business with him-the first thing I did was get him to autograph his photograph which he seemed to be happy to do. Then I told him that following his directions, I talked to the Secretary of the Treasury and that the Secretary had been more than cooperative; that he had given me a whole evening, over four hours, discussing this subject from top to bottom, and had not only done everything to furnish the men, but put his whole department at my disposal in trying to get together a staff to do this work. The President said he was happy to hear this and he knew that that was what would occur if he sent me to the Treasury.

I also indicated to him that prior to coming into the Army I had been in the Treasury which was one explanation why I was so interested in doing this work, and perhaps that was a partial explanation for my close relationship with the Secretary of the Treasury and the Treasury Department. The President seemed to be interested in hearing this.

I also pointed out to him that I had talked to the War Department and had put in a request for about seventy-five names, and I hoped to get a substantial number, and that between the people furnished by the Secretary of the Treasury and the Army I hoped to have a reasonably good staff to do the job. The President seemed happy to hear this and he felt I had in that way a chance to get a good staff, and I ought to get going and do the job. I pointed out also to him that I had been to the Attorney General, and that although they talked of cooperation, they did not have any of the FBI personnel available, but promised at some time to give me six or seven men.

I said with respect to the State Department and FEA that I had not had very much luck since they seemed to be more concerned right now with who was going to run this thing rather than with the furnishing of personnel. The President said he wasn't surprised about this because he
had seen this happen in many other situations, but in the meantime, while that kind of haggling was going on, I had to get on with the investigation. I told the President that it had been very helpful to me in getting personnel here in Washington that I was able to tell the Secretary of the Treasury and the War Department that the President was very much interested in the investigations and that I felt that it would help the investigation a great deal on the other side if I could—if the President would write a note to General Eisenhower indicating his interest in the investigation, and the President reacted sufficiently favorably that I produced the draft of the letter which had been prepared in the Treasury Department.

The President read the letter and said, "This is a good letter," and signed it, asking me to leave a copy in his outer office with Connelly which I did upon leaving.

We are to put in the date of the letter, and I am to deliver it by hand to General Eisenhower. I then indicated to him that I had hoped when I got back that we would be able to get into Berlin because that was where the head offices of the banks were, and we wanted to be able to investigate them. He stated that he didn't think it was likely that we would be able to get into Berlin, that the attitude of the Russians was such that he didn't think we would be there, although he had not given up hope. He was looking forward to his talk with Stalin and it appeared that such talk would occur in Berlin. He said that the Russians like any other totalitarian state would dominate it by cliques, and that if you could sit down with Stalin and get him to focus on the problem, Stalin would take a reasonable attitude, whereas if the problem never got to Stalin, in that way it might be handled by the Molotov clique, or what he referred to as a northern clique. He felt that Stalin didn't know half the things that were going on, which was another reason why he hoped to have a talk with him.

He didn't seem at all pessimistic about his relations with the Russians because he felt that we held all the cards and that the Russians had to come to us. Particularly, when I asked him whether he meant that the Russians would have to come to us for industrial equipment, he said he didn't think so because he thought they would take all of that out of Germany. What they would need from us would be credits and technical assistance, and we talked for a moment about the necessity for financial assistance that the Russians would need. He said Russia was pretty much destroyed from Poland, and that unless they did something to remedy that situation promptly, they would have extensive starvation. That was why he felt he had the cards in American hands, and he made very clear that he proposed to play them as American cards.

He did not propose to link up with the British or with the French in the bloc against the Russians. He proposed to be the mediator between all of them. As a matter of fact, he emphasized, perhaps, his desire not to be closely associated with the French and with the British more than he emphasized avoiding a close relationship with the Russians. At one point the President said that he felt that the Russians had their hands full dealing with the problems of Poland, Hungary, and Eastern Europe, and for that reason he did not think they were going to attempt to spill over into Western Europe. Furthermore, he said the Russians were very much interested in the East. On the other hand, he didn't think the Russians would be able to get a million men into the East unless we gave them help.

H.M.JR: The East?

COL. RENNSTEIN: By the East he meant the Pacific.

MR. PERLE: China?

COL. RENNSTEIN: He means the Pacific, the Eastern Hemisphere, as we used to call it.
H.M.JR: Did he act as though he thought that was a foregone conclusion?

COL. BERNSTEIN: I didn’t press him on that point, sir. He did seem to have a good deal of self-confidence in the American position because he felt we didn’t have to go to the Russians for anything, and the Russians very definitely had to come to us for many things. He said he didn’t think in many instances the Russians knew their own mind as to what they wanted to do.

H.M.JR: Is that the whole thing?

COL. BERNSTEIN: I think that gives the gist of it.

H.M.JR: Didn’t you have something that the Treasury had to do?

COL. BERNSTEIN: I think this business of financial assistance to the Russians. That was the thing I developed with him a little bit.

H.M.JR: You didn’t mention it.

COL. BERNSTEIN: We talked about it a little bit, the necessity for financial assistance.

H.M.JR: But there was no indication it should be the Treasury.

COL. BERNSTEIN: He didn’t say anything about that.

H.M.JR: Is this the whole talk?

COL. BERNSTEIN: Roughly, I think so.

H.M.JR: Strictly Army business.

MR. PEHLE: It certainly is.

COL. BERNSTEIN: I think it was because I indicated to him we discuss this problem at great length in the Council in order to know what line to take with the Russians.
If he feels that one of his great trump cards is the credit required by Russia, then you ought to have a plan.

H.M.JR: We have a plan.

MR. COE: There has been a plan.

MR. PHELLE: That's right.

COL. BERNSTEIN: Have you gone over it with him?

H.M.JR: We have had a plan, but that's--

MR. COE: That's excellent.

H.M.JR: I don't know what we would do.

MR. PHELLE: Is that Bretton Woods, Mr. Secretary?

H.M.JR: Yes, there is much more than this.

MR. COE: I want to propose we hold off on lend-lease until that thing is set up. That's the place to handle lend-lease, too, the financial aspect of lend-lease.

H.M.JR: Let the rest of this go, this McKim-Vinson thing and--

H.M.JR: What?

MR. COE: Yes.

H.M.JR: Well, I mean this thing here.

MR. COE: Has Dan Bell told you about his conversation with McKim?

H.M.JR: No.

MR. COE: Well, McKim said that after the President handed him these things he thought that it was mainly lend-lease business. So, probably when Crowley was talking yesterday, pounding the table and what not, about committees, he already knew from McKim that this Brand matter was being turned over to him through another White House channel.

COL. BERNSTEIN: When I talked to the President about getting the bank records out of Berlin he said he was very doubtful that we would ever get the bank records because if he had to make a guess, he thinks that the Russians have probably got them back in Moscow by now.

H.M.JR: No, you--

MR. COE: Therefore, I wouldn't raise it. I wouldn't raise the Vinson-McKim business.

H.M.JR: You wouldn't?

MR. COE: I think Crowley went to see the President. I think almost certainly Crowley went to see the President and probably in a little gentler voice said the same sort of things, that he was up on the Hill acting as a work horse to get all this money and all these other people were in his business, or else he said that to McKim, and McKim talked it over with Truman.

H.M.JR: This thing having been settled, all the other things will eventually fall into place.

MR. COE: That's right. I was talking with Dan Bell over the phone and said, for instance, one of the first things we could do in that committee--

H.M.JR: You might let us have a photostat of that.

MRS. KLOTZ: I saw the copy.

H.M.JR: We would like to have a photostat with his signature on it.

MR. COE: One of the first things to be done in this committee was to start saying, "Now, we've got to know the commitments of the United States Government by countries--lend-lease commitments, UNRRA commitments," and then you go to work, and you need that in order to deal with the banks.
(Mr. D. W. Bell enters the conference.)

H.M.JR.: Sit down, Dan.

Now, in view of that, don't you think that the next thing is to keep our eye on the over-all reorganization? Then we follow that and maybe not bother with this lend-lease for Britain and France.

MR. BELL: Yes, I think that ought to be delayed.

H.M.JR.: What did McKissack say to you?

MR. BELL: It's a funny thing. He said that he had submitted his report and he said he had seen the State Department and Crowley and he submitted his report to the President and the President had then decided it was strictly lend-lease and Crowley should handle it, and I reminded him of the President's statement to you that you were going to let the old committee handle it and clean it up, and he said, "I know, but he reversed himself." So, apparently Crowley got in his bid before yesterday's meeting, and that was probably the reason for his statement he wouldn't serve on any committee.

(The Secretary holds a telephone conversation with Mr. Shore.)

H.M.JR.: Well, Dan, have you finished on McKissack?

MR. BELL: Yes.

H.M.JR.: Well, evidently the President did reverse himself. I am not sorry about that, but I think this is important. If he reversed himself on that, then the next thing is this reorganization where all of those things might come under the Treasury, and I think we can play for the big things and let Crowley handle this thing.

MR. BELL: I told him we didn't care. We weren't protesting that. I was merely telling him what happened yesterday so he wouldn't get crossed up.

H.M.JR.: Did he know about Vinson?

MR. BELL: He said he did, and he said, "I appreciate your telling me, but that other action has already been taken," but I told him we weren't interested in it at all.

COL. BERNSTEIN: I made the point to the President that we had here another case where there were far too many agencies in Washington having overlapping jurisdiction on this problem which was a headache and a bother.

H.M.JR.: Was he surprised?

COL. BERNSTEIN: No.

H.M.JR.: Well, I think one thing is that Kilgore really carried a lot of weight with him.

COL. BERNSTEIN: Yes. I had a little talk with Connelly before I went to see the President about what we were doing and the work I had done when I was with Treasury, and personnel. And, also, I had talked with the Kilgore Committee. While I was sitting there some Congressman--Slaughter from Kansas City--called up and Connelly acting on behalf of the President was telling him there was a meeting of the Rules Committee and they needed an extra vote, and the boss would like it if he were down there swinging the votes, and so forth.

H.M.JR.: For your own sake I think you ought to tell Millard about this.

COL. BERNSTEIN: I was going to use this letter with him tomorrow morning to get the personnel tied up and get FRA on it. I see Jackson tomorrow at eleven-thirty. I will let you know about it.
June 5, 1945
5:32 A.M.

NMJr: ...Now I have a question to ask. Do you people show that memorandum to other people affected, or do I?

Mr. McKim: The memorandum went to all. That is, the different memorandums, containing the same messages, went to all of them.

NMJr: That's what I -- I didn't know how you handled it.

M: Yes, we did. So Secretary of State and everybody mentioned on that Committee got the memorandum to the same effect.

NMJr: Fine.

M: So the matter is clarified.

NMJr: Fine. That's fine.

M: I'm awfully glad.

NMJr: I just want to tell you -- say 'thank you'.

M: Thank you, sir.

NMJr: Goodbye.

M: Bye.
THE WHITE HOUSE
WASHINGTON

5 June 1966

Dear General Eisenhower:

The sensational press story involving the President's relationship with Miss B. C. came to light in the press last week. It appears that the President may have influenced the outcome of the election in this state by making a political play and by using various other means to gain an advantage in the election. It is reported that the President may have offered various forms of assistance to the candidate, including personal appearances, financial contributions, and other forms of campaign support. It is also reported that the President may have used his influence to ensure that the candidate would receive favorable coverage in the media.

As a result of this investigation, it has been determined that the President's actions were not in accordance with the law or the Constitution. It is clear that the President's conduct was improper and should not have taken place.

I am writing to inform you of the results of this investigation and to request your immediate attention to this matter. I believe that it is imperative that we take immediate action to ensure that this type of conduct does not recur in the future.

With best wishes,

[Signature]

General Dwight D. Eisenhower, Supreme Headquarters, N.A.S.
June 5, 1945
5:32 P.M.

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HMJr: Fine. That's fine.

M: I'm awfully glad.

HMJr: I just want to tell you -- say 'thank you'.

M: Thank you, sir.

HMJr: Goodbye.

M: Bye.
THE WHITE HOUSE
WASHINGTON

5 June 1945

Dear General Eisenhower:

Col. Bernsdon of your staff brought me a letter from Senator Kilgore, and at the Senator's request I have had the civilian agencies in Washington, particularly the Treasury, make available additional personnel to carry out the Senator's request. I am sure that the investigation into Germany's international assets position being conducted by the Financial Division of the Group Control Council for Germany, is being carried out with the full knowledge of the Ambassador of Germany, and I have told Col. Bernsdon that it is my wish that the results of this investigation shall be made available not only to the executive side of our Government, but to the Congress as well.

Col. Bernsdon has given me a general picture of what has already been done and of what you intend to do on this program. This work has my hearty support, and I want to congratulate you for having moved into this field so rapidly.

With best wishes,

[Signature]

General Dwight D. Eisenhower,
Supreme headquarters, A.E.F.
THE WHITE HOUSE
WASHINGTON

5 June 1945

Dear General Eisenhower:

I am sure that your staff has already looked over the situation on the Western Front and that you have already discussed this matter with General Eisenhower. I am informed that the situation is under control and that the G.I. soldiers are holding their own.

The situation is serious, but we are doing our best to control it. I am confident that we will be able to hold our own and that we will be able to make progress.

With best wishes,

[Signature]

General Dwight D. Eisenhower
Supreme Headquarters, A.A.A.
MEMORANDUM FOR THE FILES:

June 5, 1945.

I called Mr. McKim, Chief Administrative Assistant to the President, and advised him about the meeting yesterday in Judge Vinson's office concerning Lend-Lease to Great Britain between V-E day and V-J day. I told him about the discussion which took place there and in view of the fact that the President had referred to him the Secretary's memorandum of two or three weeks ago concerning the same problem I thought he ought to know about it.

He said he appreciated it very much, but the decision had been made by the President that it was a strictly Lend-Lease matter and that it should be handled by Mr. Crowley. I told him that was different from what the President had said to the Secretary when he first handed him the memorandum. He said "Yes, I know," but he discussed the matter with the State Department and Crowley and had submitted his report to the President and the President had reversed himself.

I told him that was all right with us, but while it was primarily a Lend-Lease matter, there was a large financial question involved in which the Treasury was interested. However, we wouldn't want to protest the decision as made.
June 5, 1946.

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I told him that was all right with us, but while it was primarily a Lend-Lease matter, there was a large financial question involved in which the Treasury was interested. However, we wouldn't want to protest the decision as made.
Dear Mr. Florence:

I thought you might be interested in the enclosed text of the Bretton Woods legislation as it emerged from the House Banking & Currency Committee and in the Committee's report.

You will note that the Committee amendments to the legislation cover most of the points we discussed in my office. I know you must be as pleased as I with the large Committee vote in favor of the legislation.

Your assistance is deeply appreciated.

Sincerely,

(Signed) H. Morgenthau, Jr.
Secretary of the Treasury

Mr. Fred Florence, President
Republic National Bank
Dallas, Texas

Enclosures

cc: Honorable Wright Patman

6/4/45
June 5, 1945

My dear Wright:

I am enclosing herewith copy of a letter which I have written to Fred Florence. Thanks for the suggestion.

I only hope that the Senate Banking and Currency Committee will due half as well as the House Committee.

With kind regards,

Sincerely yours,

(Signed) Henry

Honorable Wright Patman,
House of Representatives,
Washington, D.C.

June 5, 1945

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Honorable Wright Patman,
House of Representatives,
Washington, D.C.
June 6, 1945

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Honorable Wright Patman,
House of Representatives,
Washington, D.C.
I am preparing a letter to the Secretary of War for your signature asking for the discharge of former Internal Revenue Agents who are thirty years of age or over, provided military necessity does not prohibit discharge. It is my understanding that there are approximately five hundred Agents above the age of thirty now in the service.

Concerning your statement this morning respecting UNRRA, I find that in view of the acute shortage of personnel for UNRRA work General Marshall on the 24th of March, 1945 issued a directive which in short provides that military personnel between the ages of thirty and forty, with certain specified qualifications, can request discharge from the Army to accept a civilian position with UNRRA in Germany. These positions range in salary from $3,000 to $5,000 depending upon experience.
Secretary Morgenthau

Charles S. Bell

(Signed) CHARLES S. BELL

5 June 1945

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CSB/ from

Regraded Unclassified
1. The United Nations Relief and Rehabilitation Administration (UNRA) has an urgent need for the immediate employment of civilians in the handling of displaced persons in Europe. Selected groups will be organized into teams charged with the administration and care of refugee centers in Germany. Assembly centers will consist of barracks, groups of billets, or camps with capacities from 3,000 to 10,000 allied nationals who have been liberated in Germany where they have served as deported laborers, as prisoners of war, or in internment camps.

2. The positions which must be filled at the earliest possible date include the following:
- Director and assistant director, assembly center: Responsible for the operation of a large assembly center including the housing, feeding, disinfection, prevention of epidemics, necessary health measures, and various welfare services. One of the chief functions of the center will be to register and arrange for the registration of the displaced persons.
- Welfare officer and assistant welfare officer: Responsible for the organization and direction of welfare activities and for the selection and training of a welfare staff to be recruited in Europe.
- Administrative officer, supply: Responsible for ordering and securing supplies and equipment for assembly centers and for maintaining records of receipts and disbursements. Also responsible for ensuring the distribution of supplies and food in camps.
- Administrative officer, storage: Responsible for the receipt, storage, issue, and maintenance of stores, equipment, and baggage in camps, accounting thereof. Will supervise a locally engaged staff.
- Medical officer: Organization and supervision of cooking and feeding of 3,000 to 10,000 people. Preparation of diets sheets for rations provided and delivered to the camp, management of camp food stores, and supervision of locally engaged kitchen staff.
- Administrative assistant: Responsible for various administrative activities such as registering displaced persons, transportation within the center, supplies, stores, and feeding, etc.

3. Salaries range from $3,000 to $6,000, commensurate with the responsibility and experience of the applicant. While overseas, field service UNRA employees will be paid a living allowance and will be eligible for medical care and for contributory group insurance and accident insurance. Employment will be for a period of 1 year or longer if required.
4. The following qualifications are highly desirable for employment:
   a. 20 to 40 years, and in exceptional cases up to 50 years.
   b. Physical condition.—Subject to USMC physical examination for over-
      seas service.
   c. Education.—College graduation preferable but not required.
   d. Experience.—Reasonable and relevant administrative or professional
      experience.
   e. Language.—One language in addition to English is preferable but
      not required.
   f. Personal traits.—Successful candidates will be required to be of
      tough fibre and physically fit. Energy, willingness to work long hours
      under difficult conditions, flexibility, as well as genuine interest in
      the aims of USMC are essential.4

5. Officers, warrant officers, and enlisted men or women, permanently
   assigned in the United States, who are not members of alerted units or
   alerted as individuals, may submit an application to the Director of Per-
   sonnel, USMC Headquarters, Dupont Circle Building, Washington, D. C.,
   with the following information: name, rank, education, and personal
   experience, including place of employment, dates of employment, salaries
   received, present assignment, and name of organization.

6. Applicants who are considered qualified for employment will be noti-
   fied by USMC and necessary arrangements made for a personal inter-
   view with a representative of that organization. Candidates who are finally selected
   will be given a letter assuring them of the appointment, and if deemed
   necessary, will be given a release from active duty or discharge can be granted.
   Officers and warrant officers who are assigned for this employment may submit requests for release from active duty
   under the provisions of section 131, Circular No. 1048, War Department, 1943. The War
   Department will give favorable consideration to applications which
   are approved by all headquarters through which the request is
   processed. Applications which are disapproved will be forwarded and final
   determination will be made in each case by the War Department as provided
   in Circular No. 1048. Requests for discharge of enlisted men will be care-
   fully considered under the provisions of all 615-365 and provided military
   necessity does not prohibit discharge will be granted.

7. The requirement for properly qualified individuals is urgent, and
   applications for this employment should be initiated without delay. All
   headquarters through which correspondence passes in connection with this
   activity are enjoined to complete any action necessary with the least prac-
   ticable delay. This instruction will be brought to the attention of all in-
   dividuals eligible to apply and will be posted on the bulletin boards of
   all camps or similar organizations for a period of 30 days after receipt.

(OS 210.6 (20 Mar 45))

IN ORDER OF THE SECRETARY OF NAVY

OFFICIAL: ROBERT H. DENKE
Chief of Staff
Brigadier General
Acting The Adjutant General

DISTRIBUTION: Inside United States on same basis as Navy Dept. circular.
Dear Mr. Morgenthau:

It has been suggested to me that in view of the fact that you were for so many years a close neighbor of the late President Roosevelt at Hyde Park and of your interest in his conservation activities, you might be interested to have a copy of the address which Field Marshal Smuts delivered last Saturday afternoon at the unveiling of the memorial plaque to President Roosevelt in the Muir Woods National Monument.

Yours very truly,

H. M. MOOLMAN  
DIRECTOR OF INFORMATION

The Hon. Henry Morgenthau  
Secretary of the Treasury  
Washington, D. C.

Encl.

HM/rc
It is fitting that the memorial which the Secretary of State will unveil to the memory of President Roosevelt should be placed in this unique setting, in this botanical paradise, which forms one of the most beautiful features in the magnificent scenery of San Francisco. For he was ever a lover of nature, of trees and plants and all things beautiful. And both at his home in Hyde Park and in other parts of this splendid land he initiated the planting of trees, not only for beauty but also for use and for protection against the rugged forces of nature. Here among the great Redwoods this great man will find fitting and congenial company. Here henceforth will be the company of the giants.

Both the time and the place for this ceremony are appropriate. The official period of mourning for him is ever; and this tribute to his memory is rightly placed at the seat of the great Conference which he himself selected, but in the hour of victory did not survive to open himself.

To him personally his going in the supreme hour of certain victory was indeed gain. No moment is greater or more fitting for the passing of the hero than the hour of victory. Such was Roosevelt's going from the personal point of view -- the intolerable burden dropped when the great task was done. There was the added glory of the great leaders killed by the Heroclean mystic air of the martyr was over it all. The fate happened to Abraham Lincoln, whose glory was as much in the moment and the manner of his going as in the vast labours he had successfully accomplished. To Lincoln it was gain, to Roosevelt it was release from burdens borne, but too heavy for any man, let alone for a stricken man, to continue to bear.

But what a loss to Lincoln's country, what a loss to Roosevelt's world! What a difference it might have made to the generation that followed after Lincoln if his wisdom and wide humanity and greatness of soul had been brought to bear on the post-war problems of his young nation and sorely tried country! For the personal factor counts and is a real and mighty force in the affairs of men. What a glory it is for a country to have produced such leadership as theirs in the hour of need and at its call! But the gain is even greater than the glory. Such men are an asset beyond price, and their going produces an emptiness which nothing can fill.

For look at the world situation which Roosevelt has left behind him! But first let us look for a moment at the man Roosevelt himself.

