PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMERICAN LEGATION, BERN
TO: Secretary of State, Washington
DATED: July 6, 1946
NUMBER: 3434

CONTROL COPY

We would appreciated early reply to questions raised in first and second paragraphs of Legations 2898, London 1176 of the twenty fifth of May. Already Federal Political Department approved 75 applications involving 175 refugees who are greatly in need of funds.

HARRISON

DC/L: HLG 7-7-46

7/10/45
Mr. O'Flaherty see handling
CPM

DECLASSIFIED
State Dept. Letter, 1-11-72
By R. H. Parks Date SEP 1 1972
FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: May 25, 1945
NUMBER: 2098

Please refer to cable from the Legation dated April 25, Number 2437.

With regard to refugee dollars, as outlined in Department's cable dated February 28, Number 986, the Federal Political Department has now advised the Legation that with the minor alteration hereafter specified it is prepared to accept our proposal. Drafts of circular and questionnaire were presented by it which are now being sent to refugees from Axis countries, with minor changes suggested by the Legation. The questionnaires upon completion will be returned to the Banque Populaire Suisse and submitted to the Legation for approval thereafter, and for this month first payments are planned. Complete data regarding individual refugees is contained in the questionnaire in order that the Legation may give consideration to each case and indicate to the Swiss its decision in the matter.

(1) It is not practicable the Federal Police Department claims to enter amounts currency surrendered by refugees and the amounts purchased subsequently by BFS in passports or other identity documents which are of the most miscellaneous type. The refugees require their identification papers with them at all times, in order that they may draw ration cards and for other purposes, the Federal Police Department points out, and it would not be to their interest to have to send them each month to Bern in order for them.

DECLASSIFIED
State Dept. Letter, 1-12-72
By R. H. Parks Date SEP 1 1972
for them to receive their allowance. Therefore the Political Department proposes that a full record of each account which would be available to the Legation at all times be kept by BFS.

(2) The question as to whether these refugees departing from Switzerland at present could not be permitted to take dollar notes with them, which upon entry they had deposited, has been brought up by the Political Department. In view of the fact that many of the refugees lack other means, the Swiss are reluctant to act as depository of these dollar notes, and they foresee that the Swiss will be blamed for permitting departure without money if the refugees are not allowed to take their money along with them. It was pointed out in reply that if the refugees now departing were allowed to take such dollar notes along with them, this would represent derogation from the Herr 2 Federal decree which forbids export of foreign currencies and that the matter would have to be referred to the Department for decision. (In this connection please see A/H 3, Legation's secret despatch dated April 25, Number 11585.)

(3) Out of a total of 214 refugee acts only one is in excess of $20,000 and only 18 are in excess of $1000, the Swiss report. Small amounts from $5 up are involved in the great majority of cases and the deposit will be exhausted by the first payment.

(4) It is recommended in next to the last paragraph of cable dated February 26, Number 886, that January 1 be established as the cut-off date, after which nationals of enemy countries who leave such countries or who have left such countries will be regarded as enemy nationals still.
In order that arrangements may be inaugurated at as early a date as possible, the views of the Department regarding the questions raised in paragraph (1) and (2) above will be appreciated. For the consideration of the Department the Legation suggests as an alternative under paragraph (2) above that there be inscribed in the owner's receipt from the bank for the amount deposited originally; the monthly dollar amounts so exchanged.

The foregoing message as Number 1176 has been repeated to London.

HARRISON

5-26-45
Federal Political Department has not been able to get detailed information on refugees accounts which were referred to in Department's 896 dated February 28 and which the Legation has requested repeatedly. (Sequence Legation's March 18 cable No. 1614.)

Because this matter is very urgent, Political Department was informed by the Legation regarding the Department's wishes and conditions as described in Department's No. 896 and today Kohli orally informed EC that complete agreement between the Swiss Government and the Department as to the letter's wishes in this matter exists and confirmation in writing will be made by the Swiss Government.

For our cooperation in the problem the Government of Switzerland is facing concerning these refugees, Kohli asked EC to express his government's appreciation and also for this further evidence of our Government's humanitarian action with regard to these refugees. Some concern was expressed by a representative of the Finance Department at a meeting today that delivery of those bills to the U. S. would be at risk of the Swiss but he agreed with other Swiss officials that on this point no reservation would be made.

At this

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State Dept. Letter, 1-11-72
By R. H. Paris Date SEP. 1 1972
At this point 214 refugee accounts with total deposits of $82,950 were revealed by a Federal Political Police check at the Banque Populaire Suisse, according to statement by Kohli. This report is provisional, he also said, and refugees other than those from Axis countries are probably included in this number. When police check is finished he promised more precise details.

Legation would receive all cases for initial approval under program to be instituted immediately, Kohli said, and other data required under paragraph 3 of Department's cable No. 886 would be cut at Legation's disposal.

HARRISON
OUTGOING TELEGRAM

DEPARTMENT OF STATE

March 22, 1945
6 p.m.

STOCKHOLM:

MAR 2 1945
DC/L

622
FOR OLSEN FROM TREASURY.

1. Subject to the conditions outlined in your 777 of February 28, we have no (repeat no) objections to the temporary use of the Swedish pouch for the shipment of United States currency purchased from bona fide refugees for credit to the account of the Nihbank. In general we are opposed to the use of the pouch for the shipment to this country of currency and securities. Consequently, you should suggest to the Nihbank that they use ordinary methods as soon as normal facilities for currency shipments are available.

