

UNITED STATES CURRENCY

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UNITED STATES OF AMERICA  
OFFICE OF STRATEGIC SERVICES  
WASHINGTON, D. C.

COUNTRY Germany  
SUBJECT Counterfeiting of American currency  
DISSEMINATION NO. A-24202  
Report No. D-1828  
OSS EVALUATION H-O fairly  
reliable  
truth cannot  
be judged.  
SUB SOURCE Well-Informed German Business Man  
DATE OF ORIGIN 11 March 1944  
PLACE OF ORIGIN Istanbul  
DISTRIBUTED 8 April 1944

1. A German who has just returned to Istanbul from Germany told sub-source's informant that, of all foreign currencies, American dollars are most in demand among people within Germany. American paper money has until recently been the most difficult to obtain. Now, according to this German source, new issues are obtainable without difficulty.
2. The sub-source's explanation of this change is that Germany is able to counterfeit perfectly any paper money which the American Treasury issues, for there is no longer any color which the I. G. Farbenindustrie cannot reproduce. American experts themselves are said to be unable to identify this currency, and it is believed that United States will thus be obliged to pay out several millions of its gold reserve.

Distribution: Mr. Taylor, Mr. Clegg, Mr. Tomlinson, Mr. Lutz, Mr. Aarons,  
Mr. Schmidt, Mr. Fox, Mrs. Shwarts.

Copied for distribution to: Mr. Alb, Mr. Hains, Mr. Gilbert, Mr. Eash,  
Mr. Day, Mr. J. C. Jones.

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April 13, 1944

: Mr. Richards

: J. Lagerquist

Re: U. S. Non-yellow seal currency in  
North Africa.

The memorandum of Leonard Ackerman, attached to M. I. Hoffman's letter of March 21, 1944, indicates that there is considerable traffic in blue seal currency in North Africa; but, as Mr. Rains pointed out in his memorandum of April 11, the situation does not appear too serious.

It seems to me that the proposed new regulations Nos. 3 and 4 on Page 6 of Ackerman's report would not be effective unless Nos. 1 and 2 are also adopted. Unquestionably, the first two regulations could be burdensome if enforced too strictly; however, they are desirable, if not necessary, to make effective the others.

I concur with Mr. Rains that while it is desirable to improve the situation in North Africa we should not attempt to do so at the expense of complicated measures; and I wholeheartedly endorse his suggestion that the points listed in the memorandum be complied with and interpreted with a "reasonable amount of liberality and common sense".

cc/Messrs. Alk, Rains, Kehl, Bach

J. Lagerquist/sg/4/13/44

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~~U.S. currency~~

FOREIGN FUNDS CONTROL

TO: Messrs. Fox, Jones, Aarons, Alk, Tomlinson,  
Gilbert, Bach and Rains

Mr. Taylor was recently requested by the War Department to indicate the procedures which should be followed in the handling of regular U. S. currency when European territory is liberated from enemy control. The attached is a first draft of a memorandum dealing with this subject. I should appreciate receiving your comments or suggestions.

It may be that the most expeditious way to handle this problem would be to hold a meeting and to use this draft as the basis of the discussion.

JSRichards

3/6/44

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DRAFT (Memorandum)

TREATMENT OF U. S. BLUE SEAL CURRENCY IN LIBERATED AREAS

It is recommended that, immediately following the occupation of any European area which has been under the control of the enemy, the following steps be taken with respect to U. S. blue seal currency:

1. A proclamation or decree should be issued which would require that all holders of U. S. blue seal currency turn such currency in to designated depositories within a specified time limit. The proclamation or declaration should indicate that, after the date specified, the continued holding, use, or export of U. S. blue seal currency is prohibited and will be subject to penalty.

2. All U. S. blue seal currency turned in should be impounded and the depositor given a non-negotiable receipt acknowledging the deposit of the currency.

The primary reasons supporting the above recommendations are as follows:

1. To consolidate holdings of foreign exchange assets.

By requiring the deposit of all blue seal currency, it will be possible, if it is deemed desirable to do so, to make the resulting dollars available to whatever governmental authority is established in each area. The actual decisions with respect to the use by the established governmental authority of such foreign exchange assets will depend upon the conditions in each area and can be made at a later date.

2. To prevent the enemy from gaining any advantage from blue seal currency already in his possession.

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At least until such time as Germany has fallen, it is clear that Germany will continue its attempts to sell U. S. currency in its possession to neutral countries in order to strengthen the German foreign exchange position. It is probable that a failure on our part to require the impounding against receipt of blue seal currency in areas occupied by Allied forces would be construed in the neutral countries as an indication that the United States will abandon its currency controls upon the cessation of hostilities. Such an impression would certainly strengthen the market for U. S. dollar currency in the neutral countries and would facilitate the efforts of Germany to dispose of its holdings of U. S. currency.

2. To prevent speculators in the enemy and enemy-occupied countries from realizing any profit through purchases during the war of blue seal currency at a discount.

One of the purposes of the U. S. currency controls has been to force down as much as possible the value of blue seal currency outside the United States. An inevitable result has been that speculators have been afforded an opportunity to purchase blue seal currency at a discount in the expectation that the controls will be removed after the war.

Arrangements should be made with the occupying authorities whereby no credit would be given to the depositors until such time as the circumstances of each particular case had been reviewed. It would not be necessary to pay much attention to persons who deposit small amounts of currency. In cases where large amounts are deposited, however, a thorough check-up could be made before allowing the local depositor to receive a local currency credit. Here again, the procedure to be

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followed will vary from area to area, depending upon the kind of governmental authority which is established and the nature of the agreement between it and the occupying forces. For example, in the case of Belgium, the entire problem of preventing speculators from profiting might be left to the local authorities. In other cases, if an Allied Control Commission is in authority, the question of speculators could be deferred or could be carried out by the military authorities acting under authority from the Allied Control Commission.

As a corollary to the above and in order to prevent blue seal currency which was in the area prior to Allied occupation from losing its identity and significant status through the introduction of new blue seal currency into the area, affirmative steps should be taken to insure that Allied military personnel, merchant seamen, etc. are not allowed to import into the area any blue seal currency, but are required to exchange, and are provided with facilities for exchanging, such currency, as well as other foreign currency legally in their possession, for whatever currency is legal tender in the area. In those cases where U. S. yellow seal currency or a similar invasion currency is used, blue seal currency could be exchanged for yellow seal. In other cases, the blue seal currency would be exchanged for an appropriate form of local currency. The necessary exchanges could be effected either at the time of embarkation, at some point in transit to the area to be occupied, or at the time of debarkation, depending upon practical considerations.

In order to provide for those cases whose Allied personnel have innocently

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imported blue seal currency into the area, finance officers should be authorized to exchange such currency when they are satisfied that the currency has been imported by, and is in the possession of, Allied personnel. Care should be exercised to prevent this exception from providing a channel whereby persons not entitled to such privileges could dispose of blue seal currency.

JSRichards;ems 3/6/44

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