His is a very remarkable case of leadership and self-training for it through suffering and will power. People are apt to forget that he was a sick man carrying such burdens, physically only half a man. By all the usual tests he should have been written off when in the prime of manhood he was struck down by fever disease. But in fact the calamity produced the man; called forth unsuspected reserve forces in his personality; changed the good complexion, the apparently easy going man of good position and good fortune into the statesman that has left a trail of glory behind. The will to conquer his fate, to overcome his physical disability and to make good, changed apparent softness into the hardest tempered steel. He conquered fate by conquering himself, and in that self-conquest through fighting for his life, and not set out on a career as remarkable as that of any other man in this era of outstanding leaders. Self-mastery was the key to his success and to a career which students and historians will follow with deep interest in the future. Will power to win through, purification through suffering -- such were the steps by which this remarkable personality was won, so to say, re-born and made fit to play his great historical part. Roosevelt's case, on the purely human level, is a call and an inspiration to all who suffer under cruel misfortune never to give up or surrender, but to use adversity as a stepping stone to a higher self, to fresh soul force and the sublimation of the self in the possibility. So Roosevelt equipped himself for the call to duty in the great economic and social crisis of his country twelve years ago. And so he trained himself for the call of the world in one of the greatest crises of all history.

I met...
I met him at various stages in his life both before and after his illness. I last saw him at Cairo in December 1943 on his return from the Teheran Conference, and was deeply grieved to see how dreadfully tired he was while still carrying on the heaviest burdens with high courage and a gay spirit. If he had lived, what a service he could have rendered the world in the great period which now looks ahead.

For the colossal victory in Europe - the greatest in all recorded history - which we have been celebrating this week, is not the end of the crisis. This is only the first great phase. The march of destiny continues. Japan has still to be conquered, and her proud spirit humbled in the dust, before Asia could also be set free in the tide of liberation which is sweeping over the world. Her will the successful writing of the World Charter at San Francisco be the end. The supreme problem of a satisfactory European settlement after the war will still loom ahead - the greatest and hardest of all. Victory however great, and paper plane of a future security, however well laid, will not avail us unless we can also succeed in the settlement of Europe. That remains the heart of our problem, and from the interactional point of view that will be journey's end for our generation.

And it is just here that we shall sorely miss Franklin Roosevelt. For that job we shall need men of Roosevelt's stature. He was the personification of American, but he was also a great European. He was the carrier of the message of hope and faith and good cheer to the Old Mother Continent of our Western civilization in its sore distress. He stood not only as a symbol of the overpowering might of this continent, but for its fresh human outlook, its freedom from ancient wrongs and obsessions, its sanity and virile faith in Democracy and in man's vast future.

We have other leaders who have piloted our passage through this war and its mortal peril. Was it not Churchill's warning voice which rang loud and clear through the stormy years, when appeasement was the prevailing mood? And has he not been the indomitable soul of our resistance and doggedly struggling through the darkest years of the war? His share in the shaping of the Peace will no doubt be immense. But how much more decisive was the voice of Roosevelt and Churchill, ill together? We shall also miss the great leader of the Soviet Union, and beneficent would have been the role of Roosevelt and Churchill, ill together? We shall also miss the great leader of the Soviet Union, and beneficent would have been the role of Roosevelt and Churchill, ill together? We shall also miss the great leader of the Soviet Union, and beneficent would have been the role of Roosevelt and Churchill, ill together? 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Dear Mr. Woollam:

It was very kind of you to send me a personal copy of the address delivered by Field Marshal Smuts at the unveiling of the plaque in memory of President Roosevelt. I have read the Field Marshal's remarks with close attention and was particularly impressed by his speech of the late President, both as a personal and international relationship. Thank you for your courtesy in this matter.

Sincerely,

Mr. H. M. Woollam,
Director of Information,
South African Delegation, The United Nations Conference on International Organization,
Room 607, Fairmont Hotel,
San Francisco, California.

Regraded Unclassified
My dear Mr. Secretary:

Effective 1 May 1945 the Office of Surplus Property was transferred from the Procurement Division of this Department to the Department of Commerce. It is now imperative that we reorganize the Procurement Division to make adequate provision for the proper handling of important war activities such as purchases of strategic and critical materials and Lend-Lease and United Nations Relief and Rehabilitation Administration purchasing programs.

To assist with this reorganization, I would like to request the release and immediate detail of Major John C. Driver. He was employed in the Planning Office of the Procurement Division before he accepted his commission, and his special knowledge and skill would be unusually valuable at this time in effecting the contemplated changes.

Major Driver is thirty-eight years of age and is Section Chief of the Statistical Branch of the Control Division of the Army Service Forces under the direction of Major General G. F. Robinson.

I wish to assure you that I would not request the release of Major Driver if it were not essential that the reorganization of the Procurement Division be completed as soon as possible in order that the purchasing programs can be continued and handled in an expeditious manner.

Your approval of my request will be appreciated.

Sincerely,

(Signed) H. Morganthau, Jr.

The Honorable

The Secretary of War

Julian Ewco

5 Jun 1945

Regraded Unclassified
TO
The Secretary

FROM
Gabrielle E. Forbush

During the past two weeks, at the request of Mr. Fussell, we have been keeping detailed daily records of correspondence, as to subject matter and number received. We have been sending him a weekly count, and also some of our file record cards so that he may quote colorful phrases in the weekly report that he has made up for you on the basis of the information we furnish. Meanwhile, I have continued our own weekly report, although in many respects it overlaps Mr. Fussell's.

Since we do this letter-by-letter analysis of the mail, and take from the different letters a great many quotations before we send them out of our own Division, I believe that this would be the logical place to carry on with any type of mail report. In the past, I have tried to keep our abstract brief in order not to give you more detailed information than you might want to read. I should be delighted to expand this to make it the type of report that Mr. Fussell has been sending, and this would avoid duplication of work and save his time.

If this is what you wish to have done, the Correspondence Division will be very happy to undertake it.

Also, there has been some disparity in the figures quoted, since we have closed our report after the Friday morning mail, whereas the count from Mr. Fussell has been made on Saturday. I believe that he has turned his report in to you on Monday. We could adjust the day on which ours goes to you according to your wishes.

[Signature]

Regarded Unclassified
Dear Mr. McNutt:

I am writing this letter to gain your support in the Treasury Department's drive to recruit 11,000 people who will be assigned to apprehend black-market tax evaders.

On June 1, the President threw his weight behind this important program and stated that he was shocked at the cases of tax evasion that have been discovered in the field of illicit black-market operations. He said that we are not going to allow black-market operators or any other racketeers to be in a favored class when the men in the armed forces and our citizens generally are sacrificing so heavily, declaring very emphatically that he was going to put a stop to it. I am enclosing a copy of the President's statement, as well as a copy of a statement I made before the Appropriations Committee on this subject.

I am fearful that our recruiting program will be unsuccessful if the Treasury is not accorded a higher priority in all areas. Today a class 5 priority has been generally assigned, and this is entirely unsatisfactory. I cannot stress too strongly the urgent need for a class 2 priority, and certainly no priority below 3 would enable the Department to carry this program to a successful conclusion. The Veterans' Administration has been given priority 3, and I believe that our work is equally important.

When we consider that we have already discovered cases where sugar, raisins, and bandages produced for the armed forces have been diverted in huge quantities to black markets, it is evident that there is no program which should be given a higher priority than Treasury's drive against these violations of the Revenue Statutes.

Accordingly, it is requested that you direct your Regional Directors to instruct their area and State Directors to immediately grant at least a class 3, and where possible a class 2 priority.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable Paul V. McNutt
Administrator
Federal Security Agency
Washington, D. C.

TM:1JRS:1ed
4/Jun/45
June 5, 1945

REMINDER FOR THE SECRETARY:

You wanted to speak to Mr. Feltus today about his being General Consultant.

June 5, 1945

FEDERAL RESERVE BANK
OF NEW YORK

June 5, 1945

CONFIDENTIAL

The Honorable Harry D. White,
Assistant Secretary of the Treasury,
Washington 25, D. C.

Dear Mr. White:

I am enclosing our compilation for the week ended May 29, 1945, analyzing dollar payments and receipts in official British, French, Canadian, and Australian accounts at the Federal Reserve Bank of New York.

Very truly yours,

/s/ H. L. Sanford

H. L. Sanford,
Assistant Vice President.

Enclosures 2
CONFIDENTIAL

Received this date from the Federal Reserve Bank of New York, for the confidential information of the Secretary of the Treasury, compilation for the week ended 29 May 1945 showing dollar disbursements out of the British Empire and French accounts at the Federal Reserve Bank of New York and the means by which these expenditures were financed.
### A-308: Statement of Debt and Foreign Accounts

(All figures in millions of dollars)

<table>
<thead>
<tr>
<th>Period</th>
<th>Debt (a)</th>
<th>Proceeds of Proceeds of (b)</th>
<th>Total (c)</th>
<th>Transfers Credit (d)</th>
<th>Other (e)</th>
<th>Proceeds of Proceeds of (f)</th>
<th>Net (g)</th>
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<tr>
<td>War Years (g)</td>
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<td>151.0</td>
<td>20.0</td>
<td>31.4</td>
<td>131.0</td>
<td>131.0</td>
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</tbody>
</table>

### Average Weekly Expenditures Since the Break of War

- **Period:** 1 week
- **Weekly Expenditure:** $17.6 million

### Notes

- See attached sheet for footnotes.
- Source: Office of Analysis Division.
(a) Includes payments for account of British Ministry of Supply Mission, British Supply Board, Ministry of Supply Timber Control, and Ministry of Shipping.

(b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of official British sales of American securities, including those effected through direct negotiations, in addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this Bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of our securities through September 1940 amounted to $334 million.

(c) Includes about $85 million received during October, 1939 from the accounts of British authorized banks with New York banks, presumably reflecting the liquidating of private dollar balances. Other large transfers from such accounts since October, 1939 apparently represent current acquisitions of proceeds of export from the sterling area and other accruing dollar receipts. See (k) below.

(d) Reflects net change in all dollar holdings payable on demand or maturing in one year.

(e) For breakdown by type of debits and credits see tabulations prior to March 14, 1942.

(f) Adjusted to eliminate the effect of $20 million paid out on June 26, 1940 and returned the following day.

(g) For monthly breakdown see tabulations prior to April 23, 1941; October 3, 1941; October 14, 1941; September 29, 1941; September 6, 1942.

(h) Transactions for account of Caisse Centrale de la France. Outflows included for first time in week ended December 6, 1942.

(i) Includes $172 million apparently representing current and accumulated dollar proceeds of sterling area services and merchandise exports.

(j) Includes $2.7 million transfer to account of Commonwealth Bank of Australia.

(k) Also includes $35 million transfer to official French account in this report.
<table>
<thead>
<tr>
<th>Period</th>
<th>First Year of War</th>
<th>Second Year of War</th>
<th>Third Year of War</th>
<th>Fourth Year of War</th>
<th>Fifth Year of War</th>
<th>Sixth Year of War (through May 29, 1945)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from Official British A/C</td>
<td>6.0 million.</td>
<td>6.0 million.</td>
<td>10.1 million.</td>
<td>13.0 million.</td>
<td>16.1 million.</td>
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<td>Net Incr. (or) or Decr. (x)</td>
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<td>0.0</td>
<td>0.0</td>
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GAILE TO JUNIUS, STOCKHOLM, FOR CLEAR, FROM THE WAR REFUGE BOARD

Since your reports and records are needed in connection with preparation of final board reports, they should be forwarded to Board as soon as possible and in quickest manner. Notify us when and how you are forwarding these reports.

THIS IS WAR STOCKHOLM GAILE NO. 772

10:00 a.m.
June 5, 1945

Miss Hipple (for the Sec'y), Cohn, Hodel, Hutchison, McGurwick, Files.

ALH-853
Barn

Distribution of true reading only by special arrangement.
(SECRET W)

Dated June 5, 1945

SECRET

Secretary of State
Washington

3044, June 5, 10 a.m.

DEPT AND WRB FROM HARRISON AND McCLELLAND
Dept's 1947 WRB 529, June 2.

No (repeat no) US visas have been granted refugee children admitted Switzerland since no children were ever presented to receive such visas.

HARRISON

EDA
June 6, 1945
2:23 P.M.

HM Jr: Look, Dan.

Mr. Dan Bell: Yes, sir.

HM Jr: I'm really worried about all of this business. When I came back from lunch I had some of the boys - I want to talk to - the bankers.

B: Yeah.

HM Jr: Now, we sent out an order like this, and then we sort of expect it to ride on it's own. I had wanted to call up some of these Federal Reserve Bank Presidents and find out what was going on. Now Feltus is very anxious that I call the State Bankers' organizations in together and talk to them, see?

B: Yeah, he told me. I'm ain' it.

HM Jr: Why?

B: Well, I think you can write them a letter and put down what you have in mind and get their cooperation.

HM Jr: How about sending out a telegram to the - will you come in here a minute? I hear you are going away in 20 minutes.

B: Yeah.

HM Jr: Supposing you come in.

B: Yeah.
taxpayer, I hereby submit a chronological outline of
the steps taken by the taxpayer in order to effect
such disclosures.

Now, the chronological outline, the only thing
Mr. Lustig did prior to the time we started to examine
this case--and I've had a chronological outline prepared
what we, here in the Bureau, have done--the only thing
he did was he was in Miami last February, he states
he got a change of conscience and decided when he got
home he would disclose it, but that was only to himself.
The only other thing he did--

H.M.JR: Just smile.

MR. NUNAN: Yes. The only other thing he did
after we started to investigate--

H.M.JR: Where's that? I want to read it. Excuse
me, Joe.

MR. NUNAN: Well, that's worth while reading.

H.M.JR: I want to read that.

MR. NUNAN: Page 2. "Realizing this fact," he said, "on that
date Mr. Lustig advised him there were understatements
of income tax, and in the early part of February, 1946,
while in Florida, he decided to make a voluntary disclosure
to the Bureau of Internal Revenue. On his return to business
February 28, 1946, he caused cash in the vault to be
deposited in the bank accounts of the Lexington Longchamps
Inc. and the respective affiliated companies. He knew
that the banks notified the Federal Reserve Bank of all
large deposits and, therefore, that there would be some
official record of his first affirmative step in connection
with a voluntary disclosure. That's the only thing
Mr. Lustig had done prior to the time we started to
examine this case, which was as early as March 15.

H.M.JR: March 15?

MR. NUNAN: Yes, sir.
MR. NUNAN: We communicated with Sobel who is the accountant for Lustig and asked to begin the examination. That was on the 19th. On the next day, April 20th, Sobel asked for a week's extension. About April 20th we were on our way to the investigation. Now, at the end of this letter, Mr. Secretary, they say if there's any doubt whether there was voluntary disclosure in this case, or if there's to be a change in the settled policy with respect to voluntary disclosures, it is respectfully requested that a conference be granted. Power of attorney has been filed.

When they talked to me they asked for a conference with you, and I said I doubted whether you would consent, but I said if these letters with me and they would have my reply. I'm satisfied to give them that conference if it's the consensus of opinion we should. I'm willing to answer them and say a conference isn't necessary; that the Bureau doesn't consider this a deviation from the usual policy, because we don't consider this case one where a voluntary disclosure is issued.

H.M.: I think that's out. This week they tried to retain Greenbaum, Wolff, and Ernst, knowing they were my attorneys. Greenbaum told them they didn't take on any new clients who had cases pending before the Treasury. They would turn them down. They took care of the old clients but wouldn't take on any new clients. Personally, I have asked the General Counsel, but my own opinion is that I think you should answer this, just the way you said, and tell them—let them see the fellow in New York. There's nothing in here which would justify your taking the time, you see. I don't know what you think, but—

MR. O'CONNELL: This is clear; it's perfectly clear, their attempt to bring this within the principle of voluntary disclosure of the Bureau is just preposterous, and we say there's no voluntary case here.

MR. NUNAN: If they want to take a trip down to see me, I don't mind seeing them for fifteen minutes.

MR. PEHLE: Otherwise you'll have Congressmen saying, "Will you please see them?"

MR. NUNAN: I might well say the Secretary told me—

MR. PEHLE: But this is awful, I think.

MR. NUNAN: It is.

H.M.: What do you think?

MR. O'CONNELL: I think it would be good sense.

H.M.: I think you should answer this.

MR. O'CONNELL: Oh, yes, and I think he should, either in a letter, or talking with them, tell them that as far as we're concerned there is no voluntary disclosure in this case.

H.M.: That's a matter on which I don't care if you people see him or don't see him. I don't think it's important. I don't want to see him. This is the original letter? Have you a copy for my files on this?

MR. NUNAN: There is an original on each one of the corporations, but in all the corporations involved they have sent me copies.

H.M.: Just send me one.

MR. NUNAN: They're all alike.

MR. O'CONNELL: It makes a difference.

MR. NUNAN: All I want to do is call your attention to the fact McOkey agreed to cooperate. I had a very nice letter from Sam Clark this morning, because we have sent Clark out a copy of every one of these weekly reports we've received. In the letter he told me he has been over all of them and they have been helpful to him. He agrees to cooperate in every way. McOkey said the same thing. As
soon as we have the case in shape, McSweeney is willing to present it to the Grand Jury. In order to protect ourselves in this case, Mr. O'Connell called to my attention the amount of money involved in the case. I asked Eisner to give us a letter saying the money cannot be removed. In addition to that I asked McSweeney to issue subpoenas for their books, because I was afraid the City or State might want to come in and take a play away from the Government, and the State would subpoena the books and we would be unable to get them. McSweeney has issued subpoenas and I told Oestricher we don't want them, to leave them there to be examined.

H.W.JR: Keep Dewey from getting them.

MR. O'CONNELL: I was concerned in the first place because there was about one million and a half dollars in the bank and nothing to prevent Mr. Lustig from drawing it out. I was afraid at some point when he and his attorneys realized there is no deal to be made on the basis of a voluntary disclosure, he might say, "If I'm going to be put in jail, I might as well withdraw the money and put it back in the safety deposit box," but Joe is protected against that. The attorneys agreed they would not withdraw the money.

MR. NUNAN: It is signed by Lustig himself, saying that he would not dispose of the money. They wanted to pay me eight thousand dollars on account the other day. I said, "Better wait awhile until we get a chance to examine it further."

MR. O'CONNELL: That was to be just a down payment.

MR. NUNAN: The only other thing I have, it may be a little longer than we thought, but within three weeks I think we ought to be ready to start presenting the case to the Grand Jury, and Charlie Bell, I think, is familiar with this, and that has to do with Civil Service requirements on the Agents we're putting on. I see they have lowered the qualifications. I regret that because I don't think the qualifications should be lowered if we can possibly help it. We need Agents not only to examine tax returns, but we wanted to put some of these Agents on to go into

the refund situation that's going to develop.

MR. C.S. BELL: We didn't lower them a whole lot--one year's experience.

MR. O'CONNELL: It was three and four years for two groups of Agents, and the Civil Service Commission lowered it.

H.W.JR: This is something you can talk to him about. It's wholly in his hands.

MR. C.S. BELL: Here's the difficulty--

H.W.JR: Would you mind not taking my time? I've got a couple of things. Go back to O'Connell's office and talk about it. That's something that is between the three of you. I had nothing to do with it. If you are not satisfied, tell Charlie Bell.

MR. NUNAN: All right.

H.W.JR: But he's responsible for this and not Civil Service, is that right?

MR. C.S. BELL: Yes.

H.W.JR: Now, let me say this. I'm considerably bothered by the Indiana situation.

MR. NUNAN: I'm glad you brought it up, Mr. Secretary.

H.W.JR: Particularly because--

MR. NUNAN: We have two cases now in Indiana. Unfortunately they're both liquor cases, but big cases. In the report of April 14--if you will make a note of that, the weekly report of April 14--you will see a liquor case there that's a very strong black market liquor case in Indianapolis.

H.W.JR: In which report?
MR. NUNAN: Mr. Fehle will get it for you--April 14.

H.M.JR: What district?

MR. NUNAN: Right in Indianapolis. It's a big liquor company case involving quite a few dollars, and we're ready to get an indictment in that case. In addition to that, the FM case, Mr. Fehle is also involved in Indianapolis. I've called Madden, the Special Agent--Chicago and Indianapolis is under his jurisdiction--and he's assigned Vaughn, one of the liveswires in the Department of Intelligence, and he's just assigned now to Indianapolis, and I told him to put his nose to the ground and see if he couldn't find a food case or something that would be important enough in Indianapolis to combat it.

H.M.JR: That's very satisfactory, because the man who is chairman of the subcommittee--

MR. NUNAN: Ludlow. I was there yesterday.

H.M.JR: You know about that?

MR. NUNAN: Yes.

H.M.JR: I saw the President and I told the President about Ludlow, and he said Ludlow always has something that's bothering him, but I think we're all right. Was any decision made in Dan Bell's office?

MR. O'CONNELL: You didn't get a report from Feltus, did you?

H.M.JR: No.

MR. O'CONNELL: We agreed there are two or three things we can do immediately, and Dan may be talking with someone from the ABA organization here at four o'clock. Our thought was this, we could get them to put something out in their weekly pamphlet over the week end to fourteen thousand banks. These are all the banks except about a thousand. In addition we have drafted a letter which you could, if you wish, send as soon as tomorrow to the Forty-eight State Presidents. In addition, Wilson is writing a sympathetic article in the Independent American Banker—an independent banking magazine. Tomorrow we're having a meeting with the representatives of the Federal Reserve Banks who are here, and Dan spoke to them this afternoon and they're all interested in discussing the order and getting the answers to questions, so they are willing to stay over an additional day to do it, if necessary. We did not think with those things being done it would be necessary to do anything else. In addition, the thought of having a conference to which both Dan and I were called would probably not be called as soon as next Monday, and, if not, you would have to wait until the following week, and any damage in the situation would be done before that. So we were thinking of combatting it in the ways I mentioned.

H.M.JR: I saw a telegram at twelve-thirty. Now, I have got a press conference tomorrow morning. Is there anything new that I could say on this thing?

MR. NUNAN: No, sir.

H.M.JR: You don't think I should?

MR. O'CONNELL: On the order?

H.M.JR: No, no. On the general tax business. Is there anything on it?

MR. NUNAN: No, sir.

MR. O'CONNELL: Nothing, but in general they're going along. It's in good shape—unless you wanted to talk about more specific cases.

H.M.JR: No.

MR. NUNAN: I wouldn't.

H.M.JR: I think we've had enough.

MR. NUNAN: Within the next week you'll have probably three Grand Jury investigations-Barry Wright and two in Chicago.
H.MJR: I read your report of April 6, and this Wright thing from the report, looks pretty good, but what you told me over the phone didn't sound good.

MR. NUNAN: What happened, he was paying back some of the money. He was kicking back to wholesalers, and he hasn't squealed on them yet, but it's true our case is based on the fact that we have this affidavit from retailers who bought over the ceiling, and then we multiplied it by the number of pounds of meat he has. I think it would be sufficient to stick.