2. It is recognized that some of the refugees who have entered, or may enter, Sweden may be fleeing the United Nations rather than the Axis. We are concerned with this problem as it applies to the overall problem of preventing persons who flee the United Nations from obtaining any benefits from or through the United States. We have under consideration a public ruling to the effect that nationals of enemy countries (as contrasted with

Note: 777 was sent to you on March 9.

By Authority of 10.110

By Chief Date

SEP 1 1972

Declasified
-2-#522, March 21, 6 p.m., to Stockholm.

with enemy-occupied countries) who leave, or have left, such countries after some specified date are still considered to be enemy nationals and will not be entitled to, amongst other things, the privileges of General Licenses Nos. 32 and 53. Treasury would appreciate receiving your views with respect to this problem, together with your suggestion as to an appropriate cut-off date.

GREW  
(Acting)  
(JJR)

Exhibit: 3/21/45  
FA  NOE
TO: Secretary of State, Washington

DATED: March 10, 1945

NUMBER: 1614 (Repeated to London as 860)

CONTROL COPY

The Federal Political Department has been requested by the Legation to supply it with statement of the number of refugee accounts mentioned in 886 from the Department of the twenty-eighth of February. The foregoing matter is now under study and upon completion thereof the Department will be wired the report.

HARRISON

Delay due to message being undecipherable.
From Allied Force Headquarters, Cassino, Italy
To War Department
NRA FX 26929
14 February 1945

To AGWAR for CGS for CGAG repeated for information to AMRO for British chiefs of staff and HQ COMLOB Latin forces and HQ AGWAR FX 26929 signed Alexander cite
PHOTO refer TAM 367 and TAM 443 this in NATO 534.

Currency conversion for displaced persons in subject.
1. Approximately 200 displaced persons will leave Italy early March for
permanent residence in Palestine.

2. In order that solution of currency problem will not retard departure the
following AM NEC arrangements are being made and will be carried out unless
you advise to the contrary.

A. American Joint Distribution Committee is being approached to see if
it would agree to furnish dollars to purchase Palestine exchange and accept
lires collected from refugees in Italy. Maximum figure of $100,000 suggested.
Such arrangements were made for Palestine and sewage New York movements last
year. (See TAM 367 and 443)

B. An authorized in para six of TAM 259, all refugees will retain all
currencies except Metropolitan and AM lires, EMA pounds and US yellow seal
dollars.

C. A reasonable amount of Metropolitan and AM lires, EMA and US yellow
seal dollars will be taken up from each refugee against receipt, maximum for
each person to be determined after all applications are ing. Any excess curreny
will be deposited by emigrant in an Italian bank or disposed of in
any manner, other than export, which he may desire. No promises will be
made about converting such excess at any future time.

D. Upon arrival in Palestine, each receipt holder will be reimbursed
in Palestine pounds at prevailing Palestine pound-dollar rate of exchange.
Metropolitan and AM lires, EMA pounds and US yellow seal dollars will be
exchanged at established rates.

ACTION: Mr. Pollack
cc: Glassier, Rubin, Schmidt (4), Sprouse (3), Gunter, Pollack, Yass, Millie,
and Wise Model
copy 2/16/45

RECLASSIFIED
JCS Repeating Memo 2/7/45
By SLP Date MAR 2/16/45
From: Allied Force Headquarters, Cassette, Italy
To: War Department
No.: TX 29999
18 February 1945

TO ADRDAR FOR CCQ FOR CGOC repeated for information to AMDCO for British Chiefs of Staff and Hq CGOC and Hq ADRDAR signed Alexander cite HMC RAC Mr 403 of 22 Dec 44. This is HMC 331 TX 29999.

Currency conversion for refugees is subject;

1. APA has paid lire 6,494,160 to Joint Distribution Committee in Rome in respect of the lire, Sfr, and sterling issued to refugees now at Abbas, HZ as follows (currency and lire equivalent):

   - AN lire 4,956,960;
   - Metropolitan lire 3,692,960;
   - Sterling pounds 569,100; Sfr 166,560.

2. APA still has on deposit an amount of lire 3,306,114 representing balance of legal tender currencies turned in by refugees who departed for Palestine. Instructions as to disposition of these sums needed.

ACTION: Mr. Pollack

cc: Glasser, Bushke, Schmid (4), Brown (3), Genter, Pollack, Tacon, Willis, Nadel

copy 2-L4-43

RECLASSIFIED
J.S.S. Regrading Memo 27-71
By SRR Date MAR 6 1973

Dist. 2/01/46

000840
Memorandum for the files:

Mr. Larkin of the Chase Bank just called and stated that the Joint Distribution Committee had had an account with the Paris Office for many years, and that they had been receiving funds from the United States through the Credit Lyonnais. On January 10 and on January 19 the Committee deposited approximately 30 million francs in French banks. Mr. Schwartz stated that they represented funds which the Committee had received from refugees and other persons in unoccupied territory during the war, and that the Committee had compensated people in the United States for these funds. Mr. Schwartz also stated that Mr. Hoffmeister, or one of the Treasury Representatives, was familiar with this fact. Mr. Larkin requested that we advise him as to whether or not we had any objections to their receiving these funds.

I told Mr. Larkin that I would call him back this afternoon.

Theodore H. Bell
U.S. Treasury Representative.
PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: February 28, 1945
NUMBER: 886

In connection with the message which follows we refer to the proposal that Banque Populaire Suisse buy small amounts of United States currency brought by genuine refugees into Switzerland.

The Legation of Switzerland in Washington, the Treasury reports, is insisting on an early decision claiming that due to pressure from groups of influence who are interested in refugee matters in Switzerland, the failure to buy such currency is causing embarrassment to the Swiss. The Legation of Switzerland indicates that this problem came up as a result of the decision of the Swiss Bankers Association to prohibit dealings in dollar currency of the United States.

