MR 002 SICILY (HUSKEY) FINANCE, CURRENCY FOR SICILY

SECTION I — 1943
From: WAR (Relay of Algiers W-7558/2372, 17 Aug 43)  
To: BOSCO  
No. 124  20 August 1943  FAN 328

Early reports from AMG Sicily indicate no criticism in general of rate of exchange or from bankers or business men in particular. (To AGWAR for Combined Chiefs of Staff and to USFOR for British Chiefs of Staff signed Eisenhower cite FHCIC reference your 4931 of 13th August NAF 328)

There does not therefore appear to be any reason for altering rate in Sicily.

As to rate for mainland we have as yet no adequate evidence to indicate what if any alterations should be made in rate. We are enquiring all sources regarding 5145 for AGWAR.

No Sig

Note: 4931 and 5145 not in BOSCO CMC files; will be obtained upon request.

ACTION: CC/S

Information: White House  Gen Handy
Adm Leahy  Gen Arnold
Adm King  Gen Kuter
Adm Cooke  Gen Fairchild
Adm Wilson  Gen Wedemeyer
Gen Marshall  Col Connor
CAD

BOSCO-IN-183  (20 Aug 43)  13102

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SECURITY CONTROL

From: Algiers
To: WAR
London USFOR

W-7558/2372
Unnumbered

17th Aug 1943

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criticism in general of rate of exchange or from

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for Combined Chiefs of Staff and to USFOR for

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ions should be made in rate. We are enquiring all

sources regarding 5145 for AGWAR.

No Sig

NOTE: 5145 is CM-OUT-6143 (15 Aug 43) CAD
4931 is CM-OUT-4916 (13 Aug 43) Gen Hildring

ACTION: CCS

INFORMATION: OPD, GEN STRONG, GEN ARNOLD,
ADM KING, GEN HILDREDING

CM-IN-14295 (19 Aug 43) 2028Z vc
INCOMING MESSAGE

FROM: WAR (Relay of W-7432/1679 from Algiers)
TO: BOSCO

No. 64 August 16, 1943

AMG reports that Allied military lire have been circulation in western side of island for about 2 weeks (to AGWAR for Combined Chiefs of Staff and to USFOR for British Chiefs of Staff signed Eisenhower cite MEMS NAF 323) and are beginning to come into circulation eastern side, that preliminary reports indicate satisfactory reception of the currency, that there have been no reported instances of refusal or reluctance to accept such currency, and that in Palermo the public has been bringing in yellow seal currency and other non-lire currency for conversion into Allied military lire.

ACTION CC/S
Information White House Gen Marshall Gen Wedemeyer
Adm Leahy Gen Handy
Adm King Gen Arnold
Adm Cooke Gen Kuter
Adm Wilson Gen Fairchild

BOSCO-IN-74 (16 Aug 43) 0506Z dmk

THE MAKING OF AN EXACT COPY OF THIS MESSAGE IS FORBIDDEN
Reference our cable number 2590, dated 15 July, (to Eisenhowen for action from Marshall to U.S. for information) concerning supplemental instructions regarding currency accounts and records for Operation Husky. U.S. Navy procedure will be as follows: Navy will obtain any currency from AMFA for expenditures in area for pay of Navy personnel and other expenditures normally chargeable to Naval appropriations. AMFA will radio Bursa, N.Y. Washington of amounts of lire delivered to each disbursing officer who will also radio confirming advice. Navy will advise Treasury of amounts delivered and Treasury will set aside in earmarked account U.S. dollar equivalent at agreed rate analogous to War Department procedure. 5 Naval Officers Supply Corps, 1 captain, 3 Lieutenant Commanders, 1 Lieutenant being ordered from U.S. for duty COMNAVNAW Sicily for special Liaison and study AMFA. This group will set up and maintain financial control records for reconciliation with AMFA and Navy Department Washington accounts.
Combined Chief of Staff
August 1, 1943

CG
FREEDOM, ALGIERS
Number 3972

BRITISH CHIEFS OF STAFF
UGFOR LONDON ENGLAND
Number R 1369

We will appreciate your comments (for Eisenhower Freedom Algiers, PAM 179, from Combined Chiefs of Staff) as suggested in NAF 294.

ORIGINATOR: CCS
INFORMATION: OPD
Adm. King
Gen. Arnold
Gen. Strong
Gen. Hilldring
LOG

CM-OUT 242 (1 Aug 43) 1607Z fbb
CM-OUT 243

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WAR DEPARTMENT
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INCOMING MESSAGE

PRIORITY

From: Algiers
To: WAR

No. W-5541/3723, 23 July, 1943

Fan 161 and 167 of yours our W 4907 referenced. (to AGWAR for Combined Chiefs of Staff and USFOR for British Chiefs of Staff signed Eisenhower cite FHEMG S NAF 294). Consider directive suitable for Sicily and have today relayed it AMGOT. We should wish to feel free to comment later in light of (A) further operations (B) need for coordination at level AFHQ and (C) appreciation of broad accounting problems.