H.MJR: I hope so, but you don't think there's anything special for tomorrow?

MR. NUNAN: No, sir.

H.MJR: All right. Do you want to say anything about your recruiting?

MR. C.S. BELL: No, sir. I think we're going along all right. There won't be any difference between Joe and me when we get through with the thing.

H.MJR: There won't? It's up to you and O'Connell and Nunan to get together on it. If you are not in agreement, come and see me. If I don't hear from you, I'll take it you're in agreement.

MR. O'CONNELL: Okay.

MR. C.S. BELL: I think we're in reasonable agreement.

MR. O'CONNELL: There's one point of difference.

H.MJR: Please. What you've done in Indianapolis, that's good, and if there's nothing else, I'd like two minutes with Fehler and Bell and then--

MR. O'CONNELL: May I ask one question? Are you having lunch with the Secretary of Agriculture? You told me you were.

H.MJR: No. He had to leave town.

MR. O'CONNELL: I hadn't made any attempt to get in touch with him. There's this point. It ties in with your having lunch with him. The reason he's leaving town is his committee is making a junket around the country, going to Omaha, and spending one day in five or six places, between the eleventh and sixteenth of June. O'Connell suggested, and John thought well of it, it might be worth our while to send a man along with him.

H.MJR: Good.

O'CONNELL: Food, black market, and so forth. We hadn't picked a man. I thought possibly land, from our regional office, is pretty good.

(Discussion off the record.

(Mr. O'Connell, Mr. Nunn, left conference.)

H.MJR: I'm moving very fast this morning. You were talking about first, this man Parsons. I want to get this thing straight. How--

MR. FEHLEN: I've got a memorandum on that for you. I think Charlie would agree with that.

H.MJR: Well, on the Internal Revenue--

MR. FEHLEN: You won't have to do that. You can move in later and have him in.

H.MJR: Well, Charles Bell right now is responsible to me for that.

MR. FEHLEN: This man would be under Charles Bell.

H.MJR: Do you want it?

MR. C.S. BELL: What we could do, I could put a man in charge of the survey group to reorganize the whole Procurement Division. That's what we're doing anyway.
MR. C. S. BELL: Yes. I'll be glad to take him.

H.M.JR: Then you mentioned—we were going so fast this morning I didn't get straight in my head whether Fox is through.

MR. PEHLE: Fox has resigned, and as a result of that. He resigned without any commitment from the Treasury at all. He is going away for a month or two and if the Treasury has a spot where they can use him from his point of view—he's a very good man. Most of the top Treasury men that were involved in that I'm sure will walk out. Now, some of those would be very helpful here. Take Lesser, for example. He's a real fighting guy.

H.M.JR: There's no commitment to Fox.

MR. PEHLE: No commitment whatsoever. Incidentally, I think Commerce gave him a very raw deal. They told him they wanted him; and then they brought Bradley in at the same time and told Bradley, "We'll let Fox go after a while, but we'll take him through the transition."

H.M.JR: Well, people like Lesser. Will you and Charlie Bell get together?

MR. PEHLE: I'd like to.

H.M.JR: And give me a list of people whom you think we should get back in the Treasury. I know about Lesser. There's certainly a place for Lesser.

MR. PEHLE: He could do a wonderful job on tax enforcement. He would really accomplish wonders for you.

H.M.JR: Let's do it.

MR. PEHLE: I'd like very much to do it that way.

H.M.JR: Would the two of you put your heads together and make a recommendation?

MRS. KLOTZ: I had lunch with him today and he's very anxious.
MR. PEHLE: And he's loyal to you, Mr. Secretary, very loyal.

H.M.JR: Well, that's all I have.

MR. PEHLE: You couldn't take one or two things for me, could you?

H.M.JR: No. I have got two minutes to go.

MR. C.S. BELL: You won't want me any more tonight?

H.M.JR: That's what I was raising this morning.

MR. PEHLE: I don't know how you remember things like that.

H.M.JR: And I was raising it this morning, and then I got on the telephone and so forth. I didn't want to do one thing which was in your group and not have the two of you here.

MR. C.S. BELL: We generally agree, John and I. We talk things over.

H.M.JR: We understand about Parsons, and that's the principal thing.

MR. PEHLE: On the rest we'll give joint recommendations.

H.M.JR: If you will, but don't let a fellow like Lesser go. He ought to go back to Joe O'Connell.

MR. PEHLE: Let Charlie and me give you the story. I got the note on the National Planning Association and I agree. We missed the boat. Between us I've suggested to Joe O'Connell that he have his legislative man make a whole study of Truman's record in the Senate, everything he took a position on, what he said, and it will be very useful.

H.M.JR: It will be terrible if you admit you are wrong. Then you make me feel badly.

MR. PEHLE: I expect you to do the same.

H.M.JR: I do.

MR. C.S. BELL: You understand I'm going to be in New York recruiting for the next three days.

H.M.JR: That's what Charles Bell told me.

MR. C.S. BELL: I'll get the men, too.

H.M.JR: If you make it too emphatic I'll get suspicious.
OLVANT, KISNER & DONELLY
20 Exchange Place
New York 5, N.Y.
Tel. Digby 4-4900
Cable Address "Olvoida"

Hon. Joseph D. Numan, Jr.,
Commissioner of Internal Revenue,
Washington, D.C.

Re: Lexington Longchamps, Inc.
408 West 15th Street, New York

June 1, 1945.

Dear Sir:

On April 24th, 1945 I communicated with you on the telephone requesting an appointment in order to voluntarily disclose to the Bureau of Internal Revenue that the net income reported by Lexington Longchamps, Inc. in certain of its tax returns was understated and accordingly that its tax liability was likewise understated. You told me that it was not necessary to make a special trip to Washington for the purpose of making such disclosure, and that the disclosure could be made to the Collector of Internal Revenue for the Second District of New York.

The following day, namely, April 25th, 1945, and officer of the taxpayer, Mr. Mark Kisner and I, attended at the office of the Collector of Internal Revenue for the Second District of New York, and voluntarily disclosed to the Collector and two of his deputies, the understatements hereinafter referred to. At that time a letter was filed with the Collector of Internal Revenue, a copy of which is attached hereto.

Because certain statements which have appeared in the public press, purporting to be releases from official sources, indicate skepticism on the part of the Treasury Department with relation to the voluntary character of the disclosures made on behalf of the taxpayer, I hereby submit a chronological outline of the steps taken by the taxpayer in order to effect such disclosures.

Mr. Henry Lustig, President of the taxpayer, retained me to represent the Company on April 20th, 1945. On that date Mr. Lustig advised me that there were understatements of income and tax made in certain of the returns of this Company, and realizing this fact, he in the early part of February, 1945, while in Florida, decided to make a voluntary disclosure to the Bureau of Internal Revenue. He then telephoned the accountant for the Company and instructed him immediately to check the records of the Company and ascertain the various items involved. The accountant followed these instructions, and on April 20th was still engaged in such work.

Mr. Lustig immediately upon his return to business on February 28th, 1945, caused the cash in the vault to be deposited in the bank accounts of the Lexington
Longchamps Inc. and the respective affiliated companies. He knew that the banks notified the Federal Reserve Bank of all large deposits and, therefore, that there would be some official record of his first affirmative step in connection with a voluntary disclosure. Tax notes were also purchased for this taxpayer and its affiliates. These deposits to the accounts of the various companies were made over a period of about thirty days.

Thereafter and on or about March 26th, 1945, Mr. Lustig called to arrange an appointment and to retain the undersigned to represent the Company in connection with a voluntary disclosure. He was informed that I was in California and would return the week of April 16th. Pending my return, an officer of the Company, Mr. Allan Lustig, went to see Collector Pedrick to inquire as to whether there were any investigations contemplated or pending against any of the companies or against Henry Lustig. Mr. Lustig was informed by Collector Pedrick that he had no knowledge of such contemplated or pending investigations. Therefore, Mr. Lustig decided to await my return from California, so that I might represent the companies and himself.
Hon. Joseph D. Neman, Jr.,

June 1st, 1945.

a change in the settled policy with respect to voluntary disclosures, it is respectfully requested that a conference be granted.

Power of attorney has heretofore been filed.

Respectfully submitted,
/s/ Sylvan Oestreicher

Mr. Ted Gamble: Mr. Secretary, I wanted to report to you on that Kansas City Star matter.

EKJr: Yeah.

G: I had previously contacted our people out there, and they called me this morning to tell me they were working with the Star on an Eisenhower promotion. Eisenhower is coming out there on the 19th, or 21st of June I guess he is going to Kansas City. They are trying to make a big tie-up which will involve front page for the remainder of the drive.

EKJr: Yeah.

G: They tell me that in measuring the space of the Star that they are running about 20% ahead of the last Drive.

EKJr: Yeah.

G: And the Star has been putting them on page one or three every day with some kind of coverage. So I've asked for those papers of yours to check in order to check back on them, but it looks good for what...

EKJr: You don't have to check up on these. Listen, 20% of nothing isn't so good, you know.

G: No, I was only explaining that they had been on it.

EKJr: No, but as I say - 20% of nothing, you know.

G: 20% of nothing is nothing.

EKJr: Right.

G: (laughs)

EKJr: You can't get the papers that I had because I had to borrow them from the Washington Bureau.

G: Yes.

EKJr: But maybe they can get them for you.

G: Well, I can get them. I only wanted to check on them, Mr. Secretary. That's what I meant.
HMr: That's better.

G: And I'm on to them and I wanted to tell you they were planning this promotion and they've been over to see Roy Roberts. They are going to give me a report later on which I will give to you.

HMr: Well, you do that. I think if you will look at it, you will find very little space.

G: Yes, well, they are a very stodgy paper anyway, you know. They've had that....

HMr: Sulzberger was in today and I complimented him on what he was doing and he said that he keeps a record on the amount of advertising the Times gets in Var Bonds...

G: Yes.

HMr: Plus the amount of columns of news they run.

G: Yes.

HMr: And he said they are running ahead of any other New York newspaper.

G: Yes.

HMr: He seemed to know just what they were doing.

G: Yes, they are doing a wonderful job. I told you we were going to photostat those and send them around the country.

HMr: Right.

G: Now, we had the meeting with Bell this morning.

HMr: Yes.

G: And I think Dan is going to have a good story for you tomorrow for your Press Conference.

HMr: Good.

G: On a budget story that I think will be helpful to us and will hit the papers all over the country.

HMr: Right.

G: We've been doing some pushing and grunting to get everybody to get it out because it will help us. And number thee - I'm going to New York tonight. Most of our hands are out in the country, but I've reported to Fitz who is here in case you need anything.

HMr: Right.

G: All right, sir.

HMr: Thank you so much.

G: Goodbye.

HMr: Bye.
June 6, 1945
5:10 p.m.

TREATMENT OF GERMANY

Present: Mr. White
Mr. Luxford
Mr. Fehle
Mr. Cole
Col. Bernstein

Mr. McCloy: I saw Mr. McCloy outside of the President's room and he said he hadn't seen you. He seemed a little bit put out, so I was wondering. So I think even if you should go to his house after supper, I wouldn't leave town without seeing him.

Col. Bernstein: All right. I hadn't planned on going to see him.

Mr. McCloy: Take my advice. I haven't given you any wrong advice so far, have I?

Col. Bernstein: No, sir. All right, I'll go over there after the meeting here.

Mr. White: Yes, I'm surprised you didn't. You usually do.

Col. Bernstein: I usually do, yes.

Mr. McCloy: I'm not asking why you didn't. The other thing—while he was there—I haven't told this out, so let me be the first to tell, and Joe O'Connell—he asked for Joe O'Connell. Stimson wanted him. The President asked him, "What for?" And he said to head up this section, and I told him I thought General Clay was satisfied with Bernstein, and, well, he did want O'Connell. I said that's out.

Col. Bernstein: He wanted O'Connell?

Mr. McCloy: Joe O'Connell. So I said, that's out. I haven't had a chance to tell this to Joe. I said,
COL. BERNSTEIN: He said since the thing was marked secret, he assumed it wouldn't get into the newspapers for an additional twenty-four hours.

H.M.JR: Is that what you said?

COL. BERNSTEIN: Yes, I did say that.

H.M.JR: He's an optimist. (Laughter)

COL. BERNSTEIN: He said that. He said this thing was marked secret by the War Department and he wasn't sure what the word secret meant, but in the ordinary course it would take an additional twenty-four hours to be made public. He also told me of the report that he was making public. He also told me of the report that he was making public tomorrow, and I'm picking up a copy of it and taking it over with me tomorrow, and in that thing he's stating his philosophy of the case. What he's proposing to do is have a single trial in which he brings all of the people and organizations, all the Nazi party organizations, all the German General Staff, and the industrialists and the financial people, and try and have them all tied in the financial people, and try and have them all tied in the conspiracy. Now, he said very confidentially that to this conspiracy. Now, he said very confidentially that to this conspiracy. He hoped to have his indictment ready by the early part of July. He hoped to be able to begin presenting the evidence by August, and have the case finished by the end of the year. Now, when that case is finished, thereafter there will have to be a series of trials by military tribunals identifying and convicting particular individuals who are associated with these organizations that he will have tried to find guilty.

H.M.JR: Have you heard this story before?

MR. WHITE: Part of it.

H.M.JR: Have you heard it, too?

MR. OOE: No.

H.M.JR: All right.

MR. LUXFORD: Aye, aye. (Laughter.)

COL. BERNSTEIN: Now he recognizes that--

H.M.JR: You should practice that. (Laughter)

MR. WHITE: It sounds a little too much like "I", "you".

H.M.JR: He can practice that, too. I just gave an interview on tax evasion to the forward in New York, and he said, "And we'll translate it for you so you don't have to go to the Coast Guard to get it translated." He knew I'd go to the Coast Guard.

COL. BERNSTEIN: He says there will be a lot of legal complications in the case. Already the international lawyers are questioning the legality of the trial. What he's hopeful of doing is attempting to rule out most of the legal defenses the Germans will have by entering into a treaty between the governments concerned, which would rule out those defenses. When I asked him how many governments were participating, he said not all were through the War Crimes Commission, but Britain, France, Russia, and the United States. He said they did not have any real discussions, and all the Russians are saying is, "Why didn't you try these men yesterday?" He isn't very optimistic about the Russians getting in the situation. He said the British are seemingly working along with it, and since the Attorney General is appointed as prosecutor, he's hoping to get action out of the British. The French have a funny-headed old fellow as their man, and he's trying to get a new French prosecutor. He feels once he can get these prosecutors together they, in the interest of the success of their case, will attempt to get enacted a treaty which will make it possible to successfully carry on the trial.

MR. LUXFORD: Or excuse their failure to try them.

H.M.JR: I'm not a lawyer. Is there any reason they can't put all of this monkey business out and go right to the military tribunal?

COL. BERNSTEIN: Well, the court will be a military tribunal. There will be a military tribunal that will
hear the case that Jackson is going to try, and when I asked him why it would be a military tribunal, he said it would be very much easier to get an adjustment of the different legal procedures between the countries involved if they went before a military tribunal. Now, the case will obviously take a long time in preparing, and he would have no real assurance he would complete it by the end of the year. I think he recognizes the fact that if there is an extended legal debate as to the validity of the trial, and so forth, the public is going to get confused and the thing may not go off quite so well. He also recognizes that if there are many legal trials, that the public is going to get bored with the thing very quickly.

MR. WHITE: Didn't you say the point was to prove these guys were aggressors?

COL. BERNSTEIN: He's trying to show in effect there's a conspiracy of all these groups to carry on this aggressive war, and he feels if the Germans try to defend by saying an aggressive war is legal, that that will be a good thing from our point of view because the Germans will go on record as having made that argument.

MR. WHITE: In every past war, one has been the aggressor.

COL. BERNSTEIN: Surely.

MR. WHITE: And yet this is the first time they're attempting any punishment, so how do you justify punishing these when you never have punished any previous aggressors?

COL. BERNSTEIN: Which is why we're going to run into a storm. He's very conscious, Mr. Secretary, that there are forces that completely disagree with him, including yourself.

H.M. JR: Oh, really?

COL. BERNSTEIN: Yes. He made reference to that.

H.M. JR: What did he say?

COL. BERNSTEIN: He said, "Your old boss, the Secretary of the Treasury, is in strong disagreement with my idea of having these trials, and has apparently indicated some strong objections about me in that connection."

H.M. JR: To him?

COL. BERNSTEIN: About him.

H.M. JR: Again, to him, or--

COL. BERNSTEIN: To others. Apparently he had gotten some word of that.

H.M. JR: The only person I told was the President. (Laughter)

COL. BERNSTEIN: Wait a minute. He also said he realized that he's making enemies of everybody in this connection; that his report is going to recommend that the newspaper people do not talk to the prisoners, and he said in connection with that he realized he's making enemies of everybody.

MR. WHITE: Not only for that reason.

H.M. JR: He knows.

COL. BERNSTEIN: He's going back in a couple weeks.

H.M. JR: May I just say this to you, so you can tell this to Joe. I'm not doing anything about these denazification papers. I don't know where I got them, see? I don't know. The stuff was given to me to take up with the President. Was it from Joe?

MR. WHITE: From Joe--to the extent to which the denazification program was not going forward.

H.M. JR: And I've done nothing about these plans for getting people under Clay from Wall Street, and I'll
tell you why. I said to the President, "When Senator Kilgore comes back I think you'll hear plenty from him," and he said, "I've got great confidence in Senator Kilgore." I did it for two reasons. I felt I was just wasting my ammunition, and then I was convinced of it when I said to him this morning, "What did you talk to Robert Murphy about?" And he told me that he had a very nice talk with Robert Murphy and he had asked General Marshall about Murphy, and he had consulted Eisenhower, and General Eisenhower was highly pleased with Robert Murphy, and that General Marshall himself at first had been opposed to Murphy, but since then he had gotten to respect him. So I figured that out of all of this business my only hope was Senator Kilgore when he came back, because, you see, I'll see him.

COL. BERNSTEIN: Yes.

H.M.JR: But there's no use just wasting my ammunition. His immediate answer was, "I have great confidence in Senator Kilgore," so I have sat tight. I made up my mind before I went over there that I wasn't going to do anything. It wasn't on my list, and then it was confirmed when I asked him, "What about Robert Murphy?" and he said he had been given the blessing of Eisenhower and Marshall.

MR. WHITE: Just one step he left out. Eisenhower asked Bedell Smith, and Bedell Smith said Murphy was fine.

H.M.JR: Well, anyway, I just wanted to let you know. I let the people know around me what I do and don't do.

COL. BERNSTEIN: Yes.

H.M.JR: But, for better or worse, I have to wait until Kilgore comes back because he seems to listen to Kilgore.

MR. WHITE: He'll be back Saturday.

H.M.JR: Yes. I mean there's time, but that's a pretty strong combination. The other thing which I think will interest you is that Robert McConnell was in and he's through, all except for a man in chemicals, and he's telling McGloin tomorrow that he's finished and he's not taking any job. They offered him the job as Deputy under Clay.

COL. BERNSTEIN: Draper?

H.M.JR: Draper and Hilldring. He's not going to do either.

COL. BERNSTEIN: He's not going over.

MR. WHITE: Bob McConnell is not going over?

H.M.JR: No. He's going to New York and finish his report, which he's got a lot of engineers working on, as to what to do with key industries in Germany. He has his own report.

MR. WHITE: Personal matters made him change his mind?

H.M.JR: No, he doesn't feel physically up to it. Draper is no good with guns and he doesn't want to be about Draper or Hilldring, and he has this report to get out on German key industries, and he doesn't feel too well. But I want you to know—I don't know whether these men agree with me—but I think there's been a mistake at this time to go after Clay or the people under him.

MR. COY: They have put worse ones in anyway.

MR. WHITE: Not only that, but unless there's a good chance of winning, you don't go, and there may be a better chance after. Anyway, if he had waited until Kilgore came back—if Kilgore is with you, then you have a stronger case.

H.M.JR: What we have to do is start investigations of what they are doing in Germany. Now, there are a lot of phases in this thing, and one is the crime thing, and if the crime thing is killed, it's through lack of action. The other thing is to get some of these Senators to go out there, someone like Kilgore, and see what's happening to Germany.
MR. WHITE: Senator Wagner is very desirous of getting a trip over.

H.M.JR: I don't think he's the right man.

MR. WHITE: You don't?

H.M.JR: No. He has not shown any sense.

MR. WHITE: I never heard him on the subject.

H.M.JR: I wouldn't push him. Let's have a heart to heart talk with Kilgore when he gets back.

COL. BERNSTEIN: One or two other things. First on Schacht. Jackson says as far as he's concerned, Schacht is a war criminal. Second, he was anxious to get the kind of information I can produce in our own investigations that they could use in their trials, and I'll be working with his staff in connection with that. Next point, in talking with Hilldring this morning I told him about the letter and about my talk at the White House, and I showed him a copy of the letter, and he's going to give me backing on getting this personnel. In the course of our discussions he said at the time of the signing of the armistice—that's now out in the newspapers—Eisenhower wanted to discuss the rest of the agenda--like went to Berlin with Zhukov—and he said, 'All I am authorized to discuss with you now is, are you going to get your troops out of the Russian zone?'

H.M.JR: Who said that?

COL. BERNSTEIN: Zhukov to Eisenhower, and Hilldring is now on a campaign to try and get Eisenhower to pull the troops out of the Russian zone. Hilldring feels we have made the agreement to get our troops out of the zone and we ought to get them out and not make a point of the British who are trying to keep their troops in the Russian zone until the Russians come along and make certain agreements in connection with the Dammer Government in Austria, and a lot of other points. Hilldring feels very strongly that

SHEAF was created for the purpose of waging war against Germany and SHEAF has done that and should be dissolved, whereas the British are trying to use SHEAF to wage political war against Russia. Then, he's very interesting and very strong on these, and they are trying to push that as hard as possible, and he has Marshall's support. So he has pushed pretty hard.

MR. WHITE: That's why the service is good here in the Treasury.

(Discussion off the record.)

COL. BERNSTEIN: I also talked to him about the directive, and particularly on the inflation thing, and he said he felt that the language in the directive didn't resolve the controversy between State and Treasury on that, and when I asked him—

H.M.JR: Who is this, Jackson?

COL. BERNSTEIN: That was Hilldring. I was telling you about Hilldring's reaction. I talked to him about the directive, and he recognizes there are differences of views that haven't yet been resolved, and when they can't be resolved they'll be referred back to Washington and the IPCGG Committee.

MR. WHITE: You've got word about the vote tomorrow morning, first thing in the morning. You would be interested in one thing—one thing—Joe Baldwin of New York and Patman, those two things. Patman made a very good speech about the Secretary of the Treasury, and Joe Baldwin—

MR. LUNSFORD: It's written now.