The War Refugee Board, this Department and the Treasury Department, in view of the humanitarian considerations involved, are in agreement that you should inform the Swiss that the Treasury is prepared, until further notice, to countenance the buying of United States dollar currency by Banque Populaire Suisse on the terms given below:

(one) In an amount not to exceed $100 for each person

DECLASSIFIED
State Dept. Letter, 1-11-72
By R. H. Parks Date SFB 1 1972
each month after the adoption of this plan, the Banque Populaire Suisse may buy from genuine refugees from the Axis countries in Switzerland, dollar currency of the United States.

(two) These purchases should be confined to such dollar currency as was surrendered, upon entry into Switzerland, to Customs Officials there and which, under control of the Swiss Federal Department of Justice and Police, has been deposited with BPS; and it is suggested that arrangements be made to indicate the amounts of money surrendered and the amounts purchased subsequently by BPS, on the passports or on other identity papers of those refugees who surrendered United States currency.

(three) It is believed to be desirable, in order to avoid the possibility that people fleeing from the United Nations may derive benefit from this proposal that you be furnished with such data regarding each refugee as you consider necessary (prior to purchases by BPS) so that you may give consideration to each case and indicate your decision to the Swiss. You need consider only the first monthly purchase. Please let us have your comments if such screening by you will involve an unreasonable quantity of work for the advantages secured. In any event, we feel that refugees who after January 1, 1945, enter Switzerland should be screened by
screened by you in a careful manner. In this connection the Treasury would like to be informed as to the facts in any instance in which United States currency in denominations of $500 or more, or a total of $1,000 or more in any denominations is surrendered by refugees as well as any case in which you inform BPS that it should not buy currency from a certain refugee. Included in such information should be a description of such large bills, especially the series year and the serial number, but not by way of limitation. Should a refugee, in any particular instance, have sufficient other available means, in your opinion, and if the refusal of BPS to buy dollar currency would not inflict hardship, your approval should be withheld.

The Swiss may be informed by you that any currency which under these arrangements is purchased by BPS may be turned over to the Swiss National Bank and that, at the risk of the Swiss, you will forward it by pouch to the United States for deposit with the Federal Reserve Bank of New York to the Swiss National Bank's credit. As soon as normal facilities for shipments/currency are available the use of the pouch should be discontinued.

The above program has been discussed with the British who are not willing to enter into a similar arrangement with regard to sterling notes; however, they have indicated that they can justify their position to the Swiss even though the above plan is adopted by us.
by us in view of the different policies followed in the past in regard to currency. It should be emphasized in discussions with the Swiss that purely on humanitarian grounds the present action is being taken and that in no other light should it be considered.

Some of the refugees who have entered Switzerland or who may enter Switzerland may be fleeing from the United Nations rather than the Axis, it is recognized. This matter is of concern to the Treasury not only as it applies to the buying of dollar currency by BPS but also as it applies to the overall problem of preventing people who flee the United Nations from securing any benefits through the United States or from this country. A public ruling to the effect that nationals of enemy nations (as contrasted with nations occupied by the enemy) who leave such countries or who have left such countries after some specified time are still deemed to be enemy nationals and will not be entitled to the privileges, amongst other things, of General License 53 and General License 32, is under consideration by the Treasury. Receipt of your views with regard to this problem along with your suggestion as to a suitable cut-off date would be appreciated by the Treasury.

In order that London may advise the British of the action taken, this message is being repeated to London. In view of the fact that this matter has been discussed in London already, the Embassy is being asked to inform the Department if it is not in agreement with the procedure herein described and to repeat its comments to
comments to Bern so that if necessary, action may be withheld.

GREW
(Acting)

NOTE:
The foregoing message as Department's 1542, has been repeated to London with an introduction as follows:

In view of the urgency of the matter discussed in the following message, it has been sent to Bern. Careful consideration has been given to the British comments set forth in your message of January 23, No. 814, and we have decided to proceed as outlined in the message to Bern in view of the special circumstances. From your message No. 813, we assume that no further objections will be interposed by the British. However, if the Embassy feels for any reason that this procedure is objectionable in any way or that it requires further discussion, please request Bern to withhold action until any points at issue have been resolved and please cable comments as promptly as possible. It would seem desirable to cable Bern that the Embassy is in agreement, if that is the case.

GREW
(Acting)

DC/L/NEW/CF
3-3-45
SECRETARY OF STATE
Washington
814, Twenty-third.

FOR DEPARTMENT, TREASURY, PEA AND VHR:

"I have now had an opportunity of consulting the other interested departments on the various questions which have been linked with the Swiss proposal to prohibit dealings in foreign currency notes.

(1) Redemption of notes held in good faith by Swiss citizens.

We see no reason to make a concession in this regard. We gave an opportunity (albeit a short one) for these notes to be turned in four years ago and we see no reason why the question should be reopened at this stage.

(2) Facilities for bona fide travelers coming to this country.

We do not object to small change to the extent of 10 pounds in currency notes of small denomination being provided provided

DECLASSIFIED
By R. H. Parks

SEP 1 1972

000847
provided to any person who has a visa to visit this country. Details will need to be worked out to prevent abuse.

(3) Refugee notes held by the Banque Populaire.

We regret that we do not see eye to eye with you in this matter and we are not inclined to take these notes over from the Banque Populaire. We feel that there is no likelihood that the present Swiss arrangements in this regard will be altered by our refusal to take the notes over and consequently we do not think that the interests of the refugees will suffer. In coming to this conclusion we have taken into account the following circumstances.