No Sig

Note: FAN 161 is CM-OUT-4746 (11 Jul 43) CC/S
     W 4907 is CM-IN-10502 (15 Jul 43) CC/S
     FAN 167 is CM-OUT-7461 (18 Jul 43) CC/S

Action: CC/S

Information: OPD
             Gen. Strong
             Gen. Arnold
             Adm. King
             Gen. Hilldring
             LOG

CM-IN-17009 (24 Jul 43) 0251Z vc

COPY No. 20

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INCOMING MESSAGE

OPERATIONAL--PRIORITY

From: AFRIC in North Africa
To: Wur

Nr: 957 22 July 1943

For Carter. (From AMOG FANTOX to AGWAR cite CA/550) Ref your R 150/2951 of 20 July 160 boxes reached Tunis 1230 hours today. We are sending these on to HORRIFIED tomorrow with AMFA Officers who will also take with them copies of proclamation 12 announcing Allied Military lire to be legal tender and interchangeable with other lire currency intended that this shipment will be delivered principally to 7th Army Disbursing Officers.

No Sig.

Note: 2951 is CM-OUT-7932 (20 Jul 43) ASF FISC

Action: ASF

Information: OPD
Gen. Deane (CC/S)
CAD

CM-IN-16159 (23 Jul 43) 0200Z vc

THE MAKING OF AN EXACT COPY OF THIS MESSAGE IS FORBIDDEN
Paragraph 9 of supplemental instructions regarding currency accounts for operation HUSKY which should now be in your hands states "The United States Army will, when it obtains Allied military Lire from the AMFA for expenditures in the area for pay of troops and other expenditures that would normally be charged to its appropriation, set aside in an earmarked account with the United States Treasury the dollar equivalent at the decreed rate of exchange and the relevant United States War Department appropriation will be thereupon debited accordingly". Procedure outlined your message W 4617 dated 11 July 1943 is in general accord with that referred to above and is considered satisfactory with the exceptions that, for expenditures as indicated in paragraph 10 of supplemental instructions, the accounting should be made to AMFA and that Navy Department procedure in relation to AMFA will be advised by subsequent cable. It is essential that all War Department accounting procedures be maintained as usual to fullest extent possible and that every evidence be given that AM Lire have equal value at decreed rate of exchange with other currencies utilized in the area. More specific War Department accounting procedures are being formulated here and your views on this subject could be considered if forwarded at the earliest practicable date.

For Eisenhower Freedom Algiers from Civil Affairs Division signed Marshall. They should conform to general procedures outlined in supplemental instructions referred to above. In view of necessity of earmarking War Department appropriation adequate reserves of AM Lire should be held at AMFA and withdrawals of AM Lire by central funding officers should be restricted to known requirements avoiding placing large floating reserves in hands of Disbursing Officers. If circumstances require Treasury Department is prepared to designate AMFA as a depository of the United States. British procedure will be in line with the above.
Combined Chiefs of Staff

ccs JRD

July 18, 1943

The following paragraphs of supplemental instructions regarding currency accounts are repeated as requested
"Paragraph 9 reference your W 4907 dated 15 July 1943. The US Army will, when it obtains Allied military lire from the Allied Military Financial Agency for expenditures in the area for pay of troops and other expenditures that would normally be charged to its appropriation, set aside in an earmarked account (with the US Treasury) the dollar equivalent at the decreed rate of exchange and the relevant US War Department appropriation will be thereupon debited accordingly. The UK War Office will deal in like manner with amounts certified as pay etcetera for British Troops. For Eisenhower Freedom Algiers, FAN 167, from The Combined Chiefs of Staff. Para 10 expenditures in the area for and by the Allied Military Government in terms of lire, as distinct from Allied military expenditures outlined in section 9 above, will be effected without specific dollar or pound sterling equivalent payments into earmarked accounts. " By earmarked account is meant bookkeeping transfer by the US Army from its Congressional appropriation into a special account to be held by the Treasury Department, of the dollar equivalent at the decreed rate of exchange for an lira or other lira, currency or credit, obtained from the AMFA when such funds are to be used for the pay of troops and other expenditures that would normally be charged to the US Army's Congressional dollar appropriation.

No Sig

ORIGINATOR: CC/S
INFORMATION: OPD
GEN HILDRING
GEN STRONG
ADM KING
EGS
CM-OUT-7461
(18 Jul 43) 1748Z
CM-OUT-7462
COPY NO 0

FOSS LiIlge 02 DPCX-1
INCOMING MESSAGE

From: Algiers  
To: WAR  
No: W 4907, 15 July 44

Reference your 2305 of July 11. (For Combined Chiefs of Staff) (signed Eisenhower cite FHMGS) Please repeat paragraphs 9 and 10 and define "Earmarked accounts"

Nosig.

Note: 2305 is CM-OUT-4746 (11 Jul 43) CC/S

Action: CC/S (Gen Deane)  
Information: OPD  
CAD  

CM-IN-10502 (15 Jul 43) 1736Z vc

DECLASSIFIED  
UCS LETTER, 7-5-72  
NY NT, DATE

THE MAKING OF AN EXACT COPY OF THIS MESSAGE IS FORBIDDEN
This message is in 3 parts. For Eisenhower, Freedom Algiers, and the combined Chiefs of Staff.