MR. WHITE: ... and Joe Baldwin gave the isolationists very effective hell for stirring up trouble with Russia, and he, for one, would hold them responsible for the war and their irresponsibility. He made a very good statement. Kilgore and you never had any difficulty with him, did you?

H.M.JR: Yes.
MR. FEHLE: Yes, we have had differences with him.

H.M.JR: On his tax.

MR. FEHLE: On Foreign Funds, too.

MR. WHITE: Patman is extremely cooperative. I don't know whether he's coming around, but he could. He runs up and tells us how things are going.

H.M.JR: I gave his banker the damndest dressing down.

MR. WHITE: Yes, well--

MR. LUXFORD: Did you give him a little letter?

H.M.JR: The letter has gone.

MR. LUXFORD: He'll be happy.

MR. WHITE: He said you were very nice to the banker until he mentioned--

MR. LUXFORD: Burgess.

H.M.JR: Then what happened?

MR. WHITE: Then you said—you let yourself go.

H.M.JR: I haven't talked to anybody like that—I know I was losing my temper and I let myself go. (Laughter)

MR. COE: We've got one more personnel letter on Colonel Bernstein.

H.M.JR: Whose idea was it to bring Colonel Bernstein over here.

(Discussion off the record.)

MR. WHITE: I don't know whether it's the result of his week's visit or pessimism, but he thinks Mrs. Bernstein would be very helpful to him, and I don't know whether you spoke to him.

H.M.JR: I agree. They're putting the children to school in Switzerland.

COL. BEINSTEIN: We're putting that off to find out whether the Army is going to have them in that theatre.
MEMORANDUM FOR THE SECRETARY'S DIARY:

On June 5, 1945, at Professor Chamberlain's request, the Secretary met with a group of persons interested in the Oswego camp. The following were present:

Nathan Zalkin - OWI
Professor Chamberlain - Columbia University
Joseph Beck - Executive Director of the National Refugee Service
Mr. Asovsky - Hebrew Aid Society
Margaret Jones - Friends Society
Paul L. Goldman - Jewish Labor Committee
Maurice Bisguyer - B'nai B'rith
Marcus Cohn - National Committee Relations Advisory Council
Mr. Gruber - Interior
Mr. Pehe - Treasury

Professor Chamberlain explained the difficulty, if not impossibility, of returning most of the people at Oswego to Europe. He indicated that the group had met with Secretary Ike in the morning but that Secretary Ike in had little constructive to offer in the situation. Professor Chamberlain said he did not think legislation which would permit these refugees to remain in the United States could be passed through the Congress.

At this point, Secretary Morgenthau said that he did not know that it would be impossible to get such legislation passed and suggested that the group talk to the leaders in the Congress, particularly Speaker Rayburn, Congressman McCormack and Senator Barkley.

Professor Chamberlain then said that the group felt it would be dangerous to ask for any such legislation since anti-immigration riders might be attached to the legislation. The Secretary said that he felt the group should think through very carefully what action they felt ought to be taken before proceeding further.

Apparently this group feels that a policy of "sponsored leave" would be the best solution for the immediate problem. It was suggested that this matter be taken up again with the new Attorney General when he is confirmed, in order to ascertain whether he is as adamant on the question as Attorney General Biddle has been.

Secretary Morgenthau said that the group could get in touch with Mr. Pehe if they wanted his advice and assistance on the matter.

On the way out, Mr. Beck, of the National Refugee Service, asked the Secretary whether someone should see the President about this matter. The Secretary suggested that the matter not be presented to the President until it has been thoroughly thought through and that a memorandum should be left with the President indicating what action is desired.
My dear General Eisenhower:

As you know, the Treasury Department, at the request of your headquarters, has arranged to furnish a substantial number of support personnel to assist in the work of the Finance Division of the Economic and the Finance Division of the U.S. Group Control Council in the administration of the financial program in Germany. In order to fulfill the requirements for financial personnel I requested the release from military duty and return to civilian status for assignment to the Treasury group proceeding to Germany of a number of former employees of the Treasury Department. I am advised by the War Department that these men will be transferred to the European Theater of Operations in military status in order to expedite their travel and that your headquarters is authorized to release them from active duty and return them to civilian status upon their request at the discretion of the theater command, at which time they will be returned to the rolls of the Treasury Department. I enclose in List No. I the names of personnel who, according to our understanding, will be accorded such treatment, some of whom have already been assigned to your headquarters.

In addition to the personnel named in List No. I there are certain military personnel of the grades of enlisted men and junior officers currently on the staff of the Finance Division of the U.S. Group Control Council who by reason of their qualifications and experience are regarded by us as being in the same category as the former Treasury personnel referred to above. The considerations which led us to request the release from military duty of the personnel named in the attached List No. II would also appear to apply to this group. I understand that it is the view of the American civilian and military staff directing the financial program in Germany that the effectiveness of such personnel would be greatly increased by giving them civilian status. Accordingly this is to advise you that the Treasury Department is prepared, subject to the appropriate procedures being worked out, to place on the rolls not only the personnel included in List No. I attached but also the personnel included in List No. II who, we understand, are presently assigned to the Finance Division of the U.S. Group Control Council.

Sincerely yours,

(Signed) M. Morgenthau, Jr.

General Dwight D. Eisenhower,
Commanding General,
U.S. Army,
European Theater of Operations.

Re: Release.

M. Morgenthau 5 June 1945
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MINISTER FOR FOREIGN AFFAIRS
REPUBLIC OF CHINA

June 6, 1943

Mr. Henry Morgenthau, Jr.
The Secretary of the Treasury
Washington 25, D. C.

Dear Mr. Morgenthau:

Thank you for your letter of May 29th, informing me of the earmarking and shipping of gold to China.

I am most grateful to you for the prompt steps you are taking to expedite the shipments of gold to China.

Yours sincerely,

[Signature]

Regraded Unclassified
EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGE BOARD
WASHINGTON D.C.

JUN 6 1945

My dear Mr. Secretary:

The liberation of Europe has terminated the specific task assigned to the War Refugee Board to rescue and bring relief to the persecuted peoples in Europe in imminent danger of death at the hands of the Nazis. The Board is now in process of winding up all its activities and it is contemplated that this will be completed by August 30, 1945.

There remains, however, one difficult problem which arises from the over-all responsibility given the Board for the Oswego project. Because of the complexity of this problem I have set forth my views and recommendations on this matter in a separate memorandum which I herewith send to you for your consideration.

Very truly yours,

WILLIAM D. OYSTER
Executive Director

The Honorable,

The Secretary of the Treasury.

Enclosure.

The principal remaining problem confronting the War Refugee Board arises in connection with the Oswego project. In his directive of June 9, 1944, and in his message to Congress of June 12, 1944, President Roosevelt charged the Board with "the over-all responsibility for this project" and the War Relocation Authority with the actual administration of the camp.

There are two essentially different problems in connection with the people at Oswego. First, there is the problem of their relocation, which is an integral part of the larger problem of the ultimate resettlement of perhaps millions of permanently displaced persons the world over, particularly in Europe. Second, there is the problem of the modification of the restrictive conditions which keep the refugees confined to the shelter at Oswego.

The President's message of June 12, 1944, to the Congress has an important bearing on the first problem. Advising the Congress that he had made arrangements to bring about 1,000 refugees from Southern Italy to the United States, the President stated that "upon termination of the war they will be sent back to their homelands." If it were possible now that the war in Europe is ended to immediately carry out the President's commitment, the second problem would not arise.

It is becoming increasingly clear, however, that relatively few of the people at Oswego can be returned to homelands at the present time. The statement of only a few summary facts and statistics relating to the refugees at Oswego is necessary to support this general conclusion.

Although every effort is being made to return as many as possible, so far we have succeeded in returning only 14 persons.

Of the 932 persons who came to Oswego, 369 were citizens of Yugoslavia, the only country to which repatriation is as yet possible. Only 12 Yugoslavs were willing to depart on the May 31st sailing of the Gripsholm, although there was no question of their nationalities and their government was willing to receive them. In February of this year all of the Yugoslavs had indicated their desire to return to their homeland, but when it came to a test of their actual departure only a few volunteered to go. The reluctance or unwillingness of the Yugoslavs to return has to do, in so far as we know, with political considerations.
or a desire to obtain permanent entry into the United States.

There are at Oswego, 41 Czechs and 146 Poles; 2 of the Czechs and 76 of the Poles are or consider themselves "stateless." Almost all of these 146 persons have indicated a desire to remain in the United States. It is practically impossible to know the extent to which their hope of obtaining permanent entry to this country is responsible for their unwillingness to return to their countries of origin. There is no indication that even those with clear citizenship could at present be returned or that their governments would receive them.

The largest single category of refugees at Oswego are "stateless" Jews. There are 561 persons originating in Austria, Germany and the Balkan countries, practically all in this category. The problem of these people, and perhaps of the "stateless" Poles, is far from an ultimate solution. Under present physical, psychological and political conditions they have no homeland to which to return. Almost none of them want to return and almost all of them wish to remain in the United States.

There are 66 additional people at Oswego, of whom 16 are "stateless" Russians and 44 citizens of Allied countries other than Yugoslavia, Czechoslovakia and Poland.

The above facts make it clear that the great majority of the refugees at Oswego either do not now have "homelands", in fact or in their own consideration, or do not voluntarily wish to return to their national homes. In my opinion, it would not be in accordance with the President's commitment and our government's political and humanitarian policies, to return "stateless" Jews arbitrarily to Germany and Austria or unwilling nationals to the countries of their citizenship. Furthermore, conditions in Europe at present preclude the possibility of the immediate return of many of the people at Oswego and, more generally, the resettlement of displaced persons. Finally, our national policies with respect to displaced persons should be determined and developed in proper relation to a United Nations solution of the problem. In the meantime every effort should be made to settle as many of the refugees in Oswego in permanent homes, anywhere in the world where they can and are willing to go.

To return these people to Italy on the formal consideration that this was the country from which they were shipped to Oswego, in my opinion, would not be in accordance with the President's commitment. Such action would undoubtedly prejudice the action of other countries with large numbers of refugees, particularly the neutrals whom we urged to accept as many as possible while we were at war with Germany. It would not be in accordance with the objectives and ideals which motivated President Roosevelt to bring these people to a safe haven in the United States. The arbitrary return of these people to Italy would only serve the purpose of getting them out of the United States to some UNRRA camp where they might have to wait for years before final relocation.

I therefore recommend that, until such time as the United States government policy with respect to the more general United Nations problem of the ultimate resettlement of permanently displaced persons, including those at Oswego and elsewhere in the United States, is definitely determined, the refugees at Oswego be allowed to remain in the United States except in those areas where they are willing and able to return to countries to which repatriation can be effected.

If the people at Oswego cannot or will not be immediately returned to Europe, we can expect the intensification of public efforts to obtain the modification of restrictive conditions which keep them confined to the shelter at Oswego. Innumerable complaints and criticisms have been received by the Board from private agencies, members of Congress, private citizens and the refugees themselves. The director of the camp, Mr. Joseph Smart, recently resigned in protest against the continued confinement of the refugees and in organizing public opinion and action to obtain greater freedom for them. Daily there are newspaper accounts highlighting the mental and physical tensions of the refugees, their inactivity, and their separation by bars from close relatives who are citizens of the United States. The people of the town of Oswego and the United States under the leadership of the President have recently petitioned the President to release the refugees. An House Committee on Immigration is about to conduct an investigation at Oswego.

The basic reasons for confining the refugees to a camp were the need for security restrictions during the war, their contemplated return home immediately after the war; and the fact that, since they were here outside the immigration laws, criticisms of any permission to leave the camp "might affect the efforts of this government to rescue additional groups of refugees and also post-war immigration generally", as stated by Attorney General Biddle.

Security reasons are no longer controlling and it seems unlikely that they can be returned in the immediate
future. Furthermore, with the end of the war in Europe, there is no further need to rescue additional refugees. If these people are to remain in this country until they are permanently relocated, it is difficult to see how general policy considerations with respect to post-war immigration can withstand the humanitarian considerations underlying the increasing public pressure to grant the Oswego refugees greater freedom while in the United States.

During the past few months I have repeatedly tried to obtain permission from the Attorney General for the extended leave from Oswego under appropriate control of those refugees who are in imminent danger of nervous or physical breakdowns and possibly for all of the refugees as a preventive measure. The Attorney General consistently has refused to grant such approval, because of President Roosevelt's statement to the Congress that these refugees would remain in a camp under appropriate security restrictions until returned to their homelands upon termination of the war, and because the temporary release of any of the refugees might affect public and Congressional attitudes with respect to existing immigration laws, policies and procedures.

At present, no refugee may leave Oswego other than for 6 hours a day except for necessary hospitalization. In my opinion these refugees can and should be granted greater freedom in a manner consonant with the fact that they are here outside the immigration laws.

I therefore recommend that, while the refugees at Oswego remain in this country pending solution of their ultimate resettlement, they should be allowed greater freedom under a general scheme of sponsored leave consistent with the broad humanitarian ideals that motivated this Government in bringing these people to the United States and with the conditions of American freedom surrounding them. The details and conditions of such a program should be worked out by the Department of the Interior and the Department of Justice.

Since it is contemplated that the War Refugee Board will be terminated not later than August 31, 1946, and since the solution of the problems of the people at Oswego requires considerable time beyond that date, I recommend that the over-all responsibility for the Oswego project should be transferred immediately from the war refugee board to the Department of the Interior, which has the actual administration of the camp.

[Signature]
Executive Director
By Dear General Vessey:

The Secretary has asked me to acknowledge your recent communication which transmitted a personal copy of the report on the status of the Soviet Arms Program as of April 19, 1945. Thank you for bringing this latest report to Mr. Hengsthaner's attention.

Sincerely yours,

(Signed) H. S. Klets

H. S. Klets,
Private Secretary.

Major General C. E. Vessey,
Director of the O.A.S. Research,
Foreign Economic Administration,
Washington 25, D. C.
FOREIGN ECONOMIC ADMINISTRATION
WASHINGTON 25, D.C.

To:      The Honorable Henry Morgenthau
From:    Major General C. M. Bassom
         Director of the Public Branch
Subject: Status of the Soviet Aid Program

Attached hereeto is your personal copy of the report on the status of the Soviet Aid Program as of April 30, 1945. This report summarizes operations in the month of April and in the entire period from October 1, 1944 to date.

Enclosure - 1
Copy THA
STATUS OF THE SOVIET AID PROGRAM
AS OF APRIL 30, 1945

Prepared for the President's Soviet Protocol Committee
by the Foreign Economic Administration
**STATUS OF THE SOVIET AID PROGRAM**

**PERFORMANCE DURING APRIL**

Shipments from the Western Hemisphere to the U.S.S.R. during April totaled 539,312 long tons — 166,222 tons to North Russia, 1,232 tons to the Persian Gulf, 178,157 tons to the Black Sea and 193,701 tons to the Soviet Far East.

Shipments during the first ten months of the Fourth Protocol period have totaled 1,320,193 long tons, which is 110 percent of the 1,193,310 tons required by the Protocol for the period to date.

Cargo shipped during April and in the first ten months of the Protocol period is summarized in the following table:

<table>
<thead>
<tr>
<th>Type of Cargo</th>
<th>April 1945 Long Tons</th>
<th>April 1945 Percent of Total</th>
<th>July 1944 - April 1945 Long Tons</th>
<th>July 1944 - April 1945 Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>U. S. SUPPLIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R.R. Transportation Equipment</td>
<td>20,933</td>
<td>14</td>
<td>343,999</td>
<td>11</td>
</tr>
<tr>
<td>Trucks &amp; Other Vehicles</td>
<td>103,799</td>
<td>19</td>
<td>1,093,795</td>
<td>20</td>
</tr>
<tr>
<td>Metals</td>
<td>31,966</td>
<td>6</td>
<td>323,952</td>
<td>7</td>
</tr>
<tr>
<td>Chemicals &amp; Explosives</td>
<td>95,166</td>
<td>17</td>
<td>724,161</td>
<td>13</td>
</tr>
<tr>
<td>Petroleum Products</td>
<td>36,182</td>
<td>7</td>
<td>459,077</td>
<td>9</td>
</tr>
<tr>
<td>Machinery &amp; Equip.</td>
<td>103,426</td>
<td>19</td>
<td>1,114,952</td>
<td>21</td>
</tr>
<tr>
<td>Food</td>
<td>36,493</td>
<td>7</td>
<td>303,699</td>
<td>6</td>
</tr>
<tr>
<td>Other U.S. Supplies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U. S. TOTAL</td>
<td>532,596</td>
<td>95</td>
<td>5,021,282</td>
<td>94</td>
</tr>
<tr>
<td>CANADIAN &amp; BRITISH SUPPLIES</td>
<td>26,456</td>
<td>5</td>
<td>298,911</td>
<td>6</td>
</tr>
<tr>
<td>TOTAL</td>
<td>559,052</td>
<td>100</td>
<td>5,320,293</td>
<td>100</td>
</tr>
</tbody>
</table>

* Does not include clearance through the Persian Corridor of 365,140 long tons of Petroleum products supplied during the Fourth Protocol period by United Kingdom refiners at Abadan for United States account and replaced by the U. S. to the U. K. in other areas.

Aircraft deliveries continue ahead of Protocol schedules with additional allocations supplementing Protocol offerings. During April, 253 new aircraft were delivered from factories while 368 delivered from Fairbanks, Alaska with Soviet pilots. In all, 15,363 R. R. manufactured aircraft have departed from North America to the U.S.S.R. Of the total, 3,081 planes were delivered in fulfillment of United Kingdom Protocol obligations.

Other important items shipped in April included: 140 medium tanks, 16,770 trucks, 214 truck-tractors, 1,277 motorcycles, 124 R.R. locomotives, 379 marine engines, and machinery and equipment valued at $29,365,000.

Foreign Economic Administration
May 29, 1945
# Actual Shipments vs Shipping Objective

## Fourth Protocol - Cumulative

<table>
<thead>
<tr>
<th>Month</th>
<th>Atlantic Route</th>
<th>Pacific Route</th>
<th>Total</th>
<th>Shipping Objective</th>
<th>Actual in % of Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul 1944</td>
<td>295,153</td>
<td>341,425</td>
<td>624,578</td>
<td>485,632</td>
<td>129.1%</td>
</tr>
<tr>
<td>Aug</td>
<td>505,152</td>
<td>680,959</td>
<td>1,186,111</td>
<td>987,283</td>
<td>122.6%</td>
</tr>
<tr>
<td>Sep</td>
<td>763,268</td>
<td>982,402</td>
<td>1,745,670</td>
<td>1,450,894</td>
<td>121.7%</td>
</tr>
<tr>
<td>Oct</td>
<td>1,019,541</td>
<td>1,251,043</td>
<td>2,270,584</td>
<td>1,934,235</td>
<td>119.3%</td>
</tr>
<tr>
<td>Nov</td>
<td>1,270,294</td>
<td>1,625,748</td>
<td>2,896,042</td>
<td>2,418,156</td>
<td>118.9%</td>
</tr>
<tr>
<td>Dec</td>
<td>1,565,267</td>
<td>1,974,803</td>
<td>3,540,070</td>
<td>2,901,766</td>
<td>118.6%</td>
</tr>
<tr>
<td>Jan 1945</td>
<td>1,776,615</td>
<td>2,089,817</td>
<td>3,866,432</td>
<td>3,585,417</td>
<td>118.6%</td>
</tr>
<tr>
<td>Feb</td>
<td>2,046,462</td>
<td>2,251,534</td>
<td>4,298,096</td>
<td>3,869,046</td>
<td>111.1%</td>
</tr>
<tr>
<td>Mar</td>
<td>2,367,555</td>
<td>2,413,346</td>
<td>4,780,891</td>
<td>4,352,679</td>
<td>109.8%</td>
</tr>
<tr>
<td>Apr</td>
<td>2,713,145</td>
<td>2,807,048</td>
<td>5,520,193</td>
<td>4,856,510</td>
<td>110.0%</td>
</tr>
<tr>
<td>May</td>
<td>2,803,571</td>
<td>5,319,941</td>
<td>8,123,512</td>
<td>5,803,571</td>
<td>110.0%</td>
</tr>
</tbody>
</table>

Data on actual shipments and objective are in long tons.

## Distribution of Tonnage by Ship Registry

- Soviet Ships: 2,971,000 tons (19.9%)
- U.S. Ships: 1,696,000 tons (10.6%)
- U.S. Ships Transferred to Soviet Registry: 4,880,000 tons (26.3%)
- Others: 500,000 tons (3.2%)

Shipments, in gross long tons, from October 1, 1941 to April 30, 1945

Foreign Economic Administration

Regraded Unclassified
EXPORTS AND AVAILABILITY
CUMULATIVE SINCE OCTOBER 1, 1941

BOMBERS

PURSUIT PLANES
(For U.S. Protocol Account)

MEDIUM TANKS

TRUCKS
(Excluding Jeeps)

Regraded Unclassified
EXPORTS AND AVAILABILITY
CUMULATIVE SINCE OCTOBER 1, 1941

LOCOMOTIVES

FLAT CARS

FIELD TELEPHONES

ARMYBOOTS

Foreign Economic Administration
EXPORTS AND AVAILABILITY
CUMULATIVE SINCE OCTOBER 1, 1941

STEEL

ALUMINUM
(FALL FORMS)

COPPER
(INCLUDING COPPER BASE PRODUCTS)

CHEMICALS AND EXPLOSIVES

Quantities made available at U.S. centers of production

Foreign Economic Administration

Regraded Unclassified
EXPORTS AND AVAILABILITY
CUMULATIVE SINCE OCTOBER 1, 1941

**MARINE ENGINES**

**FOODSTUFFS**

**PETROLEUM PRODUCTS**

*Quantity made available at U.S. centers of production.*

Foreign Economic Administration
## STATEMENT OF VESSELS SAILED TO U.S.S.R.
### As of April 30, 1945

<table>
<thead>
<tr>
<th>Date of Sailing</th>
<th>Number of Vessels Sailing</th>
<th>Source</th>
<th>Cargo</th>
<th>License</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>North</td>
<td>South</td>
<td>Detain</td>
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<td></td>
<td></td>
<td>Month</td>
<td>Month</td>
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<tr>
<td>1943 Jan</td>
<td>250</td>
<td>19</td>
<td>11</td>
<td>16</td>
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<tr>
<td>1943 Feb</td>
<td>150</td>
<td>10</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>1943 Mar</td>
<td>100</td>
<td>8</td>
<td>5</td>
<td>15</td>
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<tr>
<td>1943 Apr</td>
<td>75</td>
<td>50</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>1943 May</td>
<td>50</td>
<td>25</td>
<td>10</td>
<td>15</td>
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<td>1943 Jun</td>
<td>25</td>
<td>15</td>
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<td>1943 Jul</td>
<td>10</td>
<td>5</td>
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<td>1943 Aug</td>
<td>5</td>
<td>2</td>
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<td>1943 Sep</td>
<td>3</td>
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<td>1943 Oct</td>
<td>1</td>
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<tr>
<td>1943 Nov</td>
<td>0</td>
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<tr>
<td>1943 Dec</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total, Oct 1943</strong></td>
<td><strong>50</strong></td>
<td><strong>25</strong></td>
<td><strong>10</strong></td>
<td><strong>15</strong></td>
</tr>
</tbody>
</table>

### Notes
- Includes one tanker from S.D. for U.S.S.R. possession account.
- Includes one tanker from S.D. for U.S.S.R. possession account.

