

Declassified E.O. 12356 Section 3.3/NND No. 785015

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Declassified E.O. 12356 Section 3.3/NND No. 785015

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FINANCE, SUB-COMMISSION, GENERAL
JULY - OCT. 1943

65pp

785015

RECEIVED 25 Oct 43.

ALLIED MILITARY M. ION
APO 512

17 October, 1943.

Chief Signal Officer, Allied Force Headquarters.

FROM : Captain Elmer W. Stone, USNR, Allied Military Mission, Italy.

SUBJECT : Italian Radio Requirements.

1. In planning for communication facilities at Rome when the Italian Government and this Mission (or the Allied Commission) shall have been established in Rome, it seems prudent to assume that the enemy will have demolished the main radio transmitting stations of the Italian Navy and of Italo Radio near Rome. The latter company before the war operated high-power, efficient commercial circuits with Radio Corporation of America and Mackay Radio and Telegraph Company in the United States. Italo Radio has been merged with Italcable in an enterprise similar to Cables and Wireless.

2. While it is true that the Italian Government, the Armistice Commission and Allied Military Forces will have the use of the Italcable facilities to the U.S.A. and U.K. and to other points reached by the Italian cables directly and through joint cable routes, it is believed that the heavy communication requirements for international service at Rome will require the early replacement of the Italo Radio facilities, assuming their destruction.

3. In order to provide replacement transmitters at the earliest time possible it is recommended that each of the U.S. and U.K. agencies with which Italo Radio maintained circuits before the war, i.e., Radio Corporation of America, Mackay Radio and Telegraph Company and Cables and Wireless Ltd., be requested by the Combined Chiefs of Staff to ship to Italy forthwith for subsequent transfer to Italo Radio one complete radio telegraph transmitter of not less than 20 kw antenna output. In order that these transmitters may be made available as quickly as possible, they should be supplied, if need be, from the spare facilities of the companies in question, since there will not be time to manufacture new transmitters.

4. The transfer of these transmitters to Italo Radio could be financed by one or more of the following methods :

- a. Out of traffic balances accruing to Italo Radio from the operation of the circuits in question, over a five to ten year period.
- b. Out of traffic balances accruing to Italcable in the handling of U.S. and U.K. cable traffic over a similar period.
- c. Out of the War Insurance Funds of the Italian Government to be advanced against, if necessary, by I.M.F.A.
- d. Through lend-lease, repayment to be made under a, b., or both.

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b. Out of traffic balances accruing to Italcable in the handling of U.S. and U.K. cable traffic over a similar period.

c. Out of the War Insurance Funds of the Italian Government to be advanced against, if necessary, by A.M.F.A.

D. Through lend-lease, repayment to be made under a, b., or both.

5. Since the merged Italo Radio and Italcable Company should receive substantial revenues from the employment of its facilities by Allied Military and Civil agencies and the Press, there seems XAX no reason for considering the supplying of such equipment on other than a paid or self financed basis. The sales prices could be established on a basis of not book cost plus a fixed percentage profit, not to exceed say 5%.

6. Consideration may also be given to requesting American Telephone and Telegraph Company similarly to furnish a radio telephone transmitter complete with secrecy equipment, to restore the former radio-telephone circuit between Rome and the U.S.

7. It is assumed that consideration will also be given by the appropriate agency of A.F.H.Q. to the furnishing of at least one high-power broadcast transmitter for Rome to replace existing broadcasting facilities, assuming their destruction.

(s) RM5
Ellery W. Stone.

Copy to: 15th Army Group.
Military Government Section, AFHQ.

785015

Received Oct 26th 1943

JAM
22

FILMO : 241615A

APSC H 738/24
241715A
msl

P R I O R I T Y

FROM: FATIMA SIGNED TAYLOR

TO: FREEDOM PERSONAL FOR MACMILLAN AND MURPHY

REFERENCE NO. THIS MESSAGE : 568, 24 October 1943.

Reference your 1318 and our 543.

Will Colonel POLEY be qualified to speak for the British and American Treasuries and deal with matters of high policy? A lesser representative will hardly meet the present requirement.

1318 MC OUT 7052
543 MC IN 1349522/10/43 MGS
23/10/43 MGS

ACTION: MGS

INFORMATION:

MGS Mr. MURPHY
G-2 MR. MACMILLAN
G-3 AG RECORDS.

MC IN 14744

24 Oct. 43.

2004A

Ref No. 568

js/p

OF GA KEX

MGS ALG V MGS TIZ
26 OCTOBER 1943
MESSAGE NO 10

TO JACS FOR BRIGADIER HAMILTON

DIRECTOR OF CLAIMS IS HOLDING A FORMAL MEETING BRITISH AND AMERICAN ROOM 73 ST GEMETVIEVE, 1000 ECHUS, 30 OCTOBER. AGENDA BEING CIRCULATED. SUGGEST YOU SHOULD BE REPRESENTED. FURTHER MEETING BEING HELD WITH G-4 AND GIBBS 27 OCTOBER 1800 HOURS DISCUSSES QUESTIONS OF ACCOUNTANCY RAISED BY MARGENTHAU AND WHITE. CAN YOU BE REPRESENTED ALSO? SMITH AND ECONOMIC SUBSECTION FROM HERE WILL ATTEND.

COLONEL A. T. MURPHY

OK GA KKKK

MSG ALQ V MSG TIZ
26 OCTOBER 1943
MESSAGE NO 10

TO JACS FOR BRIGADIER HAMILTON

DIRECTOR OF CLAIMS IS HOLDING A NORMAL MEETING BRITISH AND AMERICAN ROOM 73 ST GENEVIEVE, 1000 HOURS, 30 OCTOBER. AGENDA BEING CIRCULATED. SUGGEST YOU SHOULD BE REPRESENTED. FURTHER MEETING BEING HELD WITH G-4 AND STIMS 27 OCTOBER 1800 HOURS DISCUSS QUESTIONS OF ACCOUNTANCY RAISED BY MORGENTHAU AND WHITE. CAN YOU BE REPRESENTED ALSO? SMITH AND ECONOMIC SUBSECTION FROM HERE WILL ATTEND.

COLONEL A T MAXWELL

END ZKKK

RND261418A GFH KKKKK

3141

Received Oct. 28th, 1943.

PRIORITY

TO FOR ACTION : AGCAR for COMBINED CHIEFS OF STAFF

NO: W3341

FOR INFO: USFOR for BRITISH CHIEFS OF STAFF

REF NO: 1593

SIGNED: KISENKOWER (CITE PHASE)

MAT 65

Look at MAT 63 second sentence-insert after 9th word which reads "in" the words "non German occupied"

ORIGINATOR: MIL GOV SEC

AUTH: MAJOR T. B. JACKMAN

INFORMATION: DPIC

SGS

FINANCE

AG KSCORL4.

MC OUT 7437

25 Oct 43

1022A

Ref. No. W3341/1893

1p R

3147

785015

TO: WOS, (FINANCE) 63A
FROM: Chief, Financial Sub-Commission, A.C.
SUBJECT: Three letters for transmission to D.C.F.O., AMG., Sicily,
dated 25 October and 26 October 1943.
REFERENCE: AC/1011. 3130
DATE: 26 October 1943.

1. I enclose three letters to the D.C.F.O., AMG., Sicily,
one dated 25 October and two dated 26 October 1943, which
I shall appreciate your forwarding to him if you agree with
them.
2. I also enclose copies for your files.

R. A. Hamlyn,
Brigadier.

FAS/rad

C. R. file

785015

FROM: Chief Financial Officer, A.C.
TO: Colonel A. Graftey Smith, CPO, AMO, Sicily, 15 Army Group.
SUBJECT: Proposed discussion of issues raised in Message 983 of
23 October 1943.
REFERENCE: AC/1011
DATE: 26 October 1943.

675138

1. I have written the enclosed letter to D.C.F.O. in Palermo, Lt. Col. Menapace, proposing a discussion of the procedures and questions raised in your Message No. 983 of 23 October, to HGS for Brigadier General McSherry.
2. I hope that we may assemble for a meeting as soon as possible after I arrive in Palermo which, as near as I can determine at this writing, should be sometime next week. I shall communicate with you at that time.

R. A. Hamlyn

R. A. Hamlyn,
Brigadier.

FAS/rad I do hope we shall be able to meet soon as I have much to discuss with you.

R.A.H.

C. R. fib

785015

TO: D.C.F.O., AMG., Sicily.
FROM: Chief Financial Officer, A.C.
SUBJECT: Proposed Course of Action on Messages from CCS AMG from
C.F.O., AMG., Sicily.
REFERENCE: AC/1011/-
DATE: 26 October 1943.