Part 1 begins. The combined Chiefs of Staff have approved the following instructions regarding currency accounts and records as a supplement to the directive for Military Government for HUSKY cabled to you on 31 May, 10 June and 25 June 1943. The supplementary instructions follow:

Para 1. Appropriate records will be kept (A) in Washington, (B) in London, and (C) at the Allied Military Financial Agency's headquarters or other designated Agency in the field of operation, of all receipts, expenditures and transfers of special currencies obtained or expended in the HUSKY operation. Similar records will also be kept of the disposition of Allied Military Lira Postage Stamps utilized in this operation. The Allied Military Government will furnish such monthly reports as may be necessary to the British and U.S. Treasuries.

The terms "Special currencies" will for the purpose of this directive include: (A) U.S. yellow seal dollars and U.S. subsidiary coin, (B) British Military authority notes and British subsidiary coin, (C) Allied Military Lira notes, (D) other imported Lira currency, whatever the source, (E) Lira funds confiscated and made available for Allied expenditures within the area, (F) North African francs or any other foreign currency or Allied Military notes not listed above.
Outgoing Message

War Department

George

Book Message

July 11, 1943

Page 2

SECURITY

The making of an exact copy of this message is forbidden.

For local expenses, the transaction will be recorded as in
the order of expenses. In such cases, the amount and source will be recorded as
possible. Correct records as to
transactions with the N M
are kept at the N M.

Page 7.

LOCAL LINES AND SIGHTS

GOVERNMENT

The Allied Military

U.S. Navy (B) The British Army

V (V) The Italian Navy

The record of such lines in terms of dollars
will be recorded in the Treasury at the rate of the
U.S. Military authority.

The same rate will be charged to the U.S. Military authority.

Also a line courier and transfer to the N M.\n
Page 5.

The U.S. Treasury will be used for the above.

Page 4.

The U.S. Treasury will be used for such

Page 3.

The U.S. Army will be recorded in

Page 2.

The U.S. Army will be recorded in

Page 1.

The U.S. Army will be recorded in

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The U.S. Army will be recorded in

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advance from the general pool of Lira currency available
to both armies and the amount so advanced will be charged
to the army receiving it, as in section 9 below. On the
other hand, all gold, foreign currencies, foreign securities
and other foreign exchange assets seized or taken over by the
Allied Armies will be impounded with the A M Financial Agency
and will be held pending settlement at a later date. Nothing
in this section will be interpreted as applying to funds in
the physical possession of Prisoners of War.

Para 8. The British Treasury will report to the U S
Treasury the amount of Italian Lira currency obtained out-
side the area and made available for the operation. The
British Military authorities will report such Lira as are
turned over to their forces, to the Allied Military Financial
Agency, which will consider the amount as an augmentation of
its currency reserve and immediately record it as an advance
to the British Military Forces. It is agreed that for all
purposes of accounting and conversion the Lira so utilized
will be identical with the Allied Military Lire prepared by
the U S Treasury.

Para 9. The U S Army will, when it obtains Allied
Military Lire from the Allied Military Financial Agency for
expenditures in the area for pay of troops and other expendi-
tures that would normally be charged to its appropriation,
set aside in an earmarked account (with the U S Treasury)
the dollar equivalent at the decreed rate of exchange and the
relevant U S War Department appropriation will be thereupon
debit ed accordingly. The U K War Office will deal in like
manner with amounts certified as pay, etcetera, for British
troops.

This is part 3. For Eisenhower, Freedom Algiers, Fan
161, from the combined Chiefs of Staff.

Para 10. Expenditures in the area for and by the Allied
Military Government in terms of Lire, as distinct from Allied
Military expenditures outlined in section 9 above, will be
effected without specific dollar or pound sterling equivalent payments into earmarked accounts.

Para 11. The British Treasury will report to the U S Treasury the amount of B M A notes made available to the British Forces, and the amount on hand as of a date later to be agreed upon. Similarly, the U S Treasury will report to the British Treasury the amount of yellow seal dollar notes made available to the U S Forces, and the amount on hand as of a date later to be agreed upon.

Para 12. Mutilated and worn out currency will be withdrawn from circulation. Such B M A notes and yellow seal dollars will be held in the custody of the A M Financial Agency pending further decision. A M Lira notes and Italian Lira notes so designated will be held by the A M Financial Agency pending the working out of a satisfactory method of destruction with an adequate records system for subsequent identification of notes destroyed.

Para 13. Expenditures of the operation will be recorded in terms of (A) dollars, (B) sterling, (C) Lira, or (D) other currencies. These categories of expenditures will be kept separate and shall not be lumped in terms of a common unit. The allocation of the cost of military occupation as between the American and British Treasuries on the one hand, and the country of occupation on the other, will be a matter for negotiation and agreement between the U S and British Governments. Discussion of the distribution of military occupation expenses will be undertaken by the representatives of the U S and British Governments upon receipt of the first extended financial report from the appropriate Military authorities in the field.