Of the 2,336 sailings from October 1, 1941 to April 30, 1945, 1,091 were made by American vessels, 691 by British vessels, 151 by British vessels transferred to Dutch registry, 50 by British vessels and 1 by a Dutch vessel. In addition to the 2,336 sailings, there were 139 sailings that loaded partial cargoes in the U.S.S.R. for the U.S.S.R. In addition to the 139 sailings above, several ships have been sunk in their return voyages.
# Statement of Cargo Shipped to U.S.S.R.

**As of April 30, 1945**

(Thousand of Gross Long Tons)

<table>
<thead>
<tr>
<th></th>
<th>For Nato Ships</th>
<th>For Persian Gulf</th>
<th>For Soviet Cargo</th>
<th>For Soviet Cargo</th>
<th>Total</th>
<th>Shipped</th>
<th>On Hand Apr 30</th>
<th>Shipped on Land</th>
<th>Losses</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>By Month</td>
<td>By Month</td>
<td>By Month</td>
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<td>Jan</td>
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<td>80</td>
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<td>102</td>
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<td>118</td>
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<td>129</td>
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<td>137</td>
<td>143</td>
<td>148</td>
<td>152</td>
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<td>145</td>
<td>151</td>
<td>156</td>
<td>160</td>
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<td>158</td>
<td>164</td>
<td>169</td>
<td>173</td>
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<td></td>
</tr>
<tr>
<td><strong>Total, Jan-Feb</strong></td>
<td>3,810</td>
<td>3,901</td>
<td>3,992</td>
<td>4,083</td>
<td>3,576</td>
<td>3,663</td>
<td>3,749</td>
<td>3,836</td>
<td>4,977</td>
<td></td>
</tr>
</tbody>
</table>

In addition to the above, the U.S. has shipped through the Persian Corridor of petroleum products originating at British refineries in Iraq, reported to total 25,900 short tons.

In addition to the 180,000 tons shipped to North Russia in August 1944, an undetermined amount of U.S. Army cargo lifted at the east coast has been turned over to British authorities in North Russian ports.
PROGRESS OF INDUSTRIAL PROJECTS FOR THE U.S.S.R.

as of April 30, 1945

TIRE PLANT

This $2,500,000 project, planned to be in operation in November 1945, was designed to produce a minimum of 250,000 military tires. At a peak, the U.S.S.R. supplied 25% of our total tire requirements. The plant is still under construction, but the main equipment has been installed and will be ready for operation by late fall.

PETROLEUM REFINING PROJECT

This project, approved in September 1942, was designed to produce 25% of our total requirement of aviation gasoline. The equipment has been installed and will be ready for operation by late fall.

POWDER PROCTOR

This project, approved in January 1943, was designed to produce 25% of our total requirement of aviation gasoline. The equipment has been installed and will be ready for operation by late fall.

POWER PLANT

This project, approved in January 1943, was designed to produce 25% of our total requirement of aviation gasoline. The equipment has been installed and will be ready for operation by late fall.


data table

<table>
<thead>
<tr>
<th>Project</th>
<th>Date Approved</th>
<th>Total Cost</th>
<th>Percent of Total Cost</th>
<th>Percent of Total Expeired</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ball Mill Plant</td>
<td>12/30/43</td>
<td>500,000</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Coal Tar and Pitch Plant</td>
<td>12/30/43</td>
<td>100,000</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Petroleum Plant</td>
<td>12/30/43</td>
<td>300,000</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Synthetic Fuel Plant</td>
<td>12/30/43</td>
<td>250,000</td>
<td>25%</td>
<td>25%</td>
</tr>
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</table>

* Includes engineering services, including design, construction, and installation of equipment.

SECRET

Regraded Unclassified
<table>
<thead>
<tr>
<th>Aircraft Delivered</th>
<th>Reported to USSR</th>
<th>Delivered to USSR</th>
<th>counterparts of the 12th</th>
<th>Total Delivered</th>
<th>Delivered to Europe</th>
<th>Delivered to North Africa</th>
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<tbody>
<tr>
<td>B-24 Liberator (40)</td>
<td>42</td>
<td>42</td>
<td>36</td>
<td>80</td>
<td>26</td>
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<tr>
<td>B-24 Liberator (40)</td>
<td>42</td>
<td>42</td>
<td>36</td>
<td>76</td>
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<td>42</td>
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<td>42</td>
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<td>36</td>
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<tr>
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<td>36</td>
<td>24</td>
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<td>20</td>
<td>26</td>
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<tr>
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<td>26</td>
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</table>

Note: Delivered to Europe includes all aircraft delivered to Europe before delivery to USSR (Europe).
<table>
<thead>
<tr>
<th>Item</th>
<th>Original Pounds Delivered</th>
<th>Reported Pounds Delivered</th>
<th>Original Pounds Shipped</th>
<th>Reported Pounds Shipped</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 1</td>
<td>1,234</td>
<td>1,234</td>
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<td>1,234</td>
</tr>
<tr>
<td>Item 2</td>
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<tr>
<td>Item 3</td>
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<tr>
<td>Item 4</td>
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<tr>
<td>Item 5</td>
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</tr>
</tbody>
</table>

Notes:
1. Original Pounds Delivered and Reported Pounds Delivered are determined by U.S. Customs, to conform with existing regulations and procedures for importation and exportation of commodities. The commodities are subject to the jurisdiction of the originating country.
2. Original Pounds Shipped and Reported Pounds Shipped are determined by the origin country, subject to the jurisdiction of the destination country.
3. Original Pounds Delivered and Original Pounds Shipped are recorded in the specified units of measurement.
4. Reported Pounds Delivered and Reported Pounds Shipped are recorded in the specified units of measurement.
5. The reported figures are subject to the jurisdiction of the respective countries.

*Regraded Unclassified*
### Table: SECRET

<table>
<thead>
<tr>
<th>Date</th>
<th>Unit</th>
<th>Quantity</th>
<th>Description</th>
<th>Amount</th>
<th>Weight (lbs)</th>
<th>Weight (Kgs)</th>
<th>Weight (Tons)</th>
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</thead>
<tbody>
<tr>
<td>1/1/2023</td>
<td>SF</td>
<td>100</td>
<td>Material A</td>
<td>20</td>
<td>10.2</td>
<td>4.6</td>
<td>0.002</td>
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<tr>
<td>2/2/2023</td>
<td>SF</td>
<td>150</td>
<td>Material B</td>
<td>30</td>
<td>15.1</td>
<td>6.9</td>
<td>0.006</td>
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<tr>
<td>3/3/2023</td>
<td>SF</td>
<td>200</td>
<td>Material C</td>
<td>40</td>
<td>20.0</td>
<td>9.1</td>
<td>0.010</td>
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<tr>
<td>4/4/2023</td>
<td>SF</td>
<td>250</td>
<td>Material D</td>
<td>50</td>
<td>25.0</td>
<td>11.3</td>
<td>0.013</td>
</tr>
</tbody>
</table>

**Notes:**
- Material B: Quality checked by XYZ Labs
- Material C: Approved by Project Manager
- Material D: Certified by Quality Control

---

**Regarded Unclassified**
### Table 1: Purchased, Rented & Built Equipment

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Purchased</th>
<th>Yearly Costs</th>
<th>Yearly Percentage</th>
<th>Rent or Lease</th>
<th>Yearly Costs</th>
<th>Yearly Percentage</th>
<th>Total Costs</th>
<th>Yearly Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Furniture</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**Notes:**
- Purchased: Items purchased or acquired with funds
- Yearly Costs: Costs incurred annually
- Yearly Percentage: Percentage of total costs incurred annually
- Rent or Lease: Decisions on renting or leasing
- Total Costs: Total costs incurred over the year
- Yearly Percentage: Percentage of total costs incurred annually
### Table: Four-Quarter Progress and Performance

<table>
<thead>
<tr>
<th>Date Range</th>
<th>Desired Performance</th>
<th>Actual Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 1, 1967 to March 31, 1968</td>
<td>12,345 kg</td>
<td>12,345 kg</td>
</tr>
<tr>
<td>October 1, 1968 to March 31, 1969</td>
<td>12,345 kg</td>
<td>12,345 kg</td>
</tr>
<tr>
<td>October 1, 1969 to March 31, 1970</td>
<td>12,345 kg</td>
<td>12,345 kg</td>
</tr>
<tr>
<td>October 1, 1970 to March 31, 1971</td>
<td>12,345 kg</td>
<td>12,345 kg</td>
</tr>
</tbody>
</table>

#### Notes:
- The following conditions indicate that U.S.S.R. reports prior to December 1963 have been adjusted to ensure accuracy.
- Adjustments are based on U.S.S.R. reports and U.S. satellite measurements.

---

### Secret Sheet

- Data and information contained herein are for official use only.
- Distribution and dissemination outside the U.S. government are subject to restrictions.

---

Regraded Unclassified
<table>
<thead>
<tr>
<th>Date</th>
<th>Name</th>
<th>Project</th>
<th>Location</th>
<th>Status</th>
<th>Progress</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/1/20</td>
<td>John Doe</td>
<td>Project X</td>
<td>New York</td>
<td>Active</td>
<td>75% Complete</td>
<td>On schedule</td>
</tr>
<tr>
<td>2/2/20</td>
<td>Jane Smith</td>
<td>Project Y</td>
<td>Los Angeles</td>
<td>Inactive</td>
<td>30% Complete</td>
<td>Delays due to funding issues</td>
</tr>
<tr>
<td>3/3/20</td>
<td>Mike Brown</td>
<td>Project Z</td>
<td>Chicago</td>
<td>paused</td>
<td>50% Complete</td>
<td>Resource constraints</td>
</tr>
<tr>
<td>4/4/20</td>
<td>Sarah Johnson</td>
<td>Project A</td>
<td>San Francisco</td>
<td>Active</td>
<td>80% Complete</td>
<td>Ahead of schedule</td>
</tr>
</tbody>
</table>

*Notes:*
- All data is subject to change.
- Project Y is facing delays due to funding issues, which may impact its completion date.
- Project Z is paused due to resource constraints, but efforts are underway to resolve the issue.
<table>
<thead>
<tr>
<th>Family Program</th>
<th>Program Performance</th>
<th>Reported</th>
<th>Total and Major Events, as of a, b, and c, d, e, f, g, h, i, j, k, l, m, n, o, p, q, r, s, t, u, v, w, x, y, z.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Regraded Unclassified
Mr. Gamble
Secretary Morgenthau

June 6, 1945

I have just been half an hour going through ten issues of the Kansas City Star. You'd hardly know that the Seventh War Loan was in existence. I wish you would look into that situation. I spoke to you about it once before and we must do something about it. I repeat, we must do something about it to register the Seventh War Loan in the Kansas City area and particularly in the Kansas City Star. Please let me know what you propose to do about it.

Sincerely,

Mr. Gamble
Secretary Morgenthau

June 6, 1945

I am sorry that when you were at Staff yesterday morning you didn't say anything about Indianapolis and the publisher of the Indianapolis Star and a state War Bond chairman. That is a serious situation and I wish you would talk to me about it today.
Message from White House Office

The President's Memo turning the Osage Camp over to Interior went to Sec'y Dale on June 6.

From: Mr. Fitzgerald
MEMORANDUM FOR THE PRESIDENT

Date: June 6, 1945

Re: War Refugee Board

In view of the indication in your note that you do not favor the establishment of a new Cabinet committee to continue the refugee work of this Government in the post-war period, I thought you would like to know that steps are being taken looking to the early liquidation of the War Refugee Board.

The principal remaining problem of the Board arises from its over-all responsibility for the Emergency Refugee Shelter at Oswego, New York. The Department of the Interior has had the actual administration of this camp from its inception, and it is my view that the over-all responsibility for the camp should now be transferred to Interior.

There is attached for your consideration a draft of a proposed memorandum to the Executive Director of the War Refugee Board and the Secretary of the Interior transferring the over-all responsibility for the Oswego project. Such a transfer would facilitate the early liquidation of the Board.

General O'Dwyer, who has been serving as Executive Director of the Board, has told me that he is willing to resign at this time if, in view of the political situation in New York, his continuation as Executive Director is embarrassing. However, I see no reason for apprehension on this score and feel General O'Dwyer should continue as Executive Director until the Board's termination.

Attachment.
MEMORANDUM FOR: Secretary of the Interior
Executive Director of the
War Refugee Board

In view of the contemplated early termination of the War Refugee Board, the over-all responsibility for the Emergency Refugee Shelter at Owego, New York, is hereby transferred from the War Refugee Board to the Department of the Interior.

Mr. Gaston
Secretary Morgenthau

When I saw the President this morning, he told me that the Farmer-Labor people, in Minnesota, had a candidate for a judge, but he had not accepted him. He said he thought we should look him over, but that we should take him only if he is good.
6 JUN 1945

My dear Mr. Secretary:

In your letter of 8 May 1945 you inquire whether it would be agreeable for Mr. Aline Burgilliat, a member of the French Consul of the Ministry of Industrial Protection, to visit the Bureau of Engraving and Printing for the purpose of studying the printing methods used by that Bureau.

At the present time, in compliance with requests from the Department of State, six Chinese and two Ceylonese are being instructed in the methods employed in security printing by technicians of the Bureau of Engraving and Printing. It was not long after these assignments were made that vigorous protests were received from affiliates of the American Federation of Labor. These protests, addressed to the President, Secretary of State, Chief of the Secret Service, and Members of Congress, are still being received. The members of these unions are greatly disturbed over the fact that this country is teaching the art of steel bank note printing to students from countries for which American craftsmen now produce currency, bonds, stamps and other securities. It is believed that the present program of instruction is having a dehumanizing effect upon bank note engravers and printers to a degree where their efficiency is being impaired.

Steel bank note printing may be considered an American art, as most of the developments in this process have been accomplished in this country. Many skilled artisans employed in privately owned American bank note companies depend for a livelihood on the work these companies perform for foreign countries.

I have concluded that a further expansion in the program of instructing nationals of other countries in the techniques of steel bank note printing will eventually create an unsatisfactory situation for the highly skilled American craftsmen.

While it may not be advisable to terminate the assignment of the Chinese and Ceylonese, I would suggest that any additional requests from foreign governments be disapproved.

I regret, therefore, that I cannot see my way clear to permit the assignment of Mr. Burgilliat, as to do so would only aggravate a situation which is gradually developing into serious proportions.

Very truly yours,

(Signed) H. Morgenthau, Jr.
Secretary of the Treasury

The Honorable
The Acting Secretary of State
Washington, D. C.
DEPARTMENT OF STATE
WASHINGTON

May 8, 1945

In reply refer to FR

The Acting Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and inquires whether it would be agreeable to the Bureau of Engraving for Mr. Alain Fag, a member of the French Mission of the Ministry of Industrial Promotion, to visit the Bureau of Engraving for the purpose of studying the printing methods used by the Bureau.
TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

TO Secretary Morgenthau
FROM Charles Bell

Mr. Numan advises that Hankins has accepted the position as Assistant to the Commissioner and I am processing the papers this afternoon.
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.

June 6, 1943

Hon. Henry Morgenthau, Jr.,
Secretary of the Treasury
Washington, D.C.

Dear Mr. Morgenthau:

Many of the people I represent, good law-abiding citizens, apparently disagree with the policy of calling upon the banks of the country to screen their deposits in order to discover abnormalities which may be concealed in a nation-wide campaign to detect tax evasion. I will cite some of the arguments made by opponents of this policy.

Some say that enforcement of this request not only could violate the confidential relationship which, from the very foundation of our government, has existed between banker and depositor, but that it could impose a tremendous burden on banks, which already are heavily burdened with war work.

Another charge is that the order could project the inquisitorial powers of the government into the soul of the private citizen in a way inconsistent with American freedom and traditions, and would be violative of the just shared rights of the individual.

To clarify the situation and in order that I may reply to my constituents who view this order with grave concern, I will be appreciative if you will answer the following questions:

Is it intended that this screening of bank deposits to detect frauds is to be a temporary activity for an immediate and definite purpose, or is it to be a regular and permanent operation? Are small deposits as well as large ones to be screened?
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.

Hon. Henry Morgenthau, Jr. - 2 - June 8, 1945

If the policy is held to be authorized under the
War Powers Act, which I understand is the contention
of your Department, do you intend, or would you be
willing to bring in a bill, outside of the War Powers
Act, to give specific authority to carry on this
activity and thus permit the Congress the right
to devote the proceeds on its merits and reach its
own conclusion in respect to the advisability of
carrying on this particular kind of activity?

I have been asked these questions by
constituents and I am unable to answer them. I will
be grateful if you will advise me fully.

Very sincerely yours,

Louis Ludlow.
TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

TO Secretary Morgenthau
FROM Charles S. Bell

This letter will inaugurate a plan for getting our
Agents out of the Army.

DATE 6 June 1945
My dear Mr. Secretary:

With the approval of the President, I am organizing the strongest law-enforcement group in the history of the Treasury to take part in the drive against income tax evasion and black market operations. The Department is in need of at least 11,000 additional Internal Revenue employees to assist in investigating and developing evidence needed to prosecute the violators, and efforts are being made to recruit employees from every available source in the country.

To date approximately 500 Internal Revenue agents thirty years of age and over have been induced or have accepted commissions in the Army. In view of the difficulty encountered in locating applicants with the proper qualifications to assist with the income tax drive, I wish to request that you give consideration to the release, for immediate assignment to the Treasury Department, of these agents who are not in combat duty or assigned to key positions with the Army.

If the above plan meets with your approval, the Treasury Department will gladly furnish the names, dates of birth, and any other information available in the Department for your convenience in determining the eligibility of these employees for release. I would not make this request if it were not essential that the present drive be started immediately with trained personnel so that all violators of the Revenue Statutes will be apprehended without further delay.

Sincerely,

(Signed) H. Morgenthau, Jr.

The Secretary of War

J. Dallenrove

6 Jun 45
Official

6 June 1945

To Presidents, Federal Reserve Banks:

Boston, Mass.
New York, N. Y.
Cleveland, Ohio
Richmond, Va.
Atlanta, Ga.

Chicago, Ill.
St. Louis, Mo.
Minneapolis, Minn.
Kansas City, Mo.
Dallas, Texas
San Francisco, Calif.

Would you please send me a telegram tonight letting me know what kind of reaction you had in your district to the order which the Treasury sent out to the banks in regard to reporting currency. It has been suggested that I call a meeting of the presidents of the state banking organizations and explain this order to them. Would like to have your advice. Will be glad to receive suggestions from you on this subject.

Henry Morgenthau, Jr.
President Leach is out of the city on bank business. He will return tomorrow morning and will reply to your telegram dated today concerning order which the Treasury sent to banks in regard to reporting currency transactions.

FRY
June 6, 1945

Mr. Pehle
Secretary Morgenthau

When you gave me the memorandum on the National Resources Board, I think that you, or somebody in the Treasury, should have known that President Truman had fought for retaining that Board.
SECRETARY MORGENTHAU

CONFIDENTIAL

Re: Parsons

As I recommended to you already, I think it is very important that Parsons not be transferred to Commerce but be retained by the Treasury Department.

Ultimately, I hope Parsons will be made the top administrative man in the Bureau of Internal Revenue. I know that he would serve with distinction in such an office.

If, as I suspect, such a move is not feasible at this time, I suggest that Parsons be made Special Assistant to Charles Bell. In this position he could be assigned such tasks as preparing a plan for a thorough reorganization of the Procurement Division, which is badly needed. He could be assigned the task of surveying the organization of the Bureau of Internal Revenue which, I am sure, needs improvement.

J. W. Pehle

June 5, 1945
Dear Mr. Davis:

In your letter of May 24, 1945, you asked that each agency represented on the Economic Stabilization Board designate one person upon whom Mr. Walter Kellogg of your staff can draw for factual material. This, as you point out, is to enable your office to maintain constant touch with the progress being made in effectuating the economic stabilization policy.

In response to your request, I have asked Mr. George S. Kan, Director of Research and Statistics, to serve in this capacity for the Treasury Department and he will be glad to assist your office in every way possible.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable William H. Davis
Director, Office of Economic Stabilization
Washington 25, D. C.
TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

TO  Mr. Hahn
FROM  Mr. C. S. Bell

The Secretary has not seen the attached letter from Mr. Davis. Will you please designate someone from the Division of Research and Statistics to represent the Treasury and prepare an appropriate reply for the Secretary's signature, routing the letter through this office.

DATE
May 26, 1945.
Treasury Department
Division of Tax Research

Date: May 31, 1945

To: Mr. R. V. Zoll
From: Mr. Slough

No, I think there will be no difficulty as Mr. Salant will continue to work on the Interdepartmental Tax Committee. After all, this is in response to a request from Davis, and the Secretary is not closing the doors to other contacts.

Attached: William H. Davis letter
OFFICE OF ECONOMIC STABILIZATION
WASHINGTON, D.C.

William H. Davis
Director

May 28, 1948

Honorable Henry Morgenthau
Secretary of the Treasury
Washington, D.C.

Dear Mr. Morgenthau:

At the meeting of the Economic Stabilization Board on May 17 I pointed out that it was important for this office to have "guidance" as we proceed through the uncharted waters that lie ahead, so that we may maintain constant touch with the progress being made in effectuating the economic stabilization policy. I suggested that each agency represented on the Board should designate one person upon whose Walter Salant of my staff can draw for the factual material available in each government department and private organization represented on the Board.

I should appreciate it if you would designate such a person and let me have his name as soon as possible.

Sincerely yours,

William H. Davis
Director
6 JUN 1945

Dear Mr. Beasley:

As you know, one of the members of your faculty, Mr. Morris Friedberg, is at present with us in the Treasury, assisting in the international work of the Division of Monetary Research. Mr. Friedberg's leave from your college is up in September, but I would like you to extend it for another semester.

The work which Mr. Friedberg is performing for the Treasury is of particular importance at this period when Europe has just been liberated, and his knowledge and experience enable him to render most valuable service in international financial work to the Government.

I hope that you and the college will find it possible to grant this request.

Very truly yours,

[Signature]

[Name]

Mr. Morris Friedberg, President,
Simmons College,
Boston 15, Massachusetts.
Dear General Sills:

The attached letter is self-explanatory, and, if possible, we should like for it to appear in your informational Bulletin Number 5. We understand that this Bulletin is now in the bindery, hence it may not be possible for you to have this information included in the current issue. If such is the case, I would appreciate having this letter reprinted and sent either as a supplement to your Bulletin Number 5 or on a separate mailing to the same recipients.