6118

3137

1. Our message NAF 434 of 2 October 1943 made certain proposals with reference to AMFA. The CCS replied by message 351, 19 October 1943, copy of which is attached.
2. Now that the Finance Sub-Commission of the Allied Commission is on the verge of moving to Palermo the final decision is being requested of the CCS on certain points, relating to AMFA. As to the matters raised in the last paragraph of message 351 it is suggested that the information on which the answer can be based should be assembled in Palermo so that we can discuss it with you on our arrival.
3. You may have received from other sources a copy of Message No. 983 of 23 October 1943 from C.F.O., AMG, Sicily, but I am enclosing a copy for your information. When we arrive in Palermo we shall want to discuss with you the question of the control over and the accounting for funds advanced to the Italians, and the procedures set forth in this message, and shall wish to consider further the matter raised in paragraph 5. We shall ask Colonel Graftey Smith and Major McFadzean to participate in the discussions.

R. A. Manlyn,
Brigadier.

FAS/rad

C.R. file

Memorandum

Subject: Questions likely to be put to AC by the Italians and which might be put to them in return.

1. How is it intended that the currency requirements of the Italian Government will be met?

Answer: By the use of AM lire. If the Italians press for the printing of Bank of Italy notes outside of Italy, it might be replied that the matter will be explored with the CCS.

2. On what basis will currency be provided to the Italian Government?

Answer: In view of the limited supply and of the large demands on the AC for currency, it is necessary in effect to ration it. Furthermore, in view of our mutual concern over the problem of inflation and other matters, the AC must exercise some control over currency availabilities. Accordingly, for the immediate future the Italian Government must submit a statement of the amounts of currency needed and the purposes for which needed. Looking ahead, budgets of revenues and expenditures for, say, 6 months and a year should be prepared by the Italians for the information of the AC.

3. Presumably the Italians will press for a modification of the exchange rate, so as to appreciate the lire.

Answer: The matter has been laid before the CCS for decision. For the information of the Italian officials concerned, however, our view (or "my own view") is that the answer is likely to be negative.

4. What policy does the AC intend to follow with reference to the Italian public debt?

Answer: (a) It is clear that the service on the debt must be maintained or reduced. CCS has been requested to authorize us to provide AM lire to the Italian Government as needed for this purpose.

(b) The postal savings system should be maintained or re-established, and AM lire can be made available as needed.

(c) The AC would like to be informed as to the following.

(1) What proposals do the Italians have to make with reference to the maturing 2-year bonds (\$5,000 million 15 December) and the maturing 1 to 12 month Treasury notes ("Quinary Bonds")?

(2) What proposals do the Italians have to make for marking or registering bonds in Allied-held Italy so as to control smuggling from German-held Italy?

(3) What proposals do the Italians have as to new issues of Government bonds?

5. What policy does the AC intend to follow with reference to financial institutions?

Answer: The matter has been laid before the CCE for decision. For the information of the Italian officials concerned, however, our view (or "my own view") is that the answer is likely to be negative.

4. What policy does the AC intend to follow with reference to the Italian public debt?
 Answer: (a) It is clear that the service on the debt must be maintained or resumed. CCE has been requested to authorize us to provide AL lire to the Italian Government as needed for this purpose.
 (b) The postal savings system should be maintained or re-established, and AL lire can be made available as needed.
 (c) The AC would like to be informed as to the following:
 (1) What proposals do the Italians have to make with reference to the maturing 3-year bonds (6,000 million 15 December) and the maturing 1 to 12 month Treasury notes ("Ordinary Bonds")?
 (2) What proposals do the Italians have to make for marking or registering bonds in Allied-held Italy so as to control smuggling from German-held Italy?
 (3) What proposals do the Italians have as to new issues of Government bonds?
5. What policy does the AC intend to follow with reference to financial institutions?
 Answer: We are prepared to support all measures to enable these institutions (banks, social insurance agencies, commercial insurance companies) to function normally, and will supply AL lire as needed for this purpose.
6. What do the Italians propose to do about the State Monopolies and the State Lottery?
 Answer: What supplies do the monopolies need? The AC would like to have an analysis of the rates and revenues of the monopolies, together with any proposals for increasing the revenues.
7. What program for increased tax revenues do the Italians have to propose?
8. What program for overhauling and reducing expenditures do the Italians have to propose?
9. As to the general problem of inflation:
 (a) What is the current and prospective situation?
 (b) What is the program for control which the Italians are now enacting or which they propose to implement?

- 2 -

10. What are the views of the Italian Government as to wage readjustments, and what is considered to be the relation of any such policy to the problem of inflation control?
11. As to a series of problems relating to supply and price control, information and views are desired from the Italian Government along the following lines:
- (a) Internal production:
 - (1) Estimates of stocks on hand and forecast of production during the coming 6 months and 12 months. In particular what is the current wheat situation as to fall plantings and production forecasts?
 - (2) Materials needed for increasing production, such as seed, fertilizer, farm machinery, fuel, labor.
 - (3) Price-control system of regulations being currently enforced, particularly with reference to basic commodities such as wheat, flour, pasta, olive oil, cheese, etc., for the purposes of encouraging production and discharging and rationing scarce supply.
 - (4) Current situation with reference to hoarding, rationing, nature and extent of the black market, nature and extent of subsidies.
 - (b) Transport problem relating to internal production.
 - (c) Estimates of principal import needs, particularly as to foods, fuel, manufactured consumers goods, production goods such as machinery, etc.
 - (d) Obtain a memorandum from the Italians on the present trend of legal and black market prices and what program should be adapted to control them.

Financial Sub-Commission.
25th October, 1948.

- (c) Estimates of principal import needs, particularly as to foods, fuels, manufactured consumer goods, production goods such as machinery, etc.
- (d) Obtain a memorandum from the Italians on the present trend of legal and black market prices and what program should be adapted to control them.

Financial Sub-Commission.
25th October, 1943.

785015

Ref: F/1601/1/7

Finance Office,
ASISOT Headquarters,
Region 2.
20/10/43

AC/1011

Received 25 Oct 43.

Brigadier Hamlyn,
Chief Finance Officer,
Allied Military Government,
Allied Force Headquarters,
S.E.A.F.

59B
3131

Dear Brigadier,

Although we have never seen anything in writing rumour has it that you are about to become responsible, inter alia, for the financial administration of Region 2 and the Regional Civil Affairs Officer has therefore directed me to send the attached copy of a brief report on the present position.

(2) Owing to the difficulties of communication, shortage of staff and lack of transport it has not been possible to pursue the same policy as in Sicily and we have more or less had to plod along as circumstances and common sense dictated. I do however feel that some form of standardised procedure is necessary for the whole of Italy and it would be extremely useful if a meeting of Regional Finance Officers could be arranged in the near future. In the meantime I am endeavouring, with obvious limitations, to agree broad lines of policy with the Italian Minister of Finance who is extremely reasonable and capable. Discussions have always been conducted on a friendly basis and differences of opinion have been few, but I think there ought to be some more permanent form of liaison than the half day per week which is all that can at present be spared.

Yours ever,

(Sgd) W.S. McFadden.

785015

Ref: F/1601/1/4

Finance Office,
Region 2 Headquarters,
AMST.
18/10/43

General Financial Report on Region 2

(1) Staff:

Regional Finance Officer Major F.S. McFadden. (B).
Deputy Major P. Stamps. (B).
F.O. Reggio Calabria Captain MacPherson. (B).
F.O. Lucania Lt. O'Toole. (A).
A/Chief Accountant Capt. A.H. Deuncoy. (B).
Accountant Lt. G.H. Tipping. (B).
Insurance Officer Capt. Frampton. (B).
O.R.s (Accountants) 1 Corporal, 1 Private.
During the first three weeks of the occupation of Italy there were only
two Finance Officers - Major. McFadden and Stamps.