(A) The system had been in force for some considerable time before the question of note redemption was raised.

(B) The Banque Populaire buys the notes at the official rate; it is unlikely to dispose of them elsewhere in the absence of an official market for them.

(C) The total sum at issue is very small. Speaking from memory, I think Girardet quoted 55,000 francs worth of sterling and 100,000 francs worth of dollar notes as received up till October.

(D) The Swiss have laid no particular stress on this
this question, comparable with their solicitude, for example, for the holder in good faith.

I hope that your authorities, after taking these arguments into consideration will be able to agree with us that the action proposed in paragraph 3 of the State Department's telegram of the 29th December is unnecessary but I do in fact think that a divergence of policy on this question could in fact be justified to the Swiss if necessary."
FROM:  EMBASSY, London
TO:  Secretary of State, Washington
DATED:  January 23, 1945
NUMBER:  813

For WRB, FEA, TREASURY and STATE Department.

NEG's January 20 letter; Department's 10781, December 29

Below are excerpts from NEG's letter commenting on

Department's above-mentioned reference.

It is opinion of British as regards section numbered three

and

that action proposed is really unnecessary that Swiss would not be

caused to change their practice toward refugees by failure on British

or our part to relieve Banque Populaire of notes. This question would

be reconsidered by British of course in the event Swiss actually change

their practice to the detriment of refugees.

In connection with last sentence it is opinion of NEG that

justification of possible divergence between American and British policy

could be based upon the different policies toward their respective notes

followed in the past in that a certain period of grace in 1942 to permit

realization upon British notes was given by Great Britain to foreign

holders.

We await instructions from the Department.

WINANT

DC/L:EMS
1-24-45
MEMORANDUM FOR THE FILES

FOREIGN ENFORCEMENT SECTION

January 22, 1945

Subject: Proposal to allow Banque Popular Suisse to convert dollar currency notes for bona fide refugees.

Reference is made to paragraph three of Telegram no. 10791 of December 29, 1944 from the State Department to the Embassy at London, in which it is stated that State, the War Refugee Board, and Treasury are of the opinion that, on humanitarian grounds, bona fide refugees should be allowed to convert small quantities of United States currency in Switzerland.

We have now received Telegram no. 167 of January 5, 1945 from the Embassy at London, in which it is stated that NEW is giving consideration to our proposal with respect to refugee currency but requests: "our assurance that the proposals in paragraph three are open to discussion between the two governments, if they find themselves unable to agree immediately for any reason." The British request was discussed with Mr. Gilbert, Mr. Baker of the Department of State and Mr. Fisher of Monetary Research, and all agreed that we should inform the British that the proposals are open to discussion and that we will await their views before taking further action. It was noted that the British had awaited our answer to this question for two months and that it would scarcely be appropriate for us to demand an immediate reply on their part. The matter was also referred to Miss Hodel of the War Refugee Board, who agreed with proposed reply. However, when I discussed this matter with Mr. Moskovitz and informed him of the concurrence of Miss Hodel and the other interested persons in this matter, he requested that I contact Miss Hodel again, since he felt that she did not understand that the program would not be instituted until British concurrence had been received. He suggested that it might be desirable, since the program was undertaken on humanitarian grounds, to authorize the Banque Popular to convert U. S. currency immediately, but leave the way open for a reversal of our policy or for the adoption of an alternative solution, whichever might result from our discussions with the British. Mr. Moskovitz stated, however, that he would agree to whatever decision Miss Hodel made on the question. I called Miss Hodel again, and she reiterated her previous concurrence in our original reply to London.

I therefore informed Mr. Baker that our proposals with respect to the subject question, as set forth in Telegram no. 10791, were open for discussion between the British and this Government, and he stated that he would advise the Embassy at London accordingly.

cc: Hassard, Gilbert, Moskovitz, Fisher, J. C. Jones, R. Jones, and Miss Hodel

Burnett: 1/23, 45
Mr. Byers
Miss Mayer

Re: Currency Conversion for Refugees

I suggest that Pollack's cable on the above in reply to HAT 487 be sent out with the omission of the second and third paragraphs of 3., in which he suggests that the obligation to convert the currency holdings of refugees be assumed by the "country of ultimate destination". According to Pollack, the considerations which prompted the recommendation are lack of personnel, lack of facilities and unwillingness to assume a burdensome responsibility. I can see the practical and political difficulties in assuming the responsibility for the conversion of currency held by displaced persons, such as the millions of people who have been transplanted by the Germans for forced labor, etc. It would seem fitting that the country of their origin and ultimate destination take care of their currency needs.

Here, however, we are dealing with people who may not, for the most part, be called displaced persons; who are actually refugees as compared with ex-patriates and who are, for the most part, stateless with no Government to protect them. In addition, their numbers in Italy are very few; and I do not gather from HAT 487 and the previous cables on this matter that they have presented an insurmountable and pressing a problem as to warrant the definite position expressed in the suggested reply. I discussed this matter with Leonard Ackerman, who seemed to think that present arrangements were perfectly satisfactory to ACO. When I indicated to him that ANFC expressed the hope that UHRA negotiations would provide for adequate currency conversion privileges for displaced persons, he answered by saying that probably their only objection is that existing arrangements are pretty informal.

However, in view of the hardships which you indicated to me would result to the refugees if the new arrangement is effected, I believe that the status quo should be retained. We can continue to try to get the Italian Government or UHRA to effect the conversion and, in the meantime, make such ad hoc arrangements with JDC as are necessary. I can think of no alternative arrangement and fail to see wherein the present arrangement is so unsatisfactory as to justify a change. If you wish me to add a paragraph to the cable I've prepared expressing the view that for the time being this matter should continue to be handled on an ad hoc basis, I will do so.