Very truly yours,

(Signed) Charles S. Bell

Administrative Assistant
to the Secretary.

Major General James A. Sills,
Adjunct General,
War Department,
Washington, D.C.
My dear General Ulio:

The Treasury Department is conducting an extensive campaign to apprehend tax evaders engaged in black-market operations. To do this work it will be necessary to immediately recruit 11,000 employees, including 8,500 Agents and 2,500 clerical and other employees. The President of the United States has thrown his full support behind this urgent and important program and he stated to the press on 2 June that he desired to give qualified veterans the first opportunity to fill these jobs in Treasury. The following is a copy of the President's statement:

"Secretary Morgenthau has told me about the truly shocking cases of tax evasion his men have discovered. I am thoroughly in sympathy with his plan to enlarge the Bureau of Internal Revenue forces to whatever extent is required to insure full compliance with the law. It will be good business for the Government, because every dollar we spend in collection and enforcement will produce $20 or more in revenue. And much more important is the matter of good morals. We are not fighting this war to make millionaires, and certainly we are not going to allow the black market operators or any other racketeers to be in a favored class, when the men in the armed forces, and our citizens generally, are sacrificing so heavily.

"The top officials of the Civil Service Commission have been acquainted with our special tax drive and the necessity for an accelerated program of recruitment. Arrangements have been made with the Civil Service Commission to have placed at every Army discharge center in the United States a qualified recruitment officer from the Civil Service Commission, fully versed in our recruitment requirements, who will steer to us qualified veterans as they are discharged.

"The American people understand that sacrifices are necessary. They know the war is still far from being over. The one thing that must break down their will to keep on to complete victory would be a feeling that a few were profiting from the sacrifices of the many. We must see that there is no justification for any such feeling, and that is just what we are going to do."

The Agents' jobs will pay $2,000 or $3,200 depending upon education and experience qualifications. Briefly, the qualifications required are 2 to 3 years' experience in responsible accounting, auditing, or investamental positions and substitutions are allowed in lieu of experience for accounting and legal education.

Deputy Collector positions are available at $2,000. The requirements for these are 5 years of business experience, preferably bookkeeping or accounting, or 2 years of accounting or legal education. A simple test is given to applicants for these positions.

The clerical positions offer salaries of $1,440 and $1,820. In addition to the salaries shown above all employees are paid $2.50 per annum depending upon the salary rate, as portion as longs they are on a 30-hour per week basis. A further pay increase may be approved on 1 July 1945, which would add 20 per cent for the first $1,500 and 10 per cent for the amount between $1,500 and $1,820. The Senate has already approved this increase and it is now being considered by the House.

Any one interested in these jobs should immediately make application on Standard Form 47 to any field office of the Bureau of Internal Revenue of the Treasury Department, to any Civil Service Commission Regional Office, or to the Director of Personnel, Treasury Department, Washington, D. C.

Your cooperation in this matter will be appreciated.

Sincerely,

Major General James A. Ulio,
Adjuant General,
War Department,
Washington, D. C.
(Not printed at Government expense)

United States of America
PROCEEDINGS AND DEBATES OF THE 79TH CONGRESS, FIRST SESSION

Tribute to Hon. Henry Morgenthau, Jr., Secretary of the Treasury

SPEECH OF HON. WRIGHT PATMAN

IN THE HOUSE OF REPRESENTATIVES
Wednesday, June 6, 1946

Mr. PATMAN. Mr. Chairman, no discussion of the Bretton Woods program would be complete without a tribute to the man who is primarily responsible for this opportunity to build a solid economic foundation for world peace and world progress. I refer to Henry Morgenthau, Jr., the Secretary of the United States Treasury. He has held that position longer than any other person in the history of the United States, with one exception: he has done more during his incumbency than any other Secretary of the Treasury, with no exception.

The Bretton Woods program for the International Bank and Fund is the culmination of the policy of international monetary and financial cooperation which the Treasury Department inaugurated under Secretary Morgenthau.

The decade of the 1930's, partly as a result of the depression, was a period of serious monetary disorder. Countries were unable to maintain the value of their currencies and world trade declined rapidly. Difficulties were intensified by the fact that Germany, striving for a war of aggression, inaugurated a virtual economic reign of terror, using restrictive and discriminatory exchange controls to attack established trade relations and to obtain a large supply of war materials.

Secretary Morgenthau realized very early that only through international cooperation would it be possible to free world trade from the mounting volume of currency restrictions. The fact that in the latter part of the 1930's the exchange of the Latin American countries was largely due to arrangements we made with them.

Secretary Morgenthau's keen awareness of the insufficiency of war in Europe and the possibility it might cause world-wide, endangering the United States, was demonstrated as early as 1938. In that year the impending devaluation of the French franc held tracts of grave trouble. If the devaluation had set off a new international-exchange war, the economic structure might have been weakened by riots and strikes that Hitler, even with a military machine only half built, would have been encouraged to march in, with the thought that he could take France with little or no struggle.

This was part of the reasoning that resulted in the United States, Great Britain, and France joining in the tripartite agreement of 1938. The purpose of the agreement was to maintain a reasonable parity between the currencies of the cooperating nations, Holland, Belgium, and Switzerland some joined the originators of the plan and the members of the so-called sterling bloc likewise benefited from exchange stabilizations.

If, at that time, there had been the machinery under which economic and political cooperation could have been developed along with the monetary cooperation, the Axis Powers might well have been curbed and this terrible war prevented. Unfortunately, there was no such machinery.

Secretary Morgenthau remarked, however, constant in his knowledge that economic cooperation must underlie political cooperation and must provide a solid foundation for any enduring peace. He avoided the preemption time for helping the peace-loving nations of the world together and the Bretton Woods Conference came as the result of his uniting efforts and unflagging zeal.

Let no one think of the present Secretary of the Treasury as a starry-eyed idealist intent upon only distant goals. His entire record shows a deep realization that his job is to serve the United States of America and its people.

In the years preceding the outbreak of World War II he was outstanding in his recognition of the necessity of seeing that the United States should be prepared to meet any eventualities.

It was largely due to Secretary Morgenthau's insistence on American preparations that American aircraft factories were turned out, well in advance of President Roosevelt's historic plan for 50,000 airplanes, to assume their obligations.

It was largely due to investigations launched by the Treasury Department, even before Hitler's attack on Poland, that this country knew what critical and strategic materials it might require, if war should bottle up our customary sources of supply, across the Atlantic and the Pacific.

It was largely due to Secretary Morgenthau's personal interest that realistic programs of helping China and the American countries meet their urgent economic problems were launched. But for these programs Japan might have crushed China in relatively short order and Hitler and Mussolini might have been able to establish, in our own hemisphere, military bases for war against the United States.

Some may say that such reasoning is too much in the category of what might have been. But there can certainly be no disputing the solid evidence of facts and figures.

Let us turn to the matter of war financing. Secretary Morgenthau's record bears no discredit at any point. He has urged, in one Congress after another, revenue programs designed to keep the Nation's finances upon a sound basis.

His advice has not always been followed...
CONGRESSIONAL RECORD

to the letter. It is to his credit that he has long preached frugality at all times and that he has opposed such plans as the forgiveness of $8,000,000,000 of taxes due, when income taxes were placed on a pay-as-you-go basis. It is unfortunate that, in this capacity, a past Congress failed to heed his advice. But his leadership has been preeminent at all times. And it is due to his careful planning that the great expansion in the Federal debt has been achieved with stable interest rates—far lower than have ever been achieved in any previous war. If you who hear me will think back to the 4½ percent rate which prevailed during World War I, and contrast this with the 1½ percent rate prevailing today, you will need no further argument on this point.

As a result, this country is saving approximately $4,000,000,000 a year. This fact is not merely a tribute to Secretary Morgenthau's war record. It comes about, as the result of careful planning, prudent management of the Nation's fiscal affairs in time of peace, plus intelligent development of new ideas for the benefits of the Government and its people.

Arrangements for war financing are a case in point. Back in 1932, when United States Savings bonds were first offered to the public, there was no threat of war. But it seemed to Secretary Morgenthau that it would be a good thing for the Government to have the national debt distributed as widely as possible, and that it would be a good thing for the people to encourage their thrift, and their interest in National Government, as bondholders.

We called them “Baby bonds” then. But the Baby bonds of 1932 and succeeding years grew into the Defense bonds that enabled this country to finance its preparation for war, and after December 7, 1941, they became the war bonds that are held by 81,000,000 Americans.

...from doing their daily job faithfully and well. Every day, before once a week, people ask me “What can we do to help?” Our plan to offer securities aiming to all classes of investors is an attempt to answer this question. I can think of no other single way in which so many people can become partners of their Government in facing this emergency.

Some men in this country today are seeing another side of Secretary Morgenthau. It is quite in keeping with his trust in the people as a whole that he should be shocked at the discovery of malfeasors. It is quite in keeping with his determination to protect the interests of the millions of men in uniform, the 83,000,000 individual taxpayers and the 81,000,000 bondholders that he has declared unwarranting war upon the trick merchants, the racketeers and the other war profiteers who are in this terrible conflict only an opportunity to amass personal wealth—and dodge their taxes.

I predict stern justice for these tax evaders, because I know the spirit that animates Secretary Morgenthau and I know, too, what delight he takes in administrative efficiency, in accomplishing results, whatever he undertakes.

It is, perhaps, a long cry from the triplicate sound of 1924 to the campaign against tax evasion, and some of my hearers may say there is little connection between war bond campaigns and Honest Words. But I want to point out that the record of a man provides the best yardstick to measure his stature. I point to the record of Secretary Morgenthau because it is an outstanding record. He has foreseen developments on taxation after occasion. He has acted promptly and effectively. He saw, long ago, the necessity for a stable economic order if the world was to enjoy peace. Today we have an opportunity to take advantage of his foresight, his planning, his wisdom.
MINISTER FOR FOREIGN AFFAIRS
REPUBLIC OF CHINA

June 6, 1945

Mr. Henry Morgenthau, Jr.
The Secretary of the Treasury
Washington 25, D. C.

Dear Mr. Morgenthau:

I wish to thank you very warmly for your gracious message of congratulations, which I deeply appreciate.

I would like to take this opportunity of saying what a real privilege it has been to have been associated with you in the solution of many problems in the cause of world peace and democracy.

Mr. Pei has just arrived here from Washington and has told me the details of the splendid results attained on cotton textiles for China, for which you have made such strenuous efforts. Again my grateful thanks!

With kindest personal regards to you and Mrs. Morgenthau, in which Laura joins me.

Yours sincerely,
TO SECRETARY MORGENTHAU

FROM MR. O'CONNELL

DATE 6 JUN 1945

Special Tax Drive--War Food Administration

You asked about the handling of War Food Administration leads. War Food primarily has had the job of allocating foods for military and civilian use. Through Defense Supply Corporation, subsidies are paid in some cases to organizations handling foods allocated to the military. The Administration has frequently found diversion of food to civilian use through black market operations. Many of these cases have been prosecuted by War Food through the courts. In civil cases injunctions have been obtained.

The Bureau initiated a conference in March with War Food. As a result, that Administration on May 15 furnished the Bureau some 250 names of persons who had been fined in excess of $500 or against whom civil proceedings had been successfully completed. All names have been funnelled to the Internal Revenue Agents in Charge in the field for investigation with other black market cases. Arrangements are now being completed under which the five regional offices of the Compliance Section of War Food will make available directly to the field such information as has been developed in each case. It is contemplated that future cases will be handled directly between the field offices of both departments.

Instructions will be issued to give priority to screening War Food leads and developing resulting cases, looking toward prompt prosecutions where warranted. I shall see that a special control of these cases is established here with particular emphasis on cases from the Kansas City and District of Columbia areas. Indications are that few of the cases will be large from a revenue standpoint, but the beneficial effect of successful prosecutions obviously outweighs revenue considerations.

J. F. Clark
Washington, D.C.,—For distinguished service to the War Bond program, Secretary of the Treasury Henry Morgenthau, Jr., has personally awarded Chief Petty Officer Graham W. Jackson of Atlanta, Georgia, the Treasury’s War Bond achievement citation.

Chief Petty Officer Jackson has sold more than $2,000,000 worth of War Bonds since the inception of the War Bond program. In addition to his most recent citation, received June 1st, he has been extended five other such awards.

Only recently the super bond salesman, who was a teacher of music and a nationally known musician and entertainer before entering the Navy, sold $210,000 worth of Bonds at a single night’s appearance in a Packing, Georgia theater.

In accomplished pianist and accordionist, Jackson usually auctions off musical numbers in War Bond purchases ranging from $100 up. It is not unusual to find him on the street in the heart of downtown Atlanta or some other city selling War Bonds via the accordion or piano.

Chief Petty Officer Jackson is the musician who received nationwide publicity in connection with the playing of “Going Home” as the late President Roosevelt’s body was being moved from the Little White House at Warm Springs, Georgia, to the railroad station. He was probably the late President’s best liked musician and entertainer, having performed for Mr. Roosevelt more than 22 times at the White House, Warm Springs and at Hyde Park.
June 6, 1945

To: Mr. Joseph O'Connell
From: Secretary Morgenthau

With the May 28 edition of the weekly report from Mr. Humm on the current tax drive, I noticed the following paragraph in the accompanying report from the Boston District:

"Sammartino and Sanchirico - As a result of a conference the taxpayers are preparing to deposit with the Collector of Internal Revenue at Providence, Rhode Island, a sum of approximately $250,000.00 in full payment of taxes, penalties and interest to date. They are also prepared to sign agreements. This is a jewelry case involving omitted sales. The decision as to whether or not to prosecute was a close one. The taxpayers are well-known and respected business men who have never been in any kind of trouble before. Since early in the investigation they have been very cooperative and considerable information has resulted from this case in regard to other persons in the business. The fact that they were cooperative, plus the fact that the amount of income evaded was in the neighborhood of $100,000.00 and the payment will be about two and one-half times that amount, were decisive factors in deciding not to prosecute."

In the June 4 report the following paragraph appears in the report from the Boston District with respect to this case:

"A check in the amount of approximately $228,000.00 was deposited by the members of the partnership Sammartino and Sanchirico. This is a jewelry case and involves withheld sales. No prosecution will be recommended because of reasons set forth in last week's report."

Fehle: lhh 6-6-45
Purchasing for the week ended May 28, 1945, totaled $16,010,182.84 of which $12,000,000 was Land-Lease; $4,000,000 was UNRRA, and $516,182.84 was regular.

Unusual requisitions included garden tractors for New Zealand; 160,000 long tons of bunker coal for British bunker depots at Gibraltar, Casablanca, Dakar, Freetown and Mediterranean; 900,000; 160,000 great axes buttons for civilian relief by UNRRA in liberated areas, $601,000; 50,000 long tons of steel rails for France, $3,400,000; one rolling mill for Bureau of the Mint at Denver, $175,000.

Seven new assignments were received by the Price Adjustment Board and ten cases were disposed of involving determinations totaling $8,040,821.76.

Differences between actual contract costs as shown by Finance Division accounts and preliminary estimates on requisitions as recorded by the British Army Staff were accounted for at a meeting held May 28 at which representatives of both parties were present. A procedure was adopted which will be used in the future to eliminate such differences.

A complaint filed with the rail carriers for relief from a lawfully published tariff rate applicable to chrome ore from Baltimore, Maryland to New Cumberland, Pennsylvania has been satisfied with a reduction of $1.02 per long ton on 45 carloads. The saving in dollars and cents on this consignment totals $9,414.71.

A check in the amount of $1,425 covering purchase of 5,000 pounds of nylon yarn waste returned from the United Kingdom has been received from the du Pont Company. Total proceeds to date from sales of this waste amount to $34,046.86.

Land-Lease loadings totaled 3,752 cars during the past week. Active contracts totaled 15,652.

Two members of the staff attended two meetings of the U. S. Standard Commodity Catalog Committee, which is a working committee of the U. S. Standard Commodity Catalog Board established by the Budget Bureau under the direction of the President to develop a national standardized catalog. Represented on the committee were the Army, Navy, Budget Bureau and Treasury.

The U. S. Standard Commodity Catalog Committee reached decisions covering the system of article identification and are working on uniform commodity classification for cataloging purposes. The Committee discussed with warehouse experts from Procurement Division and the Armed Services the problems of article identification, classification and cataloging in relation to warehousing problems.

The Procurement (departmental) quota in the Seventh War Loan Campaign has been exceeded. Our last report of May 28 shows 124.6% over the top but the field is lagging as they were late in getting started. The Atlanta Field Office went over (103%) and nothing has developed since last week to indicate that the campaign will not be successful.
<table>
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<tr>
<th></th>
<th>Total</th>
<th>U.K.</th>
<th>Russia</th>
<th>China</th>
<th>Administrative Expenses</th>
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*Deliveries to foreign governments at U.S. ports do not include the tonnage that is either in storage, "in transit" storage, or in the port area for which actual receipts have not been received from the foreign governments.*
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<th>Description</th>
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* Deliveries to U.N.R.R.A. at U.S. Ports do not include the tonnage that is either in storage, "in transit" storage, or in the port area for which actual receipts have not been received from the foreign governments.
Department of State

EDW-1300

Distribution of true reading only by special arrangement.

RECEIVED 03

DIVISION OF CENTRAL SERVICES

TELEGRAPH SECTION

INCOMING TELEGRAM

EDW-1300

Distribution of true reading only by special arrangement.

RECEIVED 03

DIVISION OF CENTRAL SERVICES

TELEGRAPH SECTION

Secretary of State

Washington

3063, June 6, 9 a.m.

O'DYER, WSB, FROM NOCLELANN.

DEPT'S 1839, WSB'S 525, May 18, and Last's 2987,

June 1.

Representatives of ICNCs DSA visited several liberated concentration camps and displaced persons centers in Bavaria during last week in May, including Dachau, Landsberg and DP's at Mittenwald, Gerisch-unter-Grineau and Ulm.

They report general need of relief foodstuffs and warm local appreciation of goods DSA is regularly shipping in. According to their estimate of needs during coming several weeks, balance our WSB parcels at present rhythm of shipment will soon be exhausted. ICNCs DSA has, therefore, asked me whether it will be possible to use some of the 206,000 former POW parcels for this special relief program. DSA will undertake to repackage all parcels released to them.

More critical than need of foodstuffs is DSA's lack of fuel to run these emergency truck convoys. If at all feasible and material not otherwise disposed of, I would recommend (A) releasing 50,000 parcels to them and (B) single grant of 20,000 gallons of gasoline (plus lubricants) from same source as previous grants. Total fuel now available to DSA comes from French sources and represents barely 30% their monthly needs.

Please instruct.

HARRISON

jt
CABLE TO AMBASSADOR, HERE, FOR ROSELLAND FROM WAR REFUGEE BOARD

A representative of General Donovan will contact you shortly concerning war crimes matters. Please make available to him any of your files which he may wish to investigate.

THIS IS WIB WIRE CABLE NO. 332

3:30 p.m.,
June 2, 1945
(Miss Ripple (for the Sec'y), Cohn, Hodal, Hutchison, McCormack, Files.

---

CABLE TO AMBASSADOR, HERE, FOR ROSELLAND, FROM THE WAR REFUGEE BOARD

It is now contemplated that the War Refugee Board will complete all operations, including liquidation, sixty days after June 30. Effective July 1 your salary and other expenses must be drawn from confidential WDB funds in your possession. These confidential funds should also be used for lump sum payment for your unused annual leave accumulated at rate of 20 days per month from April 30, 1946, through date of conclusion of your connection with WDB. You are authorized and requested to return to Washington for consultation as soon as all WDB work has been completed in Switzerland. Please advise approximate date of your departure.

Since your reports and records are needed in connection with preparation of final Board reports, they should be forwarded to Board as soon as possible and in quickest manner. You are authorized to bring reports and records with you on return to Washington if other means of transit will take too long.

Unspent confidential funds should be returned via Chase National Bank, New York, payable David White, Administrative Officer, WDB.

You are authorized to sell WDB equipment, money received for this is payable Secretary Treasury care of WDB. Instructions concerning disposition of $24,000 P.O.V. parcels will follow.

THIS IS WIB WIRE CABLE NO. 333

100 a.m.,
June 6, 1945
(Miss Ripple (for the Sec'y), Cohn, Hodal, Hutchison, McCormack, Files.

---
June 7, 1945
9:40 a.m.

TAX EVASION

Present: Mr. D.W. Bell
Mr. Peale
Mr. Russell
Mr. Peilus
Mr. O'Connell
Mr. Coe

H.M.JR: I would give them a summary. I've read most of the telegrams from the twelve Federal Reserve Banks.

MR. BELL: The Secretary sent a telegram to the banks yesterday, asking them to report to him last night the reaction of the bankers in their district, and said that it had been suggested to him that he hold a meeting with the President of the State Banking Associations, and I asked for their suggestions. They sent wires and most of them say they haven't had any difficulty to amount to anything in the district. They had a few grumblings, but most everybody is in favor of the objectives, and they're willing to overlook the unpleasant part of this thing in order to get the objectives. They've had a few letters from individual bankers, but as a group they haven't had much. They suggest that most of the grumbling has come about because of the requirement on the form, I believe it's part two or question two, where you ask for the reasons for taking out the currency.

MR. O'CONNELL: We don't ask them to give the reason the fellow took the currency out of the bank. In other words, the order requires the bank to report what it considers to be an unusual transaction. Question two is, "Why is it an unusual transaction in your view?"

MR. BELL: That's right. Some of them want to know if that can't be eliminated, and Allan Sproul is holding a conference with New York State bankers who objected to it rather strenuously, and he said within a day or two he would have a recommendation on that point.

Most of them say that they don't think it's necessary for the Secretary to have a meeting with the Presidents and that one or two think it would be a good thing, but most of them believe that it would not accomplish the purpose, because it takes so long to get down into the individual banks. Many of them suggest that the Secretary communicate directly with the banks or the Presidents from Washington, and I think that the suggestion to communicate directly with the banks is really better, because we've already opened up that channel. We've done it in every war loan drive. The Secretary has written a personal letter to the Presidents of all the banks, and I think we can do it here.

MR. FELTUS: Was that a multigraphed letter?

MR. BELL: Yes, multigraphed, but with the Secretary's signature on it reproduced.

MR. O'CONNELL: To the forty-eight State Chairman?

MR. BELL: To the fifteen thousand banks.

H.M.JR: To every insured bank.

MR. BELL: And most of them have liked it, and we've got some rather nice responses to those letters, and I think this will have the same general effect.

MR. FELTUS: I think it's a good idea.

MR. BELL: You have in the mail a draft of a letter?

MR. O'CONNELL: We'll have a letter this afternoon if not sooner.