(2) Currency:

Italian currency held by the Bank:-

Province of Reggio	145,000,000
Province of Catanzaro	150,000,000
Province of Cosenza	60,000,000
Province of Potenza	45,000,000
Province of Matera	18,000,000

418,000,000

Currency received from Sicily:-

Caltanissetta 1/8/43	28,000,000
AMFA 15/8/43	53,932,000
AMFA 15/10/43	502,336,000

576,268,000

TOTAL..... 994,268,000

(3) Public Finance:

For several reasons it has been necessary to deviate from the policy laid down in the various Financial Instructions. In the first place all Region 2 was occupied during the period when there were only two Finance Officers and it was therefore essential to make the fullest use of the available machinery. Secondly a number of C.A.O.s showed a complete lack of responsibility in the manner in which they handled public funds and were obviously less capable of conducting financial affairs than the Italian officials. Thirdly the recognition of the Badoglio "Government" made it seem essential that financial control should be exercised as far as possible at the centre and should be done in such a way that further centralisation or even a handover could be effected in the simplest manner possible. The following scheme was therefore brought into force:-

Italian currency held by the Banks:-
 Province of Reggio 140,000,000
 Province of Catanzaro 150,000,000
 Province of Cosenza 60,000,000
 Province of Potenza 45,000,000
 Province of Matera 15,000,000

410,000,000

Currency received from Sicily:-

Caltanissetta 1/9/43 20,000,000
 AMFA 15/9/43 53,953,000
 AMFA 15/10/43 502,338,000

576,288,000

594,288,000

TOTAL.....

(3) Public Finance.

For several reasons it has been necessary to deviate from the policy laid down in the various Financial Instructions. In the first place all Region 2 was occupied during the period when there were only two Finance Officers and it was therefore essential to make the fullest use of the available machinery. Secondly a number of C.A.O.s showed a complete lack of responsibility in the manner in which they handled public funds and were obviously less capable of conducting financial affairs than the Italian officials. Thirdly the recognition of the Indaglie "Government" made it seem essential that financial control should be exercised as far as possible at the centre and should be done in such a way that further centralisation or even a handover could be effected in the simplest manner possible. The following scheme was therefore brought into force:-

- (a) Communal expenditure: Communes requiring advances for any purposes, including relief, apply to the Prefect whose staff vets the requests and passes, reduces or refuses them. In the event of a request or part of it being granted a cheque is drawn in favour of the Commune on a special account opened at the Banca d'Italia in the Provincial capital and called the "Communal Advance Account". All cheques are signed by the Prefect and his Chief Accountant and countersigned by the Provincial C.A.O. who has the right, if considered necessary, to alter the decision of the Prefect. All cases where the advice of the Prefect and his staff is not accepted must be reported to the Regional Finance Office.

/ (c).....

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- (b) Provincial expenditure: Money required to meet the deficit on the budget of the Provincial Administration is drawn in block amounts from a special account opened at the Banca D'Italia and called the "Provincial Advance Account". Cheques on this account are signed and are subject to the control as laid down in paragraph (a) above while the actual disbursement of the money is effected through the normal channels.
- (c) State expenditure: All State expenditure is paid, directly or indirectly, by the Banca D'Italia which continues to keep the records maintained hitherto. Where State expenditure exceeds revenue the deficit is made good out of an account known as the "State Advance Account". Where authority for recurrent expenditure would normally emanate from Rome the responsibility now devolves upon the Intendente di Finanza who keeps records of all such transactions in duplicate so that one copy can be forwarded eventually to Rome.
- (d) State Railways: These are being financed through the Cape Compartimento who runs an account with the various Provincial branches of the Banca D'Italia.
- (e) Social Insurance and similar institutions: Financial agreements are negotiated by the Regional Finance Officer, the Banca D'Italia and the senior officer of the institution concerned.

In order to effect an economy in currency all accounts opened in accordance with the above provisions will have cumulative deficits which will not be cleared by the Allied Military Government. Ceteris paribus a part of any additional cash put into circulation returns to the banking system by way of deposits. The main outlet for such cash would be investment in Treasury Bills and other Government issues but since an occupying power is not in a position to absorb money in this way it is a reasonable alternative to finance state deficits by overdrafts at the Central Bank and thereby make Lire 100,000,000 of physical cash cover expenditure of something like Lire 1,000,000,000.

To provide the Banks with the necessary cash the money supplied by AMFA is being divided among the provincial branches of the Banca D'Italia according to their probable requirements. At each Provincial capital there will be two accounts. No. 1 Account will be operated by the C.A.O. of the Province and will be used to meet all Provincial Expenditure in respect of Intendants etc. and No. 2 Account will be under the control of the Regional Finance Officer. In practice No. 2 Account will only be operated upon when it is necessary to remedy any maldistribution of cash within the Region. It is simply a means of keeping the Banks liquid and although the amount of the deposit may vary within a Province the total for the Region will always be the same.

branches of the Banca D'Italia.

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To provide the Banks with the necessary cash the money supplied by ANFA is being divided among the provincial branches of the Banca D'Italia according to their probable requirements. At each Provincial capital there will be two accounts. No. 1 Account will be operated by the C.A.O. of the Province and will be used to meet all Provincial interest expenditure in respect of Interregional etc. and No. 2 Account will be under the control of the Regional Finance Officer. In practice No. 2 Account will only be operated upon when it is necessary to remedy any maldistribution of cash within the Region. It is simply a means of keeping the Banks liquid and although the amount of the deposit may vary within a Province the total for the Region will always be the same.

(4) Accounts:

An office has been set up and the preparation of the accounts for the early stages of the occupation is well advanced although the acute shortage of transport has had a delaying effect. Future accounts will only show the interest expenditure of the C.A.O.s while a separate return will be rendered to the Chief Finance Officer showing the state of the Bank accounts opened according to the provisions of paragraph (3) above.

(5) Banks:

All banks in Region 2 have been opened on the basis of the letter attached as annexure 1. They were opened at different dates in the various Provinces according to the circumstances prevailing, particularly the supply of cash, but at no time have restrictions been placed on the amounts which can be withdrawn from accounts.

The Banca D'Italia is operating as the Banker's bank in all Provincial capitals and holds any cash surpluses and supplies any funds that are necessary for the operation of the commercial banks.

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(6) AMFA:

In this financial set-up there appears to be no need for a branch of AMFA. Vague rumours have been heard that the British and American Governments regard the Banca D'Italia with some disfavor but in the absence of specific instructions to the contrary it is being used in a somewhat extended form as the Central Bank and is performing the role played by AMFA in Sicily.

(7) State Debt:

2131

The opening of the banks was not followed by a "run" but in the future, both in Region 2 and, a fortiori, in areas such as Naples and Rome, the problem of the status of the national debt may lead to some difficulty. From the practical standpoint the case for accepting the servicing of the debt obligations of the Italian Government is overwhelming as it will prevent the banking and insurance system from becoming virtually insolvent with all its attendant evils. The argument often advanced that the payment will increase the burden on the British and American taxpayers is only true insofar as the relatively small cost of the paper, printing and transport of the necessary bank notes is concerned. I am not aware of what, if any, backing has been given the various occupation currencies but at most it can only be an earmarking of securities which cannot in any sense represent a burden. The Italian Government will eventually accept responsibility for the currency issued and in these circumstances there is a strong argument in favour of any financial action which is clearly in accordance with the interests of both the occupying and occupied country. The suggestion that we do permit the servicing of the debt is merely a particular application of the general thesis that, even where we have a clear right to do so, the status quo should not be upset unless we have something solid to gain by it. In this particular instance we only stand to lose.

It should also be noted that in the four provinces being administered by the King the debt is being serviced.

(8) Post Offices:

Instructions have been issued to open the Post Offices, where physical circumstances permit, for normal deposit business and for effecting the payment of various personnel as hitherto. The Banca D'Italia will hold any surplus cash and make good any deficiencies.

(9) Liaison with Minister of Finance of Badoglio "Government".

The Regional Finance Officer has had a number of meetings with the Minister of Finance to discuss problems of mutual interest. As far as possible a common financial policy is being pursued in the two areas.

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Instructions have been issued to open the Post Offices, where physical circumstances permit, for normal deposit business and for effecting the payment of various personnel as hitherto. The Banca D'Italia will hold any surplus cash and make good any deficiencies.

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The Regional Finance Officer has had a number of meetings with the Minister of Finance to discuss problems of mutual interest. As far as possible a common financial policy is being pursued in the two areas.

(signed) F.S. McFadden, Major R.A.
Regional Finance Officer.

ANNEXURE I

AI DIRETTORI DI TUTTE LE BANCHE

IN CATANZARO

Ufficio Finanze

A.M.C.O.T.

8th Army.

Il mio Quartier Generale mi ha ordinato di precisare che e' autorizzate la riattivazione delle Banche della Provincia di Catanzaro per le normali operazioni bancarie.