[Signature]

1/12/48
PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, London
DATED: January 27, 1945
NUMBER: 612

See your cable of January five, No. 167. Proposal in the third paragraph is open to discussion you may assure the British.

Grew
Acting

Paraphrased:

DECORATED
State Dept. Letter, 1-11-72
By R. H. Parks Date, SEP 1 1972

DECLASSIFIED

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London
TO: Secretary of State, Washington
DATE: January 5, 1945
NUMBER: 167

Reference Department's 10781, December 29, 1944.

With respect to proposed arrangements in paragraph 3 of message under reference, M.E.W. is consulting other departments. In dealing with this question on refugees' currency, M.E.W. believes it particularly important that the two governments act on common agreed principles. M.E.W. requests our assurance that the proposals in paragraph 3 are open to discussion between the two governments, if they find themselves unable to agree immediately for any reason. Pending receipt of opinions of the Department, the British have refrained from giving detailed consideration of this entire question for two months, but matter is being pressed with other departments concerned at this time.

FINANT

DECCLASSIFIED
State Dept. Letter, 1-11-72
By R. H. Parks Date SEP 1 1972
WITH REGARD TO YOUR MESSAGE OF OCTOBER 24, NO. 9083, THE VIEW
OF FRA, TREASURY AND DEPARTMENT ARE NOTED BELOW IN OCTOECE:

ONE. IT IS TOO LATE NOW FOR ACKNOWLEDGMENT OF RECEIPT OF
THE FRA REGULATIONS, WE BELIEVE. SUCH ACKNOWLEDGMENT MIGHT BE CONSIDERED
AS TACIT APPROVAL OF THE REGULATIONS AND OF THE BANKS' CONDUCT SINCE INCREASE
OF THE REGULATIONS. IN VIEW OF YOUR MESSAGE OF NOVEMBER 7, NO. 10102,
REPORTING EVIDENCE OF UNSATISFACTORY TRANSACTIONS (AND OF FURTHER EVIDENCE
WHICH WE HAVE COLLECTED AND WHICH WE SHALL FORWARD TO YOU SHORTLY), WE
ESPECIALLY DESIRE TO AVOID THE APPEARANCE OF APPROVING THE CONDUCT OF THE
BANKS SINCE ISSUE OF THE REGULATIONS.

TWO. IN CONNECTION WITH DEALINGS IN NOTES BY FORWARDING AND
ARRIVAL AGENCIES, THERE SEEMS TO BE NO PROBLEM, BASED ON YOUR DESPATCH OF
NOVEMBER 17, NO. 10272. HOWEVER, IF FRA DESIRES TO ISSUE GENERAL WARNINGS
IN WHICH WE WOULD CONSENT, WE WOULD HAVE NO OBJECTION.

THREE. THE diffiuAT position in which the inability of the Banque
Populaire Suisse to convert even small quantities of United States currency
places bona fide refugees has been called to the Treasury's attention by
the Swiss Legation here. WITH REGARD TO DESPATCH OF OCTOBER 24,
NO. 9083.
Mo. 9620, location's opposition to any relaxation has been given careful consideration. However, Department, War Refugees Board and Treasury think that on humanitarian grounds some exception must be made on behalf of bona fide refugees. Consequently, it is proposed that the exception noted below be made:

(a) The BWS may convert for each bona fide refugee U. S. Currency in an amount up to $100 each month into Swiss francs.

(b) Permission to make such conversion shall be given only as concerns dollar currency which refugees surrender to custom officials upon entering Switzerland and which has been deposited in turn in the BWS, under control of the Federal Department of Justice and Police by the custom officials.

(c) The BWS shall hand over such dollar currency to the Swiss National Bank and it will then be sent by the Swiss National Bank to the United States for credit to the Swiss National Bank's account with the Federal Reserve Bank of New York, by means of our diplomatic pouch.

In answering the above, we should like to be able to advise them that the foregoing exception applying to United States currency is not objected to by the British, since earlier discussions with SRA have been joint. You are requested to discuss the proposal with the British officials promptly and report this discussion's outcome to us.

Your Circular cable of December 16 and our cable of November 16, No. 9626 covers the question of traffic in French franc currency.

We do not
We do not object to the proposal of the British for stamping the passports of bona fide travelers. However, we do not think it should be connected with the refugee problem (reference your message of December 4, No. 10705).

SPARTINIUS

U2G0111mf
Paraphrase:
US/1: gpm
1-2-45
Mr. Thomann of the Swiss Legation called me this morning in connection with a matter which is of interest both to the Treasury and the War Refugee Board. He said that refugees coming in from various countries normally bring with them various amounts in foreign currencies. So far as Allied currencies are concerned, the banks have been refusing to exchange them for Swiss francs which normally results in the refugees being sent to a camp for indigent persons. Mr. Thomann stated that the matter had been taken up with both the American and the British Legation at Bern and that to date only negative responses had been received.

According to Mr. Thomann, in the period May 1943 through September 1944 refugees have brought into Switzerland in currency the dollar equivalent of $10,000 in Swiss francs, the pound equivalent of 55,000 Swiss francs, and the French franc equivalent of 400,000 Swiss francs. Mr. Thomann says that he understands that the French Legation and perhaps the Legations of other continental United Nations purchase at least some of the domestic currency brought in by their nationals. The Swiss would like to know whether they should continue to refuse to buy refugees' dollar currency in any amount.

Lawrence S. Lesser

Lesserville 11-25-44
The Honorable
The Secretary of State,
Washington, D.C.