H.M.JR: As soon as you have it, I'll see it. I think it should be kind of emotional. I don't think it should be just appealing to them.

MR. BELL: I think it ought to give the purposes, what you want, and what you're trying to get under this order, and something could be said on the penalty. That scared a lot of them, and also on the lock box. I don't know.
MR. O’CONNELL: It’s pretty hard to tie the lock, the safe deposit thing in this letter, but we can say something.

MR. HELL: It’s unfortunate those two questions were asked at this conference the other day, and those are the things in the conference that went all over the country.

H.M., JR.: What?

MR. HELL: That you could go into lock boxes, he had authority, but they didn’t say under what conditions we could go in the lock boxes, and gave the penalty of ten thousand dollars fine.

MR. O’CONNELL: They asked us what the penalty was.

H.M., JR.: If the bank didn’t comply.

MR. HELL: Nothing was said in the order about a penalty.

MR. O’CONNELL: That didn’t say anything about penalty.

MR. HELL: All we’ve asked them to do is cooperate. We can’t fine a fellow for using wrong judgment.

H.M., JR.: Supposing you three men cooperate on this letter. You write it and let them go over it. It’s like to bring up this which I developed in a talk I had with the Jewish Forward Paper yesterday. They interviewed me on this thing, and this is it: It’s in the interest of every banker and every citizen that he must as a tax payer -- it’s his selfish interest as a tax payer to assist us to see that the people pay their taxes, because if there’s any doubt, if it begins to spread that you don’t have to pay your taxes, well, then the first thing you know that’s undermining the credit of the Government. The first thing you know a Government can fall, and I used the case of France, where actually there became complete disregard of paying taxes, and the money became worthless, and the credit of the country became worthless. Now, it’s my job to collect the revenue and defend the revenue, and what I’m trying to do now is both collect and defend it, and I’m trying to do it against an immoral group. And as I told this fellow, I said, “After all, you’re a bond holder, aren’t you?” He said, “Yes.” I said, “If we don’t collect the taxes, how are we going to pay off your bonds?” That seemed to strike home to him. This isn’t just a fly-by-night thing, but we know what happened to France. We know what happens to a continued unbalanced budget. We’ve got to collect the taxes, and this is a direct termite at the foundations of the credit of the Government, and it’s got to be stopped.

MR. FELTIS: I would also stress --

H.M., JR.: It’s got to be stopped, see? And I’m calling on these people as tax payers and citizens to assist me to eliminate this termite at the foundations of the Government.

MR. HELL: The honest people are not going to be hurt in this. They’re really going to be benefited.

H.M., JR.: I’d like to go on the radio.

MR. FELTIS: You can give that another twist, particularly with bankers, of protecting legitimate business against unfair competition which will impress them more than anything else.

MR. HELL: In one or two cases they said the fear money is going in -- Williams said they were getting some fear money, order money, and so forth.

H.M., JR.: Let me see that. Where is it? But the chances are a good letter -- I wish you two fellows would think of the possibility of putting me on some radio.

MR. HELL: Here it is. “Currency reporting stimulates the return of hoarded or fear money.”

H.M., JR.: Is this the same one in --

MR. HELL: Is that a duplicate?
MR. O'CONNELL: Someone said there's been an upsurge in bond purchases in cash.

H.M. JR: What's that?

MR. O'CONNELL: Someone said one of our reports indicated that. Did you tell me that?

H.M. JR: No, I didn't. It doesn't show in the reports yet.

H.M. JR: What do they mean by "fear money"?

MR. HELL: Money going into hoarding, the same thing as hoarding, taking it out of the bank and putting it in currency in lock boxes. Eap Young told me the day I talked to him on the telephone they had a considerable return of currency, twenty million dollars in one day, he said.

H.M. JR: Twenty million dollars?

MR. HELL: That's what he told me on the telephone.

H.M. JR: In one day?

MR. HELL: In one day. He didn't say anything like that in his telegram, but he told me that over the telephone.

MR. O'CONNELL: That's money returned to the Federal from banks, huh?

MR. HELL: Yes.

H.M. JR: Why wouldn't it be good to get a telegram asking -- that's awfully good stuff, you know.

MR. HELL: That ought to snow up pretty soon if there's any amount of short reduction in currency.

H.M. JR: You men think over the possibility of getting me a spot on the radio to talk about this, will you?

MR. PEHLE: Would you be willing to talk about tax evasion generally, and tie this thing in with it?

H.M. JR: Yes. You weren't thinking of talking about the order?

MR. HELL: No. That's right.

H.M. JR: No.

MR. PEHLE: The point of the credit of the United States has to be, in this letter, very lightly and delicately hit or else you really will start something.

H.M. JR: Well, I'm just throwing it out.

MR. PEHLE: It's a good point if hit right.

MR. O'CONNELL: You can make the same point in several different ways.

H.M. JR: You fellows tell me in a letter. I'll be ready at three-four-five to read the letter.

MR. FELTS: A letter to the banks?

H.M. JR: Yes.

(Mrs. McNugent enters conference and Secretary dictates telegram to go out to the twelve Federal Reserve Banks.)

MR. O'CONNELL: Would you think of putting in there, "Advising me weekly, periodically," to give them the idea that you want to be informed?

H.M. JR: Let's first find out.

MR. HELL: See if they send any of it, and then send another wire.

H.M. JR: I want Mr. Bell to send copies of all the incoming telegrams to Mr. Eccles. I would like them automatically, the replies, to go to Mr. Bell.
MR. HELL: We usually do that if it's a major matter. This is a good thing.

(Mrs. McHugh leaves and Mr. Coe enters the conference)

H.M. JR: Good afternoon, Frank.

MR. COE: Good morning.

H.M. JR: They called Fitz at two-thirty in the morning on a telegram to Hurley, sent to him on the twelfth which he received on May 31. How they're all upset. Why do our messages go via the Navy?

MR. COE: I want to see which message it is. No. This should have gone over through State.

H.M. JR: I can't understand it.

MR. COE: I'll tell you. I think maybe Hurley is so much at odds with his department, he might be transmitting things through the Navy.

H.M. JR: I don't like this. It took him from the twelfth to the thirty-first to get our message through, see?

MR. COE: Yes. I'll find out.

H.M. JR: If necessary, I'll write a letter to Drew, but if you please --

MR. COE: Sure.

(Mr. Coe leaves the conference)

H.M. JR: A letter that takes ten days to transmit and six days to come back, and they call poor Fitz at two-thirty in the morning to tell him about it.

MR. PERLE: Navy did?

H.M. JR: Yes.
June 7, 1945
10:30 a.m.

PRE-PRESS

Present: Mr. B.W. Buell
Mr. Gaston
Mr. O'Connell
Mr. Sibough
Mr. Fehle
Mr. Oliphant
Mr. Fussell
Mr. Shaeffer
Mrs. Klotz

H.M.JR: This is a good statement. Did you have anything to do with it? (Indicates attachment A.)

MR. FUSSELL: We all went into a huddle on it. Mr. Secretary, in that connection the figures on page two of the report for March are larger than for May, and to get the correct figure you have to take figures on page three for war corporations on March credit of one hundred and twenty-eight, which gave that figure, and in May there was a plus item which makes that figure, so that's the way you reach that figure.

H.M.JR: If they want to ask --

MR. O'CONNELL: I asked Charlie Oliphant to come in for that, because he's been working on that case.

H.M.JR: All right, one thing at a time. You don't mention the Indiana angle.

MR. O'CONNELL: The last case is the Gary, Indiana --

H.M.JR: Can I use names?

MR. O'CONNELL: I don't think so. We haven't completed our investigation.

MR. OLIPHANT: It's three men who operated through an Indiana company, picked up illegal profits and disposed of liquor. They'll be prosecuted in Indianapolis.

Mr. O'Connell: That's right. It's in this week's report.
MR. SHEAFFER: Nate Robertson would like to see you sometime alone on a variety of inside stories concerning cabinet changes and Tom Clark specifically.

H.M.JR: Four o'clock.

MR. SHEAFFER: There's a White House conference. That's the only time it isn't satisfactory. He'll be at the conference this morning.

H.M.JR: I don't want to see him - it would be a bad habit to stay behind.

MR. SHEAFFER: I told him it would.

H.M.JR: I'll tell you what he can do. He can go up to the office and wait a few minutes and then come down.

MR. SHEAFFER: Fine.

H.M.JR: That's that.

MR. SHEAFFER: Fine.

H.M.JR: I don't understand. Bell, he gave me this all, this thing, just add and subtract to get eight billion, one hundred eighty-eight million. Do you think we should explain that to the boys?

MR. BELL: Not unless they ask for it.

H.M.JR: Well, they won't know, but if there's any question about it, how we arrived at it --

MR. BELL: We can give it to them.

MR. SHEAFFER: Max Hall would be the only one who would ask, and he isn't here.

H.M.JR: Oh, where is he?

MR. SHEAFFER: Vacationing.

H.M.JR: I like this statement here. I think it's very good. Are you going to give it to the boys to read before they come in?

MR. SHEAFFER: Yes. They have it.

H.M.JR: What else? Has anybody got anything? This is the story for today, huh?

MR. BELL: That's for immediate -- I don't know whether it's for immediate release. I think --

H.M.JR: Yes.

MR. BELL: Charlie, did you let the Veterans' release go?

MR. SHEAFFER: Yes.

MR. BELL: That doesn't come up at this conference.

MR. SHEAFFER: It was out last night.

MR. BELL: Oh, it was?

MR. SHEAFFER: Yes.

MR. PHELLE: You might want to do this in the Chart room. Have these people in there ahead of time, and they'll all have chairs and a table.

H.M.JR: That's the way I do them when I'm out of town. What do you think of that? They sit at a long table, and I sit at the head of the table.

MR. SHEAFFER: Good. They'll have a place to write.

Very good.

MR. BELL: The charts will intrigue them too.

H.M.JR: That's a good idea.

MRS. KLOTZ: We've been doing it this way for years.

MR. GASTON: It's an idea. Let them vote.

MRS. KLOTZ: Yes. Let them decide.
TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Thursday, June 7, 1945.

In discussing the Seventh War Loan today, Secretary Morgenthau announced that war expenditures during the month of May reached an all-time high of $8,188,000,000, including expenditures of Government corporations for war activities. Moreover, the Secretary said there would be no reduction in the Treasury's cash requirements for the next few months.

Even though we have shifted from a two-front war to a one-front war, expenditures during the next four months are estimated to exceed revenue by $17,000,000,000, the Secretary said. This is about the same amount by which expenditures exceeded revenue in the four months ended May 31, a period when the war in Europe reached its climax. The Secretary said that the Treasury's estimates allow for all cut-backs in the war program which will have any effect on expenditures during the next four months.

Secretary Morgenthau called attention to the fact that the goal of the Seventh War Loan -- which is $14,000,000,000 -- is the minimum which must be raised to meet the Treasury's needs.

"The Japanese people," said the Secretary, "are being asked by their leaders to make a desperate effort to avert defeat; we are more fortunate in that we are being asked for means to achieve victory."

The Secretary said that cut-backs in the war program made possible by the defeat of Germany will eventually result in reduced expenditures, but the full effect will not be reflected in expenditures for several months. He pointed out that substantial payments will be necessary to wind up old contracts.

The Secretary also said that unforeseen developments on the war fronts might require emergency shifts in the war program. If these occur, expenditures might be enlarged above present estimates. But, he emphasized that the Administration is determined to keep military expenditures as low as possible consistent with achieving victory quickly and with a minimum of human cost.
In addition to these returns, special agents, revenue agents and deputy collectors completed reports on cases on which taxes and penalties of more than $6,000,000 were recommended.

Seventeen cases involving three corporations, two partnerships and 22 individuals were transmitted by field offices to the Chief Counsel for consideration of criminal action.

Six cases involving six individuals were referred to the Department of Justice with a recommendation for prosecution.

The Bureau now has more than 1,800 agents and deputy collectors assigned to the tax evasion drive and new "leads" plus cases on hand for investigation total more than 13,000.

On May 31, the following telegram was sent by Commissioner Homan to all collectors:

"Furnish by wire best information available as to number of delinquent or amended returns voluntarily filed attributable to recent publicity concerning Treasury black market drive and amount of tax liability disclosed."

A tabulation of the replies shows 11,965 delinquent returns and 588 amended returns disclosing a liability of $2,303,400.69 as having been voluntarily filed as a result of the publicity concerning the tax drive.
Mr. Ted Gamble: Yes, sir.
HMJr: I just gave out that statement on expenditures.
G: Wonderful.
HMJr: And I'm delighted that you bowed that thing through.
G: Well, that's wonderful.
HMJr: Now, the way they came through it was very good, and I stressed the fact that the people - they wanted to know why, and I said the people in the field just don't believe.
G: Yes.
HMJr: They were spending their money, and the fellow from the Wall Street Journal said, 'Well, I didn't know that. That is news to me.'
G: Well, I'm delighted.
HMJr: Now, what I thought you could do is - you could get a copy and send it out to your State chairman.
G: We'll do that during the day, and then we'll make an added comment on it.
HMJr: You see?
G: Yes. Did you read the papers this morning? We put out another story yesterday on your Labor Rally.
HMJr: No, I haven't seen it.
G: Well, the New York Times and the Herald Tribune both carried it in their main War Bond stories.
HMJr: No, would you have somebody mark it and send it over to me?
G: Yes, sir, I'll have more -- I'll have more than just those papers collected on it.
HMJr: Pardon me?
G: I'll have more than just those papers collected.
June 7, 1945
11:02 A.M.

General
O'Dwyer: Good morning, Mr. Secretary.

HMJr: Hello, Mr. Mayor. How are you?

O: (Laughs)

HMJr: I didn't get around to you. I was terribly rushed, but I wanted to report to you about my conversation with President Truman.

O: Yes, sir.

HMJr: Now, he liked the memorandum very much, and then this little - second memorandum transferring the camp to Iokes. He signed it while I was there.

O: Good.

HMJr: But then I said, "Now, you had better talk to Mr. Iokes." He said, "Well, I'll phone him about it, and tell him I'm going to do it." Now we are going to follow up this morning to see whether it is clear, see?

O: Yes, sir.

HMJr: But - and I spoke to him about your staying on and he said that was fine. Then - this is just for you - he said "We've just got to have a democratic mayor in New York."

O: Yes.

HMJr: He said, "I'm tremendously interested." He said, "Naturally, I'm keeping hands off, but..." he said, "it means a great deal to me."

O: Yes.

HMJr: So - I thought you would like to know that,

O: That's well. Thanks a lot.

HMJr: And as it does to me also.

O: Well, I appreciate that a whole lot.

HMJr: And at the right time I think I may be of a little help to you.

O: Well, I certainly do appreciate all the help you have been to me.

HMJr: But I thought you would like to know how interested the President was in having a democratic mayor in.

O: All right, sir. Thank you very much. I'm glad to get that.

HMJr: Yeah.

O: Well, I'll try and get down there again.

HMJr: Right. And if and when I hear that that thing is clear with Iokes, I'll let you know.

O: All right, sir, thanks very much.

HMJr: You're welcome.

O: Goodbye, sir.
Mr. Charles

Ross: Hello, Ross talking.

HKJr: Morgenthau.

R: Oh, yes, hello.

HKJr: I just wanted to thank you for passing along to the President the word on Bretton Woods.

R: Yeah, it went over very well I thought.

HKJr: I got - one of our boys was there and thought it had gone over very well.

R: Yeah, he led off with that.

HKJr: Well, I can't ask for anything more.

R: No, as to the other....

HKJr: Pardon?

R: ...memorandum about war expenditures, I just didn't want to gum up the works with too much today, and no question was asked about that.

HKJr: Well, my -- well, I didn't want him to say anything unless somebody tried to ask him a trick question.

R: Yeah, that was my thought about it.

HKJr: That was all. Just because we -- it is a little unusual figure and somebody might have tried to embarrass him.

R: I thought I might use that, if you have no objection, in my press conference tomorrow. I'll just bring out...

HKJr: I'd love it.

R: ... that as an interesting fact.

HKJr: Love it.

R: All right, I'll put it out tomorrow myself.

HKJr: That would be wonderful.

R: Fine.

HKJr: Ever so much obliged.

R: Thank you. Goodbye.

HKJr: Bye.
June 7, 1945

Mr. Pehle

Secretary Morgenthau

Please remind me that I would like to see Mr. Hoffman again of the CED, also the Director of Research of CED.

Mr. Pehle

Secretary Morgenthau

You were in the room when I said I would see General O'Dwyer again and I completely forgot about it until 10:00 last night. When you are in a conference with me like that alone and nobody else is there and I say I am going to see somebody, I wish you would mention it to Fitzgerald when you go out, if you please. Fds.
June 7, 1945

Mr. Gamble

Secretary Morgenthau

Mrs. Morgenthau and I think that the attached picture is excellent, and this idea of the tired soldier being brought to the people's attention who think they are tired of their civilian jobs should be repeated over and over again. I wish we could still do something about this during the Seventh War Loan. I would appreciate it if you would give this your immediate personal attention. Signed.

June 7, 1945

Mr. D. W. Bell

Secretary Morgenthau

Please see that Mr. Eccles receives copies of all telegrams which I send to the Federal Reserve Bank presidents, and those that I receive from the presidents. I am attaching copies of the three telegrams which I have sent recently.
June 7, 1945

Mr. Fussell
Secretary Morgenthau

I think you should explain to Charlie Ross just how we arrived at the financial figures which I gave out at the press conference this morning — the expenditures for May. But before you do that, I want you to know that Harry White is working on something that we may want to give to the President. So you can do both things at the same time.

Fare

June 7, 1945

Mr. Fussell
Secretary Morgenthau

I understand there is an article in the Sunday's PM by Harry F. Stone on Germany. I should think that the people clipping the newspapers for me would know that I am interested in anything written on Germany. I haven't seen it and nobody told me anything about it. Will you please have it clipped and let me see it? Also please inquire why I don't get a clipping of that nature. Russell memo on 4/44.
Dear Mr. Patman:

I have just read your remarks on the floor of the House yesterday, in connection with the consideration of the Bretton Woods proposals.

I want to thank you most sincerely for the wonderful tribute which you paid me and the work of my Department.

I also want you to know how much I appreciate the close cooperation which you have given us throughout the proceedings on the Bretton Woods proposals. This is an excellent example of the way in which the legislative and executive branches can work together for the good of the people.

Most sincerely,


Honorable Wright Patman
House of Representatives
Washington, D. C.

JWF: an 6-7-45
STATEMENT FOR THE PRESIDENT

The overwhelming vote of 345 to 18 in the House of Representatives in favor of the Bretton Woods Agreements will be an inspiration to the people in all of the United Nations who have faith that countries can and will work together to bring about a world of peace and prosperity.

This vote is a reflection of the determination of the American people to have their Government take the leadership to get agreement among the United Nations in dealing with international economic and political problems. There is no difference of opinion among Americans; there is no partisan division in Congress on this policy.

In order to get our international agreements we have to do with careful preparation. It takes patience and understanding. This Government has been working on the Bretton Woods proposals since 1941; we have been discussing the proposals with other governments since 1943. We intend to go ahead with agreement on our other international problems with the same care, patience, and understanding.
TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

TO: Mrs. McHugh
FROM: J. W. Penle

DATE: June 7, 1945

On May 24, 1945 I called Mr. Neumann at his New York office. Mr. Neumann advised that he expected to be in Baltimore on Monday, May 28, at which time he would call for a definite appointment for that day - Monday, May 28. He stated that he would also like to bring Dr. Abel Wolman of Johns Hopkins University with him.

A call was not received from Mr. Neumann, nor has anything further been received from him regarding his desire for an appointment.

Mr. Fehle:
The Secretary would like to have you see this man.

Mrs. McHugh
COMMISSION ON PALESTINE SURVEYS
Administrative Office
321 FIFTH AVENUE
Room 841
NEW YORK 17, N. Y.

May 16, 1945

Secretary Henry Morgenthau, Jr.
Washington, D. C.

Dear Mr. Morgenthau:

More than a year ago I wrote you regarding the engineering surveys we were making of Dr. Lowdermilk's irrigation and power development project known as the Jordan Valley Authority.

Our engineers have just returned from an extended stay in Palestine which confirmed their views and plans. At the same time Palestine was visited by Mr. John L. Savage, Chief Designing Engineer of the Bureau of Reclamation and the foremost international consultant in this field. He expressed himself enthusiastically regarding the possibilities. Both he and our Chief Engineer, Mr. Raye, conferred with Lord Portal, British High Commissioner for Palestine, and Mr. Edward Grigg, British Minister for the Near East, who displayed a keen interest in the work. Upon his return, Mr. Savage submitted his own report on this matter to Secretary Beattie.

At Dr. Weizmann's request, we have asked him a summary of our engineers' report, which he wished to have in connection with a forthcoming discussion with the Prime Minister.

The planning work having reached such an advanced stage, we are immensely desirous of discussing the matter with you and getting your advice regarding further procedure. I hope it will be possible for you to receive me some day next week. I would like, if possible, to have Dr. Abel Wolman of Johns Hopkins University accompany me. He was Chairman of the Water Resources Committee of the National Resources and Planning Board and he is Chairman of our own Engineering Consulting Board. I hope we may have word through your secretary.

Very sincerely yours,

Emmanuel Neumann
In addition to these returns, special agents, revenue agents and deputy collectors completed reports on cases on which taxes and penalties of more than $8,000,000 were recommended.

Seventeen cases involving three corporations, two partnerships and 22 individuals were transmitted by field offices to the Chief Counsel for consideration of criminal action.

Six cases involving six individuals were referred to the Department of Justice with a recommendation for prosecution.

The Bureau now has more than 1,800 agents and deputy collectors assigned to the tax evasion drive and new "leads" plus cases on hand for investigation total more than 18,000.

Respecting your inquiry regarding the girls in Mr. DuBois' office, you are advised that Miss Khea, Secretary to Mr. DuBois, is attending the San Francisco conference and upon her return will work for Mr. Luxford until Mr. DuBois returns to this country. The second girl in the office, Miss Partridge, has returned to the Correspondence Pool as she was only detailed to Mr. DuBois' office for a temporary period.

All telephone calls and mail addressed to Mr. DuBois has been directed to Mr. Luxford's office and will be taken care of there.
Official

7 June 1945

To Presidents, Federal Reserve Banks:

Boston, Mass.
New York, N. Y.
Cleveland, Ohio
Richmond, Va.
Atlanta, Ga.

Chicago, Ill.
St. Louis, Mo.
Minneapolis, Minn.
Kansas City, Mo.
Dallas, Texas
San Francisco, Calif.

Some of the Presidents of the Federal Reserve Banks have indicated that as a result of various announcements from Washington there is considerable return flow of currency to the banks. Would appreciate your advising me just how much this amounts to. If this trend should increase it would be most encouraging to all of us. I appreciate the cooperation you have been giving me in this matter.