L'autorizzazione data e' sempre soggetta, pero', alla osservanza delle seguenti norme:

3130

1°) Le seguenti categorie di pagamenti non potranno essere effettuate:

a) Interessi sui buoni del Tesoro e di altri titoli ed obbligazioni dello Stato.

b) sussidi Militari.

c) Debiti dello Stato per armi o simili approvvigionamenti bellici.

d) Vaglia del Tesoro ed ordinativi di pagamento emessi da Enti Militari a favore di altri Enti Militari e di Privati.

e) Pagamenti disposti da lavoratori in Germania a favore delle proprie famiglie in Italia.

2°) Mastiti (?) ed anticipazioni possono essere fatti fino al limite della vostra competenza. Nei casi in cui vi sareste dovuti rivolgere alla Vostra Direzione Centrale per l'autorizzazione, Vi dovrete, invece rivolgere a me, tramite il Commissario degli affari civili della Provincia, Magg. Holmstrom.

3°) Fino al 26 settembre dovrete rimettere al C.A.O. della Provincia di Catanzaro una segnalazione giornaliera con i seguenti dettagli.

a) totale dei soldi depositati nella giornata.

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b) Sussidi Militari.

- c) Debiti dello Stato per armi o simili approvvigionamenti bellici.
- d) Vaglia del Tesoro ed ordinativi di pagamento emessi da Enti Militari a favore di altri Enti Militari e di Privati.
- e) Pagamenti disposti da lavoratori in Germania a favore delle proprie famiglie in Italia.

P) Mutui (?) ed anticipazioni possono essere fatti fino al limite della vostra competenza. Nei casi in cui vi sareste dovuti rivolgere alla Vostra Direzione Centrale per l'autorizzazione, Vi dovrete, invece rivolgere a me, tramite il Commissario degli affari civili della Provincia, Magg. Holmstrom.

3°) Fino al 26 settembre dovrete rimettere al C.A.O. della Provincia di

Catanzaro una segnalazione giornaliera con i seguenti dettagli:
a) totale dei soldi depositati nella giornata;
b) totale dei pagamenti fatti nella giornata
c) fondo di cassa in giacenza.

Dopo il 26 settembre tale segnalazione va fatta settimanalmente esponendo la situazione alla chiusura della Banca ogni sabato e sarà mandato al C.A.O.

Tutte le segnalazioni debbono essere fatte in duplice copia.

Se credete opportuno di variare, nell'interesse generale, queste condizioni, dovrete sottoporre la vostra proposta in duplice copia al C.A.O. della Provincia di Catanzaro.

Major R.A.,

Senior Finance Officer
H.S.M. MAC FARLANE

785015

TO : Lt. Col. E.E. Vivian Smith, MOS (Finance) A.F.H.Q.

FROM : Chief Financial Officer, A.C.

SUBJECT : Letters for transmission to Deputy Chief, AMO, Sicily and D.C.F.O.,
AMO, Sicily.

REFERENCE: AC/1011

DATE : 24 October, 1943.

1. Attached hereto are letters addressed as above. If you are in agreement please forward them to their respective destinations.

2. A copy is enclosed for your file of each letter.

/s/

Incl - 2 of each letter.

R.A. Hamlyn,
BRIGADIER.

3129

785015

JATE

AFSC HPCB/23
231520
116.

PRIORITY

FROM : IAS, SIGNED SEARS

TO : PHREDOL, FOR AMGOT TO AFHQ FOR HRS.

REFERENCE NO THIS MESSAGE : A-948-23, Oct 23, 1943.

Both (?) FULLY and HENNINGSEN 1e/4 PALMADO plane Friday morning.
22 Oct at 0930 hours, for ALGERS and TIZI OUZOU. (Cite AMGOT 677).

Your cable Nr. 311 Cite PHMG was received here 1100 hours
23 Oct, this year.

311 13 12 OCT 6288 21/10/43 M G S

ACTION M G S

INFO : TIZI OUZOU

3128

MC IN 14166 23 October 43 2157A REF NO. A 949 23 Jdp S

785015

Received

JJBH

AFSC X277/22

filed 222115A

URGENT

FROM : FATIMA, SIGNED TAYLOR

TO : FREEDOM FOR MACMILLAN AND MURPHY

REFERENCE NO. THIS MESSAGE : 543, 22 October, 1943.

Speaking with authority of BADOGLIO JUNG made earnest appeal to CACCIA this evening for consideration between Italian and Allied Governments of such questions as following before it was too late. (1) Fixing of price of wheat for all ITALY. Time for Autumn sowing is at hand and in our mutual interest it is urgent that maximum areas should be sowed for wheat. (2) Inflation. Connected with this is question of exchange rate about which Italian Government have had no answer.

He made it clear that his present approach was not to ask for favours. It was to try to evolve a coordinated governmental plan in advance. That would admittedly be in Italian interest but it would also serve Allied War effort, if what Allies required was order in their back areas. In any event he would like to know whether it was the intention of the American and British Governments to discuss these matters with ~~the~~ Italian Government. Even a negative answer would be better than the present state of uncertainty.

We regret very much that MORGENTHAU could not have seen JUNG whose statement emphasizes and amplifies our previous recommendations. It is now evident that ~~man~~ required should be someone qualified to speak for both treasuries. In short what Italian Government wants is a man who can say yes or no to questions of high policy.

ACTION : MIL GOV SEC

INFORMATION :

MR MURPHY

6 -2

MR MACMILLAN

7 -3

AG RECORDS
SOS

3127

MC IN 13495 23 Oct 43 0030A

Ref No. 543

v6/8

C
O
P
Y

ALLIED FORCE HEADQUARTERS
MILITARY GOVERNMENT SECTION

AC/1011
55A

From: Lt. Col. S.E.V. Smith.

19th October 1943.

Col. A.P. Graftey-Smith,
C.F.O., H.Q., AMG.,
Palermo.

Dear Col. Graftey-Smith,

I hope you had a good trip and are safely returned. I am promised very soon a visit to your side and a long belated chance to learn what it is all about.

As soon as Frank Southard is free to come here, which will coincide with Brigadier Hamlyn's departure I shall be, within a few days, free to visit you, if you can take it.

In the meantime, would you be good enough to give orders as to two very small matters.

1. I give Brig. Hamlyn a copy of all that I produce or receive - so would you let me have in duplicate all that your officers send to this H.Q.?

2. Our filing system is fairly "up against it" so would you, at the expense of wasted paper, order that letters be not written dealing with a number of "Subjects" on the one page or pages.

3. For the guidance of your offices the main divisions of our filing system (FINANCE) comprise files:-

(a) Finance and Accounting.

(b) Banks and banking.

(c) Money (this is split into three parts) e.g.

- i. Money other than A.M. Lire all inclusive.
- ii. A.M. Lire asked for by and delivered to AMFA.
- iii. A.M. Lire delivered to the various interested parties by AMFA.

It will help us to be more efficient if a separate letter, Cable or Memo is written in the case of each or any of these subjects.

Yours sincerely,

(SGE) STEPHEN VIVIAN SMITH

Copy to:- Lt. Cdr. SOUTHARD.

785015

AIR COURIER LETTER

SUBJECT: Officers Baggage.
TO: Major Gits, H.Q., A.M.G. (Palermo)
FROM: C.F.O., A.C. (at Mil. Govt. School).

Ref. Finance/2

AC/10"

54A

On 20 October the following cable was sent to H.Q., A.M.G.:

"Advise if any personal baggage left here by following:
MEYER, MEACHIN, ANDERSON, CLAIBORNE. If so will despatch
earliest possible along with baggage of GITS and RANDALL".

No reply has been received to this cable and it is requested
that the information be forwarded by return Air Courier, in respect
of Major MEYER, Major MEACHIN, and Capt. ANDERSON. Colonel CLAIBORNE'S
baggage has been located and will accompany A.C.

3125

E. J. [unclear]

R. A. HAMLYN,
Brigadier.

Oct 26/43
/rad

785015

OK OA KKKK

MGS ALG V MGS TIZ
26 OCTOBER 1943
MESSAGE NO 10

TO JACS FOR BRIGADIER HAMLYN

DIRECTOR OF CLAIMS IS HOLDING A FORMAL MEETING BRITISH AND AMERICAN ROOM 73 ST GENEVIEVE, 1000 HOURS, 30 OCTOBER. AGENDA BEING CIRCULATED. SUGGEST YOU SHOULD BE REPRESENTED. FURTHER MEETING BEING HELD WITH G-4 AND SINGER 27 OCTOBER 1500 HOURS DISCUSS QUESTIONS OF ACCOUNTANCY RAISED BY MORGENTHAU AND WHITE. CAN YOU BE REPRESENTED ALSO? SMITH AND ECONOMIC SUBSECTION FROM HERE WILL ATTEND.