Sir:

I have the honor to supplement paragraph 3 of this Hubassy's telegram 9068 of October 21, 1944, by transmitting herewith, for the information of the Department, as enclosure No. 1 a letter dated October 5 from Mr. A. C. Nussbaumer, General Manager of the Swiss Bank Corporation, to Mr. W. J. Sullivan, British Commercial Counsellor in Bern, on the question of purchases by the Banque Populaire Suisse of dollar and sterling notes from refugees. A copy of Mr. Sullivan's reply of October 9 to Mr. Nussbaumer is attached as enclosure No. 2 and enclosure No. 3 is a copy of Mr. Sullivan's letter of October 9 to Mr. E. N. Bliss, Assistant Secretary of State of the Ministry of Economic Warfare.

As stated in the Hubassy's telegram under reference, the Banque Populaire Suisse is placed in a difficult position inasmuch as the new regulations of the Swiss Bankers' Association prohibiting dealings in dollar and sterling currency notes conflicts with the standing instructions of the Federal Department of Justice and Police which require that all such notes brought into Switzerland by refugees be deposited with this bank.

Pending receipt of the Department's comments, the Ministry has only sent an interim reply to the British Legation at Bern and the following is the text of the Ministry's APR 3/72 of October 27 on this subject:

"Your S.T., No. 27 (of 9th October; regarding Banque Populaire's dealings in sterling and dollar notes).

Note: Telegram 9068 has been circulated to you previously.

cc: 11/21/44 For Information: Lessar Schmidt, Richards; Bennett, Gilbert, Fisher, Glasser, Alk, Rob, Feig, Lunn, Robinson, Standish, Mr. Fed., Miss Hotel.

DECLASSIFIED State Dept. Letter, 11-17-78
By R. H. Parks Date

SEP 1 1977

300859
I entirely approve the reply made to Nussbaumer. No further reply should be made to him for the present. I have no intention of condoning these transactions and propose, if you have no objection, to discuss informally with the Swiss Legation the action of the Department of Justice.

2. All of Nussbaumer's proposals are unacceptable since they involve the ultimate import of the notes into this country or the United States. There is a legal prohibition on such import.

3. At what rate is the Bank required to buy the notes?

Respectfully yours,

For the Chargé d'Affaires ad interim:

Donald B. Calder
Third Secretary of Embassy
Economic Warfare Division

Enclosures:
1. Copy letter October 5 from Mr. Nussbaumer to Mr. Sullivan
2. Copy letter October 9 from Mr. Sullivan to Mr. Nussbaumer
3. Copy letter October 9 from Mr. Sullivan to Mr. Bliss

711.3
AMB.9

(Despatch and enclosures forwarded in original and hectograph).
In accordance with the directions given by the Swiss Bankers' Association to the Banks, all dealings in Sterling and Dollar notes have been stopped.

The case of foreign refugees, who have come to Switzerland during the war, has now been brought to the attention of the Association, who has suggested that I should write to you in private capacity before raising the question officially. In agreement with Swiss law, all refugees have to surrender to the Customs Authorities at their entry into Switzerland all valuables, banknotes and currency which they may carry with them. For each case, detailed minutes are drawn up containing all particulars concerning the refugee and the details of what he has surrendered. All such valuables and money are thereafter transferred to and concentrated with the Banque Populaire Suisse in Berne, who is the sole bank authorized to receive money from or for the account of refugees and to pay out such money to them. An agreement has been signed on May 18th, 1943, modified on August 22nd, 1944, between the Federal Department of Justice and Police and the Banque Populaire Suisse establishing in detail the procedure and the conditions which the Banque Populaire Suisse has to follow in all dealings with the refugees.

Part of the money surrendered by the refugees consisted of Sterling and Dollar notes which are now held by the Banque Populaire Suisse for the account of each refugee, but under the control of the Federal Department of Justice and Police. In accordance with the permanent instructions operating between the Federal Department of Justice and the Banque Populaire Suisse, the latter is instructed by the Federal Authorities to buy from each refugee a certain amount of foreign currency which stands to their credit in account, the amount varying according to the circumstances of each case. I understand that normally the amounts paid out to the refugees are just sufficient to secure a modest existence, whereas in very special cases higher amounts are paid out.
In consequence of the directions which the Association has addressed to the Banks, the Banque Populaire Suisse has also stopped all dealings in Sterling and Dollar notes with refugees. This fact has, however, created immediate difficulties, as numerous refugees are living in hotels and boarding-houses and are faced with the impossibility of paying their bills and are in danger to be transferred to a public camp of refugees and internees. Consequently, the attention of the Banque Populaire Suisse has been drawn to this matter by the Federal Department of Justice, especially in reference to the obligations assumed by the Banque Populaire Suisse to buy from refugees foreign notes and currency at the latest one week after receipt and to credit the refugees with the equivalent in Swiss francs. Under the circumstances, the Banque Populaire Suisse has applied to the Swiss Bankers' Association for permission to buy also in future Sterling and Dollar notes from refugees, whereby a maximum limit per person and per month could be fixed in each case. In view of the variety of cases, it is very difficult indeed to make any suggestion in regard to this maximum, but I should say that tentatively a ceiling of £50 or $200 per month and per person could be fixed.

I should be grateful if you would kindly look into this matter and let me have a reply at your earliest convenience.