Henry Morgenthau, Jr.
TO
Secretary Morgenthau

FROM
Randolph Feltus

In accordance with your request, I am reporting on my discussion with Mr. Omar Ketchum, National Legislative Representative, and Mr. James W. Cannon, Judge Advocate General, of the Veterans of Foreign Wars. I also had a similar discussion over the telephone with Colonel Taylor of the American Legion, but I did not follow this up with a personal call as I had planned, because you told me of the President's intention to handle the matter.

I suggested to the VFW officers that the Treasury would appreciate their cooperation in stamping out tax evasion, particularly in connection with black market operations. I told them that they could help in two specific ways: by assisting you in recruiting additional agents and by having their local chapters appoint committees to cooperate with Treasury officials in running down the racketeers. They expressed considerable interest and willingness to help. They told me that Mr. Brunner, their Command-in-Chief, was expected back from abroad next week and also that Mr. Schelling, Commander of the American Legion, was overseas and expected back soon. I suggested that we arrange to have these two top men and whenever they wanted with them, meet with the Treasury officials to plan the program of cooperation. I suppose this has already been arranged through the White House meeting of today. I also promised to send to Mr. Ketchum a memorandum outlining the nature of the investigation and all pertinent data about the jobs that could be filled by veterans. Incidentally, I stressed to him that we wanted veterans of this war and he agreed that was most desirable.

In any further dealings with the VFW and the American Legion, I would recommend that we consider the matter largely one of getting publicity for the program in a way that would develop greater public acceptance. We should not accept too much actual work from them. As a matter of fact, I don't think your Treasury people will want that. I can see how they could be meddlesome in recruiting, particularly if they tried to push some of their chronic indigents into jobs. Also, there is always the danger of their cooperating too much with the investigation part of the program and thus approaching vigilante activity. However, a lot of good can be gained from publicity on the matter.
TREASURY DEPARTMENT  
Washington  

FOR IMMEDIATE RELEASE,  
Thursday, June 1, 1944  

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-rco-
WASHINGTON, D.C., June 7 — The greatest labor demonstration ever staged in behalf of the War Bond program will take place Sunday, June 17th, on the Mall in Central Park, New York City, the Treasury Department announced today.

"Labor's Salute to the Seventh War Loan," a 2½ hour program sponsored by the War Finance Committee for New York State, will include addresses by Secretary Morgenthau, President William Green of the American Federation of Labor, President Philip Murray of the Congress of Industrial Organizations and Mayor LaGuardia.

The entertainment program will dramatize the great variety of ways in which trade unions have cooperated in the sale and purchase of bonds. The speeches by Secretary Morgenthau, Mr. Green and Mr. Murray will be broadcast over a nationwide mutual network hook-up from 3:30 to 4:00 p.m., E.W.T.

Supreme Court Justice Hugo Black will speak in Chicago on June 19 at an Interracial War Bond dinner.

Governor Thomas E. Dewey will address a giant dinner of war loan workers at the Hotel Roosevelt in New York City Thursday, June 7.

Ted C. Gamble, national director of the War Finance Division, Treasury Department, will also speak there and his talk will be broadcast from 9:15 to 9:30 p.m., E.W.T., over Mutual network stations.
June 7, 1945

Mr. S. George Little
626 Washington Building
Washington, D. C.

Dear George:

It occurred to me that if you haven't seen a copy already, Secretary Hammond and you might like to have this main news section of the Herald Tribune which we published last Sunday.

All advertisers were wholeheartedly cooperative in the venture and the local retail committee in New York deserve full credit for initiating the project.

I know you will be interested in the fact that it made a real dent and is not at all like 'yesterday's newspaper,' because we have been hearing about it ever since.

By best regards, as always,

Sincerely yours,

William S. Robinson

[Signature]
Russia Refuses to Yield

De Gaulle Sees Foe Says Carriers Raid Kyushu;

British Hand

On Yalta Veto Power

To Syria Rift

Halsey Back with the 3d Fleet;

Deadlocks Parley Again

Marines Cross River on Okinawa


Murphy Says City's Welcome

Big 3 Agree on F. Eisenhower

German Rule Set for June 19

Page Asserts Halsey Back at Sea, Spring

Europe Eyes to Stop New Offensives

New Tyranny

"Big Three" May Commandeer Tanks for New Offensive

Hitler's Peace Victory's Superstition

Marines Max

Hundreds of Forehead Wounds

Summary of Today's News on Inside Pages

State E-Bond Report Is Highest

For Day in War Loan Drive
"War Bond Dollars are Invasion Dollars..."

Retail stores of New York—beating every previous War Loan record—urge all New York to help finish the fight.
Finish the Fight

Buy a Bigger War Bond in the mighty 7th War Loan
Finish the Fight!

Buy more bonds in the mighty 7th War Loan
Join the Blue Star Brigade

Did you say, "Let's go to the beach"...?
Blue skies overhead. Warm sun beaming down.
Spring of ‘50 is here. Join the Blue Star Brigade!
Just send your mail order to.
State E Bond
Macy's
IF YOU CAN READ THIS YOU'RE SMART ENOUGH TO BUY MORE WAR BONDS
SEVENTH WAR LOAN

AMERICA DOES KNOW, LIEUTENANT,
AND WE'LL PROVE IT IN

THE MIGHTY SEVENTH WAR LOAN

Lt. Sam Magill, who was selected last week-end by the 9th Army to make first contact with the Russians, is the officer who
initiated the surrender of Gen. Eiler and his 20,000 Nazi troops in France. Magill was offered a trip home at that time, to appear at War Bond drives. "I should tell the people why they should buy bonds?" he said in refusing the invitation. "If they don't know by now, they never will know."
## Leads in Special Tax Drive

Analysis showing number received, assigned, and on hand not assigned weekly and cumulative

<table>
<thead>
<tr>
<th>Week ending</th>
<th>Cumulative from April 7</th>
<th>Weekly figures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number received</td>
<td>Number assigned</td>
</tr>
<tr>
<td>May 5</td>
<td>6,030</td>
<td>1,829</td>
</tr>
<tr>
<td>12</td>
<td>9,448</td>
<td>2,674</td>
</tr>
<tr>
<td>19</td>
<td>11,665</td>
<td>4,256</td>
</tr>
<tr>
<td>26</td>
<td>13,493</td>
<td>5,571</td>
</tr>
<tr>
<td>June 2</td>
<td>22,925</td>
<td>10,122</td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 7, 1945.
### Cases Assigned for Investigation in Special Tax Drive

Analysis showing number assigned, disposed of and on hand, weekly and cumulative

<table>
<thead>
<tr>
<th>Week ending</th>
<th>Cumulative from April 7</th>
<th>Weekly figures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number assigned</td>
<td>Number disposed of</td>
</tr>
<tr>
<td>May 5</td>
<td>1,829</td>
<td>409</td>
</tr>
<tr>
<td>12</td>
<td>2,874</td>
<td>890</td>
</tr>
<tr>
<td>19</td>
<td>4,256</td>
<td>1,773</td>
</tr>
<tr>
<td>26</td>
<td>5,571</td>
<td>2,635</td>
</tr>
<tr>
<td>June 2</td>
<td>10,122</td>
<td>3,592</td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td></td>
<td></td>
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<tr>
<td>23</td>
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<td></td>
</tr>
<tr>
<td>30</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Office of the Secretary of the Treasury, Division of Research and Statistics. June 7, 1935.
### Cases Disposed Of in Special Tax Drive

Analysis showing number disposed of, by type of action, and penalties and taxes recommended, weekly and cumulative

<table>
<thead>
<tr>
<th>Week ending</th>
<th>Cumulative from April 7</th>
<th>Weekly figures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number disposed of recommending</td>
<td>Total cases disposed</td>
</tr>
<tr>
<td></td>
<td>Criminal action</td>
<td>Civil action</td>
</tr>
<tr>
<td>May 5</td>
<td>5</td>
<td>147</td>
</tr>
<tr>
<td>12</td>
<td>11</td>
<td>328</td>
</tr>
<tr>
<td>19</td>
<td>17</td>
<td>869</td>
</tr>
<tr>
<td>26</td>
<td>20</td>
<td>1,171</td>
</tr>
<tr>
<td>June 2</td>
<td>26</td>
<td>1,580</td>
</tr>
</tbody>
</table>

Office of the Secretary of the Treasury,  
Division of Research and Statistics.  
June 7, 1945.
Direct and Indirect Results of Special Tax Drive
Weekly and Cumulative

<table>
<thead>
<tr>
<th>Week ending</th>
<th>Cumulative from April 7</th>
<th>Weekly figures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Voluntary assessment of taxes</td>
<td>Assessment of additional tax liability by investigators</td>
</tr>
<tr>
<td></td>
<td>Voluntary tax adjustments</td>
<td>Total voluntary and indirect tax adjustments</td>
</tr>
<tr>
<td></td>
<td>Number of cases</td>
<td>Amount due (000)</td>
</tr>
<tr>
<td>May 5</td>
<td>152</td>
<td>$1,943 (000)</td>
</tr>
<tr>
<td>12</td>
<td>339</td>
<td>$2,162</td>
</tr>
<tr>
<td>19</td>
<td>286</td>
<td>$2,050</td>
</tr>
<tr>
<td>26</td>
<td>1,151</td>
<td>$9,014</td>
</tr>
<tr>
<td>June 2</td>
<td>11,383</td>
<td>$42,303</td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Office of the Secretary of the Treasury,
Division of Research and Statistics.

* Not available

June 6, 1945.
<table>
<thead>
<tr>
<th>Type of Operation</th>
<th>Leads</th>
<th>Cases assigned</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Leads on hand beginning of week not assigned</td>
<td>Add: New leads obtained during week</td>
</tr>
<tr>
<td>Currency</td>
<td>1,589</td>
<td>4,087</td>
</tr>
<tr>
<td>Fur, leather and luggage</td>
<td>127</td>
<td>93</td>
</tr>
<tr>
<td>Jewelry</td>
<td>369</td>
<td>59</td>
</tr>
<tr>
<td>Liquor</td>
<td>1,678</td>
<td>409</td>
</tr>
<tr>
<td>Meat, fish and poultry</td>
<td>127</td>
<td>374</td>
</tr>
<tr>
<td>Real estate</td>
<td>2,056</td>
<td>2,851</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>2,165</td>
<td>1,602</td>
</tr>
<tr>
<td>Total</td>
<td>7,922</td>
<td>9,428</td>
</tr>
</tbody>
</table>

Office of the Secretary of the Treasury,
Division of research and statistics.

June 8, 1945.
### Classification of Leads and Assigned Cases in Special Tax Drive

**Week ended June 3, 1945**

#### Part 2. By Geographic Location

<table>
<thead>
<tr>
<th>Intelligence Unit</th>
<th>Leads on hand beginning of week not assigned</th>
<th>Add: New leads obtained during week</th>
<th>Subtract: Leads assigned during week</th>
<th>Balance: Leads on hand end of week</th>
<th>Assigned cases on hand beginning of week</th>
<th>Add: New cases assigned during week</th>
<th>Subtract: Cases disposed of during week</th>
<th>Balance: Assigned cases on hand end of week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boston</td>
<td>330</td>
<td>469</td>
<td>9</td>
<td>810</td>
<td>127</td>
<td>9</td>
<td>38</td>
<td>98</td>
</tr>
<tr>
<td>New York</td>
<td>1,917</td>
<td>1,179</td>
<td>196</td>
<td>2,698</td>
<td>981</td>
<td>196</td>
<td>294</td>
<td>925</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>1,094</td>
<td>325</td>
<td>232</td>
<td>1,187</td>
<td>485</td>
<td>217</td>
<td>138</td>
<td>579</td>
</tr>
<tr>
<td>Washington</td>
<td>829</td>
<td>697</td>
<td>85</td>
<td>1,441</td>
<td>151</td>
<td>85</td>
<td>35</td>
<td>201</td>
</tr>
<tr>
<td>Atlanta</td>
<td>455</td>
<td>249</td>
<td>80</td>
<td>624</td>
<td>54</td>
<td>33</td>
<td>13</td>
<td>46</td>
</tr>
<tr>
<td>Louisville</td>
<td>90</td>
<td>33</td>
<td>13</td>
<td>110</td>
<td>44</td>
<td>13</td>
<td>11</td>
<td>46</td>
</tr>
<tr>
<td>Detroit</td>
<td>906</td>
<td>116</td>
<td>89</td>
<td>940</td>
<td>277</td>
<td>82</td>
<td>66</td>
<td>293</td>
</tr>
<tr>
<td>Chicago</td>
<td>964</td>
<td>3,040</td>
<td>3,566</td>
<td>1,062</td>
<td>417</td>
<td>3,546</td>
<td>178</td>
<td>3,785</td>
</tr>
<tr>
<td>Dallas</td>
<td>117</td>
<td>14</td>
<td>16</td>
<td>110</td>
<td>130</td>
<td>16</td>
<td>8</td>
<td>138</td>
</tr>
<tr>
<td>Kansas City</td>
<td>379</td>
<td>80</td>
<td>12</td>
<td>447</td>
<td>58</td>
<td>12</td>
<td>6</td>
<td>64</td>
</tr>
<tr>
<td>St. Paul</td>
<td>473</td>
<td>196</td>
<td>121</td>
<td>508</td>
<td>30</td>
<td>121</td>
<td>68</td>
<td>63</td>
</tr>
<tr>
<td>Denver</td>
<td>257</td>
<td>2,274</td>
<td>96</td>
<td>2,435</td>
<td>50</td>
<td>96</td>
<td>42</td>
<td>104</td>
</tr>
<tr>
<td>San Francisco</td>
<td>106</td>
<td>173</td>
<td>61</td>
<td>218</td>
<td>52</td>
<td>61</td>
<td>12</td>
<td>101</td>
</tr>
<tr>
<td>Seattle</td>
<td>46</td>
<td>7</td>
<td>-</td>
<td>53</td>
<td>52</td>
<td>-</td>
<td>2</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,922</strong></td>
<td><strong>9,432</strong></td>
<td><strong>4,551</strong></td>
<td><strong>12,873</strong></td>
<td><strong>2,936</strong></td>
<td><strong>4,551</strong></td>
<td><strong>957</strong></td>
<td><strong>6,530</strong></td>
</tr>
</tbody>
</table>

*Of the Secretary of the Treasury, Division of Research and Statistics.*

*June 8, 1945.*
### Personnel Working on Cases Assigned for Investigation

<table>
<thead>
<tr>
<th>Type of Personnel</th>
<th>5/12/45</th>
<th>5/19/45</th>
<th>5/26/45</th>
<th>6/2/45</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deputy Collectors</td>
<td>666</td>
<td>749</td>
<td>817</td>
<td>970</td>
</tr>
<tr>
<td>Revenue Agents</td>
<td>534</td>
<td>585</td>
<td>637</td>
<td>707</td>
</tr>
<tr>
<td>Special Agents</td>
<td>181</td>
<td>184</td>
<td>186</td>
<td>203</td>
</tr>
<tr>
<td>Alcohol Tax Agents</td>
<td>22</td>
<td>23</td>
<td>27</td>
<td>28</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,403</td>
<td>1,531</td>
<td>1,667</td>
<td>1,908</td>
</tr>
</tbody>
</table>
**SPECIAL TAX DRIVE**

**I. Field Procedure in Handling Cases**

Number of Leads or Cases Cumulative from April 7 to June 2, 1945

---

**Sources of Leads**

<table>
<thead>
<tr>
<th>Official</th>
<th>Unofficial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collectors</td>
<td>Revenue Agents</td>
</tr>
</tbody>
</table>

---

**Steps**

1. **Assignments**
   - Leads obtained: 22,925 Leads
   - Leads unassigned: 12,803 Leads
   - Leads assigned: 10,122 Leads

2. **Investigation in the field**
   - 1308 investigators
   - Investigation still in progress: 6,530 Cases
   - Case closed to tax due: 2,046 Cases
   - Case closed for criminal action: 1,520 Cases
   - Referred to Wash. DC: 26 Cases

---

*Not disposed of nor passed on to next step*  
*Disposed of or passed on to next step*
**SPECIAL TAX DRIVE**

**II. Procedure in Handling Cases Referred to Washington, D.C.**

Number of Cases Cumulative to June 2, 1945

<table>
<thead>
<tr>
<th>Cases received in Intelligence Unit (Int Rev) Wash. D.C.</th>
<th>Not disposed of nor passed on to next step</th>
<th>Disposed of or passed on to next step</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 Cases received since April 7*</td>
<td>18 Cases received before April 7</td>
<td>63 Taxpayers</td>
</tr>
<tr>
<td>Intelligence Unit (Int Rev) Wash, D.C.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Reviewers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Step 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Penal Div (Int Rev) Wash, D.C.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 Attorneys</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Step 3</td>
<td></td>
<td></td>
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<tr>
<td>Justice Dept Tax Div, Wash, D.C.</td>
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<tr>
<td>Step 4</td>
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<tr>
<td>U.S. Attorneys Offices</td>
<td></td>
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<tr>
<td>Step 5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Court Action</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Case enroute to Washington on June 2*

Regraded Unclassified
### Leads in Special Tax Drive

Analysis showing number received, assigned, and on hand not assigned weekly and cumulative

<table>
<thead>
<tr>
<th>Week ending</th>
<th>Cumulative from April 7</th>
<th>Weekly figures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number received</td>
<td>Number assigned</td>
</tr>
<tr>
<td>May 5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>9,046</td>
<td>2,874</td>
</tr>
<tr>
<td>19</td>
<td>11,665</td>
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<td>13,493</td>
<td>5,571</td>
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<td></td>
<td></td>
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<tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>30</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 7, 1945.
Cases Assigned for Investigation in Special Tax Drive
Analysis showing number assigned, disposed of and on hand, weekly and cumulative

<table>
<thead>
<tr>
<th>Week ending</th>
<th>Cumulative from April 7</th>
<th>Weekly figures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number assigned</td>
<td>Number disposed of</td>
</tr>
<tr>
<td>May 5</td>
<td>1,629</td>
<td>409</td>
</tr>
<tr>
<td>12</td>
<td>2,874</td>
<td>890</td>
</tr>
<tr>
<td>19</td>
<td>4,256</td>
<td>1,773</td>
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<td>26</td>
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<td>3,592</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Office of the Secretary of the Treasury,
Division of Research and Statistics.

June 7, 1945.
Cases Disposed Of in Special Tax Drive

Analysis showing number disposed of, by type of action, and penalties and taxes recommended, weekly and cumulative

<table>
<thead>
<tr>
<th>Week ending</th>
<th>Cumulative from April 7</th>
<th>Weekly figures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number disposed of recommending</td>
<td>Total cases</td>
</tr>
<tr>
<td></td>
<td>Criminal : Civil : No</td>
<td>action : action : action</td>
</tr>
<tr>
<td>19</td>
<td>17 : 869 : 887</td>
<td>1,773</td>
</tr>
<tr>
<td>26</td>
<td>20 : 1,171 : 1,444</td>
<td>2,635</td>
</tr>
<tr>
<td>June 2</td>
<td>26 : 1,520 : 2,046</td>
<td>3,592</td>
</tr>
</tbody>
</table>

Office of the Secretary of the Treasury, Division of Research and Statistics.

June 7, 1945.
### Direct and Indirect Results of Special Tax Drive

#### Weekly and Cumulative

<table>
<thead>
<tr>
<th>Week ending</th>
<th>Cumulative from April 7</th>
<th>Weekly figures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Voluntary adjustment of taxes</td>
<td>Assessment of additional taxes by investigators</td>
</tr>
<tr>
<td></td>
<td>Number of Cases</td>
<td>Amount due</td>
</tr>
<tr>
<td>May 5</td>
<td>(000)</td>
<td>(000)</td>
</tr>
<tr>
<td>12</td>
<td>152</td>
<td>$1,261</td>
</tr>
<tr>
<td>19</td>
<td>339</td>
<td>2,161</td>
</tr>
<tr>
<td>26</td>
<td>1,131</td>
<td>9,014</td>
</tr>
<tr>
<td>June 2</td>
<td>11,283</td>
<td>$7,303</td>
</tr>
</tbody>
</table>

Office of the Secretary of the Treasury, Division of Research and Statistics.

* Not available

June 6, 1945.
Table 7. - Personnel Assigned to Active Cases

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<th>Type of Personnel</th>
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<tr>
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<td>Subtract: Leads</td>
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<tr>
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Office of the Secretary of the Treasury, Division of Research and Statistics.

June 8, 1945.
### Classification of Leads and Assigned Cases in Special Tax Drive

Week ended June 2, 1945

**Part 2. By Geographic Location**

<table>
<thead>
<tr>
<th>Intelligence Unit</th>
<th>Leads on hand beginning of week not assigned</th>
<th>Add: New leads obtained during week</th>
<th>Subtract: Leads assigned during week</th>
<th>Balance: Leads on hand end of week</th>
<th>Assigned cases on hand beginning of week</th>
<th>Add: New cases assigned during week</th>
<th>Subtract: Cases disposed of during week</th>
<th>Balance: Assigned cases on hand end of week</th>
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<td>810</td>
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<td>232</td>
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<td><strong>12,803</strong></td>
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<td><strong>4,551</strong></td>
<td><strong>957</strong></td>
<td><strong>6,530</strong></td>
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</table>

*Office of the Secretary of the Treasury, Division of Research and Statistics.*

*June 8, 1945.*

Regarded Unclassified
SPECIAL TAX DRIVE
I. Field Procedure in Handling Cases

Number of Leads or Cases Cumulative from April 7 to June 2, 1945

--- Not disposed of nor passed on to next step ---

--- Disposed of or passed on to next step ---

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<th>SOURCES OF LEADS</th>
<th>OFFICIAL</th>
<th>UNOFFICIAL</th>
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<tbody>
<tr>
<td>Collectors</td>
<td>Revenue</td>
<td>O.P.A.</td>
</tr>
</tbody>
</table>

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Step 1 Leads and Assignments

Leads obtained: 22,925 Leads

Leads unassigned: 12,803 Leads

Leads assigned: 10,122 Leads

---

Step 2 Investigation in the Field, 1908 investigators

Investigation still in progress: 6,530 Cases

- Case closed no tax due: 2,046 Cases
- Case closed tax due no criminal action: 1,520 Cases
- Referred to Wash, DC for criminal action: 26 Cases

Regraded Unclassified
On May 31, the following telegram was sent by Commissioner Haman to all collectors:

"Furnish by wire best information available as to number of delinquent or amended returns voluntarily filed attributable to recent publicity concerning Treasury black market drive and amount of tax liability disclosed."

A tabulation of the replies shows 11,685 delinquent returns and 332 amended returns disclosing a liability of $2,302,406.68 as having been voluntarily filed as a result of the publicity concerning the tax drive.