COLONEL A T MAXWELL

END KKKK
RECU261418A GPH KKKKKK

3124

An earlier copy sent to Brind 40 days 26 Oct 43 Bldg Public 1/1/48

534

785015

TO : JACS. (E & F). ✓
FROM : Finance Sub-Commission A.C.
SUBJECT : Functions of the Finance Sub-Commission.
REFERENCE : AC/1011
DATE : 26th October, 1943.

52A

Suggested amendments to Appendix "A" to P.D. No. 7., dated 26 Sept. 43.

1. (a) MISSION.

After "the Allied Forces" line 8 insert "and the Allied Commission and Allied Military Government"

2. (b) MAJOR FUNCTIONS

In para (1), (a), (1), line 1, delete "Postal Savings Institutions" substitute "Post Office Financial Services"

In para (1), (b) before "Maintains" line 1, insert "The Finance Sub-Commission is the element of the Allied Commission responsible for dealing with financial problems that may arise in connection with the activities of any other sub-commission and will, in such matters, be consulted by and give directions to the other sub-commissions."

DW/tlt

R. A. Hamlyn

R.A. Hamlyn,
Brigadier.

Wherever Armistice Control Commission
appears change to Allied Commission

785015

Received 22 October, 1943.

TO : FOR ACTION IBS for SEARS for AMG Ref No. 311 PRIORITY.
SIGNED : EISENHOWER (CITE PEMOS)

3122

POLEY should return to ALGIERS Friday for conference HAMLYN.
BERNSTEIN to remain PALERMO.

ORIGINATOR : MIL GOVT SEC

AUTH : A.T. MAXWELL, COL.

INFORMATION : JACS (for HAMLYN)
AG RECORDS

MC OUT 6268

21 Oct 43. 1535A Ref No. 311 Ip R

785015

Received 22 October 1943.

PRIORITY

TO FOR ACTION: 1. FOR SEARS FOR AMO FOR CPO

FOR INFO: FIFTEENTH ARMY GROUP FOR AMO

REF NO: 9997

SIGNED: EISENHOWER, CHIEF FINES

Your FA 25 of 11th October 43 being referred to CCS for advice. Meantime, meet emergency needs British and American nationals by properly recorded advances from AMFA funds up to lire 4000 per month per person to British and Americans up to amount previously received monthly by them through Swiss Legation taking receipt evidencing recognition of obligation to repay. Presume most persons will wish to repay when able but you may meet cases of destitution at your discretion within above limits. Pending instructions from CCS, American and British civilians released from internment can be aided as above.

ORIGINAL R: MGS

AUTHENTICATION: MAJOR T B JACKMAN

INFORMATION: DPIC
FINANCER
MGS
AG RECORDS.

MC OUT 6057

20 Oct 43

1835A

Ref No. 9997

ja/K

3121

785015

Received 22 Oct. 43.

PRIORITY.

TO FOR ACTION: AOWAR FOR COMBINED CHIEFS OF STAFF.

REF NO: W-2992

FOR INFO: USFOR FOR BRITISH CHIEFS OF STAFF.

REF NO: 9999

SIGNED: EISENHOWER, CITE FUNDS

MAT 90

AMG reports that American and British nationals in region 3 now destitute formerly dependent on funds distributed by Swiss Legation, HOME. Local public assistance allowance to Italians at 25 Lire per day seems inapplicable. Request instructions reference American and British civilians until now interned. Former weekly allowances by Italians to numerous central European nationals in compulsory domicile villages LUCANIA, as opposed to those in FERRAMENTA Camp are being continued and will be increased pending disposal of these persons where appears inadequate.

We have instructed AMG pending your instructions to us and in view recommendations of the US Minister and Resident British Minister here, to make properly recorded advances from AMFA funds as needed up to 4000 lire per person per month, to British nationals and to American nationals up to amount previously received monthly by them through the Swiss Legation, taking receipt evidencing recognition of obligation to repay and to handle cases of destitution at discretion within above limits. This relief to cover Americans and British released from internment as well as others. Please instruct what regular procedure should be followed in this situation.

ORIGINATOR: MIL. GOV SEC.

AUTHENTICATION: MAJOR T B JACKMAN

INFORMATION: SCS DPIC FINANCE SUMMARY AD RECORDS

WD OCT 6089

20 Oct 43.

1837A

Ref. No. W-2992/9299

JA/WES

785015

MEMORANDUM TO THE FILE.

SUBJECT: Meeting at North African Economic Board, 11.30 Oct. 1943. 111

PRESENT: Military personnel:

Brigadier Newlyn, Colonel Butterworth, Lt. Colonel Vivian Smith and Lt. Col. Louthard.

North African Economic Board:

Alexander Keyse (Head of NAEB), Eason Herbert (Chief of British Economic Mission), Wesley Sturges (Chief of Procurement and Development, NAEB), Joseph Dolphin (Head of U.K. Commercial Corporation which handles U.K. purchases in the area and works under Procurement and Development Section), Michael Hoffman (Acting Chief, Financial and Control, NAEB), Ben Weinman (Assistant Director, Economic Operations, NAEB), Henry Villard (Economic Advisor), and Harold Stein, (Assistant to Mr. Keyse on imports and lend-lease).

The NAEB is located at 5 Rue Prof. Cartillet, off Rue Michélet.

1. Brigadier Newlyn explained that he had sought the meeting first in order to obtain the benefit of NAEB comments on a draft public dealing with procedure in handling exports from Italy, and second because he wanted to meet the NAEB staff. He passed out copies of the draft cable to the Combined Chiefs of Staff, which had been tentatively approved by staff officers at MRS.

2. Discussion of the cable (copy attached) followed. The principal change of substance resulting from the discussion was the elimination of the phrase indicating that purchase prices in Italy of goods for export would be on some cost-plus basis. NAEB members pointed out that considerable difficulty might be incurred in obtaining cost data and certainly the formula would be controversial. It was agreed to strike it out. The only other changes of importance involved rephrasing so as to make it clear that the French proposal was no more than that -- i.e., that it was not being put forward by MRS, and so as to avoid asking conversations with U.S. Treasury officials contingent on getting a reply from the Combined Chiefs of Staff.

3. In the course of the discussion the NAEB officials raised several problems connected with exports from Italy, including the following.

(a) Who will handle Italian exports at foreign points? The NAEB is interested in making its warehouse facilities in North Africa available and is willing to handle Italian imports into this area on a consignment basis.

(b) How will resale prices be determined in foreign points? The NAEB officials asked whether it was contemplated that exports from Italy must pay their way. It was replied that goods might conceivably be purchased by MRS or AC in Sicily or Italy and sold in the United States or England at a price too low to cover all costs. Who would bear the loss in this instance it was not considered necessary to discuss in detail, except to agree that it would be reflected in the first instance in a discrepancy between lire paid for goods for export and foreign exchange received from sale of exports. Of course if the foreign exchange is not carried in MRS's books, any such loss would not be directly visible. The NAEB officials pointed out that this pricing problem would at once give rise to conflicts of interest. For example, North Africa can afford to pay the U.S. price for goods.

2. Discussion of the cable (copy attached) followed. The principal change of substance resulting from the discussion was the elimination of the phrase indicating that purchase prices in Italy of goods for export would be on some cost-plus basis. NAB members pointed out that considerable difficulty might be incurred in obtaining cost data and certainly the formula would be controversial. It was agreed to strike it out. The only other change of importance involved rephrasing so as to make it clear that the French proposal was no more than that -- i.e., that it was not being put forward by AGS, and so as to avoid making conversations with U.S. Treasury officials contingent on getting a reply from the Combined Chiefs of Staff.

3. In the course of the discussion the NAB officials raised several problems connected with exports from Italy, including the following:

(a) Who will handle Italian exports at foreign points? The NAB is interested in making its warehouse facilities in North Africa available and is willing to handle Italian imports into this area on a consignment basis.

(b) How will resale prices be determined in foreign points? The NAB officials asked whether it was contemplated that exports from Italy must pay their way. It was replied that goods might conceivably be purchased by AMU or AG in Sicily or Italy and sold in the United States or England at a price too low to cover all costs. Who would bear the loss in this instance it was not considered necessary to discuss in detail, except to agree that it would be reflected in the first instance in a discrepancy between lire paid for goods for export and foreign exchange received from sale of exports. Of course if the foreign exchange is not carried in AGS's books, any such loss would not be directly visible. The NAB officials pointed out that this pricing problem would at once give rise to conflicts of interest. For example, North Africa can afford to pay the U.S. price for sulphur, since it is only a small element in cost of production of products in which it is used (such as wine). But persons (like NAB) interested in price control in North Africa are eager to keep the price of imports down, while, of course, officials in Italy (whether Italian or Allied) are interested in having exports "pay their way".