In case your Authorities should agree to the above exception being granted, the problem would have to be solved what the Banque Populaire Suisse is to do with the notes bought from refugees, since they are prevented by the directions of the Association from reselling the notes to the market. To my mind the following three alternative solutions could be examined:

1. that the Banque Populaire Suisse is authorized to deliver the notes purchased to the respective Legations against payment in Swiss francs at the same exchange rate paid by the Banque Populaire Suisse. In this case, the Banque Populaire Suisse could submit to the Legations the details for each refugee to whom a payment has been made.

2. that the Banque Populaire Suisse could be authorized to ship the Sterling notes to London and the Dollar notes to New York for credit in free Sterling and free Dollar account respectively.
that the Banque Populaire Suisse would deliver the notes to the National Bank, who could be instructed by the Bank of England or the Federal Reserve Bank respectively to pay the Banque Populaire Suisse the equivalent at the present market price and to hold the notes in depot until such time that they can be shipped to London or New York without risk.

I feel the above case deserves special consideration, especially so since it involves only the refugees, who are entirely dependent on the money which is paid out to them by the Banque Populaire Suisse. It is understood that no other exception would be granted to any other bank for whatever purpose.

Awaiting to hear from you, I remain,

Yours sincerely,

(eng.) A. C. Münsbauer.
This telegram must be paraphrased before being communicated to anyone other than a Government Agency.

Stockholm

Dated November 2, 1944

Read 8:50 p.m.

Secretary of State,

Washington.

448, November 2, 8 p.m.

FOR SECRETARY OF TREASURY FROM OLSO.

Riksbank has raised following problem with respect to greatly increased number of refugees in Sweden.

A great many have arrived with very small amounts of dollar currency, usually less than $50. During past year Riksbank has not been issuing licenses to banks to purchase dollar currency and only resource of refugees has been to dispose of such currency illegally in black market. Riksbank is impressed by fact that largest proportion of new flood of refugees comprise real hardship cases and would be disposed to adopt a lenient licensing procedure if the United States Treasury has no objections. For example it is willing to give Swedish banks a blanket license to purchase up to $50 of dollar currency from these refugees against check of their passports and any other controls the Treasury deems necessary. The Swedish banks in turn would hold the dollar currency for resale for travelers requirements. Inquiry was made of the Riksbank as to what the proposed buying rate would be and the reply was approximately 3.60 kronor to the dollar. My response was that this was in effect close to the black market rate and gave the banks a substantial profit in the widespread between buying and selling rate.

Riksbank was advised that the problem would be referred to Treasury and an early reply requested.

Based on humanitarian considerations, some step in this direction would be extremely hopeful to these refugees.

A large part of such currencies undoubtedly was purchased in black markets.

JOHNSON


For Action, Mr. Bennett

ROBINS

Received Monetary Research

EX-487

Stockholm

NOV 7 1944

Dated November 2, 1944

Read 8:50 p.m.

Secretary of State,

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Riksbank was advised that the problem would be referred to Treasury and an early reply requested.

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Riksbank was advised that the problem would be referred to Treasury and an early reply requested.

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Riksbank was advised that the problem would be referred to Treasury and an early reply requested.

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JOHNSON


For Action, Mr. Bennett

ROBINS
Dear Bliss,

I enclose for your information copies of letters exchanged between me and Nussbaumer, the contents of which will be self-explanatory.

The question raised by the Swiss Bankers' Association is a thorny one, and neither my U.S. colleague nor I are satisfied that the solutions which Nussbaumer proposed will really meet the case. I understand that the Americans insist that no assistance in dollar form is to be made available to refugees until they have exhausted their Swiss balances and other assets. I imagine, although I am not perfectly versed in the subject, that we would adopt the same line. Indeed, it may be argued that overriding consideration affecting the war interest might justify our Allied refugees to go to concentration camps rather than weaken our position on the sterling and dollar notes question by running up bills in hotels.

As, however, the position involves a certain conflict between the Banque Populaire Suisse and the Department of Justice, we should be grateful for guidance by telegram at the earliest opportunity. I must confess that Nussbaumer's idea as to the ceiling up to which relief should be allowed to refugees appears to me rather a high one. I understood that the rate of subsistence allowed in this country to an indigent single male British subject is Frs. 5. a day.

Yours ever,
(sgd.) W.J. Sullivan.

E. H. Bliss, Esq.,
Assistant Secretary of State,
Ministry of Economic Warfare,
Mr. Glasser
J. W. Pehle

Oct. 30, 1944.

The attached cable No. 9068 from London was received by the War Refugee Board only because it was referred to in the attached cable from Mann.

I wonder whether the Treasury received a copy of the basic cable. If not, I should think you would want to make some inquiries since certainly it is a matter of Treasury concern.

If you get the full text of the cable I would also like to have a copy.

[initialed] J.W.P

Attachment

JWP:1hh 10-30-44
EXCERPT FROM
PARAPHRASE OF TELEGRAM RECEIVED
FROM: American Embassy, London
TO: Secretary of State, Washington
DATED: October 21, 1944
NUMBER: 9068

PRIORITY.
The following for WT is transmitted.

Three. Reissbauer in a letter dated October 5 has in an informal manner brought to the attention of the British Commercial Counselor the case of the Banque Populaire Suisse which faces a situation that is difficult because of the conflicting instruction issued by the Federal Department of Justice and Police and the SBS. When they enter Switzerland all refugees must surrender to customs officials any currency they may carry, all valuables, and bank notes, and many of them carry dollar notes and sterling. At the Banque Populaire Suisse these notes are deposited under the control of the Federal Department of Justice and Police which instructs the Banque Populaire Suisse to convert amounts sufficient to secure their existence in boarding houses and hotels where they are lodged, into Swiss francs. Suggesting a monthly maximum of $200 or 50 pounds per person in order to avoid hardship to refugees, the Banque Populaire Suisse has inquired whether they may continue to buy such dollar notes and sterling from refugees. Should this be agreed to,

the problem

DECLASSIFIED
State Dept. Letter 1-11-42
By R. H. Parks Date SEP 1 1972
the problem would come up of how the Banque Populaire Suisse could dispose of the notes in view of the fact that they are forbidden by SBA to resell on the market, and repatriation in some manner, either now or later, against free dollar or sterling credits, or delivery to the Legations, is suggested by Nussbaumer. Reply is proposed by NEW that they do not intend to condone such transactions with refugees, neither do they intend to provide any means by which the Banque Populaire Suisse could secure value for the notes in view of the fact that any arrangement would merely involve import of the notes ultimately into the United States or the United Kingdom, and there is legal prohibition against this. British authorities here believe that they must keep intact the general policy for the treatment of their notes abroad, although this may work hardship on refugees. Since the introduction of exceptions would have a tendency to lead to a series of administrative difficulties, and regulations, the Embassy agrees with this view.

Four. Information has been received by NEW that Germany possesses very large amounts of French franc notes, and dealings in Switzerland in French franc notes seem to be reaching such proportions as to cause a great deal of anxiety in Bern to the French Financial Attaché there. Suggestion has already been made to Nussbaumer by the British Legation that measures be taken by SBA which are similar to those measures for dollars and sterling notes, and the Embassy and NEW are of the opinion that in any action which the French are able to take, they should be supported strongly. NEW is taking up this matter.
up this matter with the French authorities. This problem, the Embassy wishes to point out, may soon come up in connection with Dutch guilder notes and the Belgian franc, and we are of the opinion that, when they initiate action, similar support should be given to these governments.

WINANT

DORLOW: H.M. 10-26-44
SECRETARY OF STATE, Washington, October 23, 1944, 5 p.m.

FOR PEACE PROCESSIONAL BOARD should consult World Trade Intelligence Division State Department relative to paragraph numbered Thirteen of telegram 9069, October 21 from London to determine whether proposals made therein relative to dealings in dollar and pound sterling currency will adversely affect boards program in area concerned.

JMS
For Foreign CCAC TAM 259 Refer MAT 245. Re conversion of currency for refugees.

1. Authorization is given you to provide foreign exchange in stipulated reasonable amounts to refugees and other persons who are authorized to leave liberated Italy against their lire currency holdings. Foreign exchange controls make it a customary practice to provide foreign exchange in reasonable amounts in such circumstances. We consider here that post liberation accounts accruing to Italy in the United States, UK, and other countries should be used to obtain the foreign exchange which is necessary. You should proceed, if you agree with necessary instructions for payments from such post liberation accruals and make arrangements for payments of currencies to refugees when they have reached their destination.

2. It is requested that you review this question with the appropriate Italian authorities and make a recommendation as to the limits that should be placed on the amounts of foreign exchange to be provided against lire currency to a person who from liberated Italy departs. There should be provided a schedule of reasonable amount limitations according to the destination of the person or persons leaving liberated Italy and other varying circumstances. The size of the family group involved should be one of the considerations.

3. Amounts of lire currency in excess of these amounts should not be picked up by you.

4. MAT 243 is reference. Your arrangements whereby payments in Palestinian pounds to the 550 refugees evacuated to Palestine were set by the sale of lire to the Rep of the I.G.C.R are satisfactory as an emergency measure. Conversion of lire currency for refugees, however, should not be dependent upon the existence of a counterparty willing to accept the lire against the for exchange is desired.

XXX 5. MAT 243 is reference. With reference to the refugees evacuated to the United States it is suggested that the procedure indicated below be followed. Instructions should be issued by you for payment to be made here from post liberation accounts in the US of Italian banks within the amount limitations recomended by you as requested above in para 2. Similarly available for this purpose would be Italian post liberation credits in the UK. We suggest that you take up lire in reasonable amounts per person against accredited receipts and have payments made here against such receipts in dollar currency. In reimbursement for dollar payments made the lire should be turned over to Italian banks. It is requested that you recommend that procedure whereby balance of lire taken up by you may be returned to the refugees who have come to the US.

6. Outline of procedure in para 1 above does not apply to currencies held by refugees other than lire currency. At this time it is not possible to make arrangements for exchange of such currencies. With reference to MAT Airgram No. 6 matter is being discussed with UNRRA in regard to conversion thru UNRRA of such currencies in limited amounts. Refugees should be allowed by you to retain their holding of such currencies in excess of amount that may be exchanged pending a return to the own homelands.

DECLASSIFIED

J.C.S. Rerading Memo 27-71

By SLR Date MAR 9 1973
7. You are requested to furnish as soon as possible to CCAC estimates of the types and amounts of currencies held by Yugoslav refugees proceeding to Egypt. This should include a breakdown of the average amounts held by such refugees. Approach is being made to Yugoslav Government in London in regard to providing funds for conversion into Egyptian pounds of limited amounts of such currencies.

8. You are further requested to furnish the following:

(A) Breakdown by average amounts in broad classes of lire currency held by 550 refugees to Palestine and, when available, a similar breakdown of lire held by 1,000 refugees to the US. Please also furnish average amounts held by any other groups of refugees.

(B) Amount of other currencies received from 550 refugees that went to Palestine including therein a breakdown of average amounts held as to each different amount of currency. Similar information, when available, should be furnished for 1,000 refugees to the US as to currencies other than lire.

(C) What is the total amount of For Exch that Italy might have to supply under a program based on your recommended amount limitation as requested above in para 2.

ACTION G-5

MC IN 1007h 17 August hh