(c) Considerable discussion developed over the question of the cable setting forth the paying into blocked accounts the foreign currencies paid for Italian exports. It was realized by everyone present that it could not be foreseen just how much foreign exchange resources would be utilized. But one NAB official pointed out that the existence of such resources might throw some light on the question of how pit props delivered by French Corsica to the mines in Sardinia are to be paid for. (d) The NAB officials raised the question, arising out of the above, of how French North African exports to Sicily were being and would be paid for. Colonel Butterworth replied that so far the Army was buying the goods in North Africa and the AMU then drew them from the Army and handled the question of resale price, payment to the French, etc.

785015

- 2 -

4. Brigadier Hanlyn then asked a few questions about the functions and organization of MAEB. Mr. Royce outlined them, explaining that the primary of MAEB has been to "screen" French North African requests for civilian supplies in order to scale them down to necessities. It arranges the necessary payment, although since North Africa has ample dollars and sterling balances that is not a difficult problem. The MAEB itself handles no funds.

The Brigadier then asked tentatively what sort of agricultural and other technical advisory activities had been carried out in North Africa by the MAEB. Mr. Royce was at once interested, apparently smelling a possible entry for his civilians into the Italian area. He said he thought the MAEB had been able to do a good deal of advising particularly in agriculture in North Africa which had increased output. Now, he explained, civilians had been made ready here and in London and Washington for entry into Italy after the Army gets ready to admit them. But he complained that by then much valuable time would have been lost. Colonel Butterworth agreed to have his staff discuss some supply problems and procedures with MAEB officials, and indicated that Lt. Col. Vivian Brick would be brought in on the financial side.

On 21 October Mr. Herbert informed Brigadier Hanlyn by phone that the MAEB had appointed a committee consisting of Messrs. Stain and Dolphin to consider such matters as were raised at the above meeting. Brigadier Hanlyn expressed interest and said Lt. Cdr. Southard would soon be available at M.G.S., A.F.M.Q., should discussions arise of matters likely to be of interest to the Financial Division of the A.C. Mr. Herbert expressed the hope that he might be included in such discussions.

22nd October 1943.

Dr. Southard
P. A. Southard.

TO : M.G.S.

FROM : CPO, Allied Commission.

SUBJECT : Queries from CPO of AMGOT Sicily contained in message 3117
940 from FILPOT 18 October 43.

REFERENCE : AG/1011.

DATE : 21 October, 1943.

1. Subject message raises two questions:

(a) Payment of separation allowances to military dependents have been suspended by AMG thus far. Should they now be resumed?

(b) Instructions in re servicing Italian debt are urgently needed, particularly in view of forthcoming 15 December maturities.

2. I propose the following messages:

(a) To CPO, AMGOT, Sicily.

From : AFHQ (LMS).

To : FILPOT to CPO AMGOT, Repeat to IBC for Seers for AMGOT

Reference your 940 of 18 October. As to payment of separation allowances to military dependents, there is no objection to resumption or continuance of such payments by Italian Government in unoccupied territory. If the Italian Government does make payments, their resumption in occupied territory seems indicated, provided machinery for purpose can be reestablished without undue difficulty. As to servicing of national debt, question is being passed to CCS. Arrangement of 15 December maturities and other major questions concerning public credit presumably will have to await contact of Allied Commission with Italian Government.

(b) To CCS.

From : AFHQ from MGS

To : ACTAR for CCS

AMG officials in touch with Italian Government urge early decision on question of paying interest and meeting maturities on national debt, particularly in view of five billion lire loan due 15 December.

(b) Instructions in re servicing Italian debt are urgently needed, particularly in view of forthcoming 15 December maturities.

2. I propose the following messages :

(a) To CPO. AMGOT, Sicily.

From : AFHQ (MIS).

To : FILPAT to CPO AMGOT. Repeat to IAC for Secura for AMGOT

Reference your 940 of 18 October. As to payment of separation allowance to military dependents, there is no objection to resumption or continuance of such payments by Italian Government in unoccupied territory. If the Italian Government does make payments, their resumption in occupied territory seems indicated, provided machinery for purpose can be reestablished without undue difficulty. As to servicing of national debt, question is being passed to CCS. Arrangement of 16 December maturities and other major maturities concerning public credit presumably will have to await contact of Allied Commission with Italian Government.

(b) To CCS.

From : AFHQ from MIS

To : ACTAR for CCS

AMG officials in touch with Italian Government urge early decision on question of paying interest and meeting maturities on national debt, particularly in view of five billion lire loan due 15 December. AMG has been informed such questions relate to unoccupied Italy and presumably will have to await contact between Allied Commission and Italian Government. In meantime we would appreciate your views on question of servicing debt. Technical aspects of handling forthcoming maturities now being studied by Allied Commission.

S/ tlt

R.A. Hamlyn,
Brigadier.

785015

TO: M.G.S.
FROM: Chief Financial Officer, A.C.
SUBJECT: Draft reply to message 721, 19 October, 7th Army to Eisenhower.
REFERENCE: AC/1011
DATE: 21 October 1943.

SECRET.

3116

1. Subject message inquired as to the type of currency to be used by troops in Sardinia and Corsica. The action is for Finance, but should it be referred to HQS the following reply is suggested:

"From: Eisenhower from HQS.
To: Seventh Army to Patton.

Reference your 721 of 19 October. Troops going to Sardinia should be supplied with A.M. Lire; those going to Corsica should be supplied with Algerian francs."

2. Perhaps the information that the use of Algerian francs in Corsica has been agreed to by the French should be added to the message, as well as the information that AM lire can be obtained from AMFA.

R. A. Hamlyn,
Brigadier.

S/rad

785015

Received 20th October 1943.

JJAA
MR D 22-19
Filed: 181730A

AFSC N 261/19
190430A
elb

PRIORITY

FROM : FIFTEENTH ARMY GP FROM FILPOT FROM AMGOT FROM GPO

TO : FREEDOM FOR MGS RPTD SEARS FOR AMGOT

REF NO THIS MSG : 940

18 Oct 3115

CITE PA 55

Have hitherto suspended all payments of separation allowance to Military dependents. In view changed situation do you authorize resumption of payment?

FW res para 17 FAN 131 of 31 May. Instructions desired earliest on payment of interest and redemption of national debt. ITALIAN government indicate that 5 billion loan falls due 15 December.

FAN 131 is MC IN 315

1/6/43 COL HOLMES

ACTION : MGS

INFO: DTC
SGS
G-1
AD Records.

MC IN 11185 19 Oct 43

1147A Ref No. 940 ppsy/Van

785015

NPT

ROUTINE.

4415
AFSC N77/13
122051A
rth.

FROM : FILPOT FROM AMGOT

TO : FREEDOM FOR MGS RPTD SEARS FOR AMGOT

REF NO THIS MESSAGE : FA 25 11 OCTOBER 43.

Region III report American and British nationals, formerly receiving funds through Swiss Legation Rome, now destitute. Instruct what scale to be given, since scale for local population public assistance allowances limited to maximum 25 half 50 lire per day do not appear practicable, applicable.

Also instruct regarding disposal American and British civil persons released from internment camps.

For your guidance also numerous Central European nationals not in FERRAMONTE Camp but in compulsory domicile in villages in LUCANIA. Those who received weekly allowances from Italian authorities are continuing to do so and allowances will be raised as appropriate if insufficient for maintenance pending disposal.

ACTION: MGS

INFORMATION: DPIC
FINANCE
AD RECORDS

311

MC IN 7236 13 Oct 43 0645A Ref. No. FA 25 Jm/P

785015

DRAFT

FROM : AFHQ (100)

TO : AMFA FOR CON

WITH REFERENCE TO EXPORTS FROM ITALY THE FOLLOWING IS PROPOSED FOR YOUR CONSIDERATION. PRICES IN LINE TO BE PAID TO THE SUPPLIER WILL BE AGREED TO OR FIXED BY AND ON AC BASED ON COST PLUS REASONABLE PROFIT. AND ON AC WILL THEN OBTAIN FROM AMFA THE LINE FUNDS TO MAKE PAYMENT TO SUPPLIER AND TO MEET OTHER EXPENSES SUCH AS EXH FREIGHT, WAREHOUSING, LI UTILITY, ETC. WE ASSUME YOU WILL DETERMINE PROCEDURES AS TO PRICE TO BE PAID BY PURCHASERS ABROAD AND THAT BROADLY SPEAKING YOU INTEND THAT THE CURRENCIES OTHER THAN LINE PAID BY SUCH PURCHASERS WILL GO INTO HARBORING OR BLOCKED ACCOUNTS. WE WOULD NEED TO BE ADVISED ALSO AS TO METHOD OF ~~REVENUE~~ CARRYING OUT THIS PROCEDURE INCLUDING EXISTING BANKS TO HANDLE SUCH ACCOUNTS. AS TO PROCEDURE TO BE FOLLOWED IN CASE OF PURCHASERS OF ITALIAN EXPORTS ONA FRENCH OR PREPARED TO PAY ALGERIAN FRANKS INTO A BLOCKED ACCOUNT AT THE BANK OF ALGERIA, TO REMAIN BLOCKED UNTIL RELEASED UNDER MUTUAL AGREEMENT BETWEEN THE FRENCH, UNITED STATES AND BRITISH AUTHORITIES. WE SHOULD APPRECIATE YOUR VIEWS ON THE ABOVE, BEARING IN MIND YOUR PRESENT INSTRUCTIONS THAT DISPOSITION OF FOREIGN CURRENCIES ARISING OUT OF ITALIAN OPERATION WILL BE SUBJECT OF SUBSEQUENT SETTLEMENT. UPON RECEIPT OF YOUR VIEW ON FOREGOING WE WILL TAKE THE OPPORTUNITY TO DISCUSS MATTER WITH UNITED STATES TREASURY OFFICIALS WHEN THEY RETURN TO THIS AREA.

3113

42A
A 10/11

TO : Brigadier General, Julius Holmes, MGS, A.F.M.C.
FROM : Brigadier R.A. Hamlyn, Chief, Financial Sub-Commission.
DATE : 16th October, 1943.

3112

Enclosed memorandum of conversation with Dr. Jung, which
you kindly loaned to me is returned herewith.

Incl. 1

Brigadier R.A. Hamlyn.
Chief, Financial Sub-Commission.

785015

REF ID: A591

CROSS FILE 123

SYNOPSISEXTRACT

Action

41A

The political situation seems to be clearing up with no evident opposition on the part of the ITALIANS to things that we direct them to do. The only matters on which they seem to be somewhat sensitive are those involving their Governmental status and such things as internal prestige and exchange rates. I believe that our position in all these matters will be easily accepted and I think that the long term armistice will be signed about the middle of next week.

I have a report this morning that some additional trouble has developed in the FRENCH National Committee, but reports on that matter will be largely rendered by Mr. MACMILLAN and Mr. MURPHY and possibly by General SMITH. I personally have little concern as to how the Committee organizes and operates so long as General GIRAUD retains a sufficiently strong position in the FRENCH Military World to control effectively FRENCH forces in the MEDITERRANEAN and to continue to operate his forces under my general direction.

DATE 26 SEPT 1943

ORIGIN AFHQ ADV OP. SIGNED C-in-C

FILED UNDER 371.3

3111

785015

filed 101924A

ROUTINE

APSC N 438/15
130947
hb

FROM: ADMIRALTY.
TO : C IN C MD (R) FOIA
REF NO THIS MSG 101924A, 10 Oct. 43.

Further to my 281837 September.

Intention is that Italian Government should continue to function normally so far as possible and therefore that they should be responsible for payment of private firms and surplus Italian dockyard workmen. Italian settlement must depend on political arrangements and Italian Government should for the present be asked to see that a record is kept of all (work?) done but should not be given any undertaking as to payment.

See para 2 of my 281827 as regards to actual supply of cash.

(2) If difficulty is being experienced in exposing above, please forward further information.

NOTE : 281837 (Naval) not identified in AFHQ MD files.
Message passed by hand from Navy to AFHQ MC.

ACTION CINC M&D

INFORMATION : M38 C-1
C-4 DFIC
C-1(B) A.O. RECORDE

MC IN 7302 13 Oct 43 1025A Ref No. 101924A rbt/r

3110

785015

COMITE FRANCAIS
de la
LIBERATION NATIONALE

Commissariat aux Finances.

No U3F4 /F.2
A Rappeler

REPUBLIQUE FRANCAISE

39A

Ac/1011

ALGER, Le 27 September 1943.

Le Commissaire aux Finances

a

Monsieur le Brigadier
General RABINO
107 bis, rue Michelat, 107 bis
- A L G E R -

Objet : Achats en territoire italien.

J'ai l'honneur de vous adresser ci-joint un memorandum concernant les modalites de reglement des achats effectues par le Comite Francais de la Liberation Nationale en territoire Italien controle par les Allies.

J'attacherais du prix a connaitre aussi tot que possible, vos observations et suggestions en ce qui concerne cette question.

Pour LE COMMISSAIRE AUX FINANCES
et par autorisation
L'Inspecteur des Finances

DESTINATAIRE

M.le Brig. Gal RABINO
-ALGER-

COPIES

Finances
Archives

3109

785015

NOTE

- 0000 -

Re/1011

I.- Le Comité Français de la Libération Nationale peut/être
cassement conduit à effectuer des achats de marchandises dans les terri-
toires italiens contrôlés par les armées alliées et notamment en Sicile.

Il conviendrait donc de prévoir, dès maintenant, les modalités de
règlement de ces achats.

II.- Deux solutions peuvent être envisagées à cet égard : un
paiement en liras et un paiement en francs.

- a) - en cas où il serait décidé de payer en liras, il serait nécessaire
qu'un contingent de liras-billets fut mis à la disposition du Comité
Français de la Libération Nationale ou bien qu'un compte fût ouvert
à son nom dans une banque italienne et approvisionné en liras.
- b) - en cas où un paiement en francs serait jugé préférable un compte
pourrait être ouvert à ALGER au nom d'un organisme approprié en Italie
Le prix des achats français en Italie serait versé à ce compte dont
le solde créditeur pourrait, par la suite, être utilisé par l'administration
italienne pour des achats éventuels en Afrique du Nord.

Il serait toutefois nécessaire, dans cette hypothèse, de prévoir
que l'organisme correspondant en Italie verserait immédiatement en liras
aux exportateurs italiens la contrevaletur des francs payés à ALGER.

III.- La première solution offrirait l'avantage d'une plus grande
simplicité et vraisemblablement aussi, d'une plus grande commodité. Elle
permettrait, en effet, plus facilement de payer au comptant les export-
ateurs italiens./.

Signe: GUINDEY.

785015

38 A

TO : Colonel Graffey Smith, C.P.O., AMB, HQ., (Advance)
FROM : Chief, Financial Sub-Commission.
SUBJECT : Memorandum. "The Problem of Public Finances, Prices, and
Inflation Control in Italy".
REFERENCE : AG/1011.
DATE : 14th October, 1943.

3108

I am enclosing for your information and for the appropriate Divisions at AMB, HQ., copies of memorandum prepared by Financial Sub-Commission entitled "The Problem of Public Finances, Prices, and Inflation Control in Italy". Copies are also being forwarded to Lt. Col. R. Menapace.

Brigadier R.A. Hamlyn,
Chief, Financial Sub-Commission.

Incl. 10 copies.

785015

37 A.

3197

TO : Lt. Col. R. Monopace, AMU. HQ., Palermo.
FROM : Chief, Financial Sub-Commission.
SUBJECT : Memorandum. "The Problem of Public Finances, Prices, and
Inflation Control in Italy".
REFERENCE : AC/1011.
DATE : 14 October, 1943.

I am enclosing for your information and for the appropriate Divisions at AMU. HQ., copies of memorandum prepared by Financial Sub-Commission entitled "The Problem of Public Finances, Prices, and Inflation Control in Italy". Copies are also being forwarded to Col. Graffey Smith.

Incl. 10 copies.

Brigadier R.A. Hamlyn,
Chief, Financial Sub-Commission.

785015

36 A

TO : Lt. Col. Vivian Smith, MSG.
FROM : Chief, Financial Sub-Commission.
SUBJECT : Memorandum. "The Problem of Public Finances, Prices, and
Inflation Control in Italy".
REFERENCE : AG/1011.
DATE : 14 October, 1943.

3196

Enclosed for your information are copies of a memorandum prepared by
Financial Sub-Commission entitled "The Problems of Public Finances, Prices, and
Inflation Control in Italy".

Kindly forward the attached sets of copies to Col. Grafftey Smith and
Lt. Col. R. Menapace by air courier.

Brigadier R.A. Hamlyn,
Chief, Financial Sub-Commission.

Incl:

Lt. Col. R. Menapace 10 copies
Col. Grafftey Smith "

34A

A TO: Chiefs All Sub-Commissions.
FROM: Joint Assistant Chiefs of Staff, Allied Commission.
SUBJECT: Memorandum, "The Problem of Public Finances, Prices,
and Inflation Control in Italy".
REFERENCE: AC/1011
DATE: 13 October 1943.

3106

34B

1. Attached for your information is a memorandum prepared by the Finance Sub-Commission entitled "The Problem of Public Finances, Prices and Inflation Control in Italy".
2. It is requested that the memorandum be studied by all appropriate sub-commissions with a view to a joint consideration of the problems therein mentioned in the near future in Palermo.



Colonel,
R. B. RATHBONE
COLONEL

f. J. J. ALBRIGHT
Joint Assistant Chiefs of Staff

DISTRIBUTION:

All Sub-Com.
JACS
E-F
AH

34B

3103

THE PROBLEM OF PUBLIC FINANCES, PRICES, AND INFLATION CONTROL IN ITALY

1. Elements of the Problem

It is apparent, on the basis both of our experience in Sicily and on the forewarnings we have received from Italy that the condition of the Italian public finances and the general price situation in Italy present a serious problem to the Military Government and the Allied Commission. The usefulness of Italy as a base for continued military operations would be gravely prejudiced should the financial situation materially deteriorate.

Briefly, the situation is this:

(a) Public expenditures in Italy are high and will continue to be high. The Italian Government may be able to reduce certain military expenditures; but the necessity of continued military operations together with the costs during a period of readjustment of industry and agriculture are likely to hold total public expenditure at a high level.

(b) The public revenue system of Italy is badly disrupted. Tax collections are likely to be below normal and the capacity of the Government to borrow was already exceedingly low before the invasion took place. The Government, in order to pay its current expenses, was increasingly dependent on borrowings from the Central Bank, which, by July 1943, were resulting in increases in currency issues of from 8 to 10 billion lire per month.

(c) Allied operations in Italy are now, and are likely to continue, at a level which gives rise to heavy cash expenditures in the area of occupation. This is an additional factor of an inflationary sort.

(d) Savings channels are also unlikely to be operating in a normal manner. Insurance, Postal Savings, and bank deposits may be slow to resume their former rates of increase. This means that a larger-than-normal part of the national income will be available for direct civilian expenditure on consumer goods and services, and hence will further stimulate price increases.

(e) Commodities will undoubtedly continue to be acutely scarce, which will play into the hands of commodity speculators and black-market operators. This will accentuate the inflationary effects of the above situations. However, some amelioration will be provided by the cessation of the drains of goods to Germany, and possibly also by the decreased Italian military requirements.

(f) The principal deflationary factor is likely to be the decrease in aggregate wage payments due to the unemployment resulting from industrial dislocation. This factor will be partially offset by relief payments which will to an extent replace wages in the income stream.

785015

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This memorandum is designed only to call attention to various phases of the whole problem, with special emphasis on the financial side. AMG in Sicily has confronted the problem with a local control program which takes into account most, if not all, of its aspects.

2. As a practical problem, the situation may be presented as twofold:

(a) Income must as far as possible be diverted from expenditure on consumer goods and services and directed towards increased savings and tax payments.

(b) Supplies of goods and services must be increased as far as possible, and their distribution must be handled so as to keep black-market operations at a minimum.

3. Problems involved in attempting to divert income from expenditure on consumer goods and services:

(a) It will be essential to examine and reconstitute the public revenues. To some extent this will be a matter of putting in motion the existing tax

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- 2 -

mechanism machinery and enforcing the existing tax laws. To some extent it may also involve the tapping of new tax sources. The major elements include the following:

(1) Collection of existing taxes. There is a natural tendency, in a time of great confusion, for so routine and unpleasant a matter as tax collection and payment to be allowed to lag. One clear element in the problem of inflation control is to see to it that the existing taxes are enforced and that collection is prompt and complete.

(2) Existing tax rates may be too low and will need to be revised. Entirely new taxes may also be feasible. This problem calls for competent and rigorous study and prompt recommendation.

(3) The monopolies of the State are not now operating in Sicily and may be inoperative elsewhere in the occupied territory. Insofar as the Military Government considers the monopolies as a desirable element in the revenue structure, they should be overhauled and put in operation. In Sicily this concerns only tobaccos and matches, and the job is under way. On the mainland salt is also involved.

(4) The lottery is an element in the revenue system which requires study to determine whether the Military Government wishes to see it reopened. It will probably be found to be inoperative throughout the occupied territory.

(b) The Italian Government, prior to its surrender, was becoming increasingly unable to borrow money. Normally, the Southern Province and Communes operate at a deficit which is covered by the National Treasury. The National Government itself has, of course, had huge deficits since it declared war. Borrowing is the only way in which such deficits can be financed without materially contributing to inflation, since the alternative is resort to currency issue -- directly or via the Central Bank. One relatively simple step by which public borrowing can be resumed is to reopen the Postal Savings System -- a step which is being reviewed in Sicily. We must consider what further steps the Italian Authorities can take to revive the flow of funds into the public Treasuries, whether through public loans, loans from industry, or forced savings.

(c) Private savings channels can be reopened with less difficulty. The AMG in Sicily has already laid the groundwork for removal of restrictions from the banks. In some parts of South Italy banks are being reopened immediately. In re-establishing the Social Insurance system, every effort must be made to maintain the level of contributions so as to reduce the need of deficit financing. Other forms of insurance institutions, including the State-owned life-insurance institute, need to be examined to determine how soon and to what extent they can

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(d) Wage policy, both of the Military Government and of the Italian Government, needs constantly to be reviewed with its inflationary aspects in mind. The present policy of the AMG in Sicily is to put wage increases in a passive role -- i.e., to readjust wages only as increased living costs seem to compel readjustments.

In Problems involved in endeavoring to increase supply and to control prices and distribution of goods.

We here come to the phase of inflation control which is not purely financial or monetary, but is related to the whole problem of purveying, rationing, and pricing of commodities and, to some extent, of services. In AMG Sicily these problems are being dealt with primarily by the Supply, Agricultural, Communications, and Public Safety Divisions. The following paragraphs attempt no more than to mention the more conspicuous elements in the problem, which, no doubt, have occurred to the appropriate Sub-Commissions.

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- 3 -

(a) The heart of the Italian supply problem is to be found in the maintenance and increase of local agricultural and industrial production. This does not be overemphasized. The guiding principle is that Italy can (and normally does) go a long way towards feeding and supplying itself, and every effort must be made to restore this situation with the least possible delay. In determining the allocation of goods and shipping space for Italian civilian supply, emphasis should be placed on those imports which will contribute most effectively to increase Italian production. It is assumed that there will be no significant export from Italy of products essential to the Italian supply situation.

(b) The black-market needs continuously to be studied in order to determine its main source of supply, its organization, and the most probable factors (whether actual scarcity within the territory, speculative withholding, improper price-control methods, or what not) giving rise to it. It is also exceedingly important to get some idea of the actual extent of the black market in various commodities. E.G., if 76 per cent of wheat supply is being handled through the black market, something is radically wrong and the problem is obviously acute; if only 5 per cent is being handled, the problem may very likely be safely ignored if other problems are more pressing.

(c) The rationing system needs constantly to be reviewed, in order to determine what relation it bears to living needs and whether it is as liberal as visible supplies permit. Increases in rations deprive the black market of customers.

(d) The legal price system also needs continuous study in order to ensure its being as realistic as possible. Whatever formulae are used in fixing or otherwise regulating prices, the regulations cannot be enforced if they bear no reasonable relationship to the prevailing cost situation.

(e) The enforcement of whatever rationing and price-control systems are established calls for persistence and energy. Everyone associated with the Military Government has a stake in effective enforcement, although the Police and Legal Divisions are most closely involved and responsible. Some of the important enforcement devices are: posting of price-lists, closing of shops of flagrant violators, imposition of prompt and severe fines and imprisonment, confiscation of stocks, and other forms of cutting off supplies from violators.

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(f) It has been the experience in Sicily and will certainly be that of AMG on the mainland that lack of transport aggravates the supply situation and is thus related to the problem of inflation control. Whatever can be done to provide transport to the Sicilian economy will contribute to easing the supply shortage and consequently will ease prices.

6. As a means of measuring the trend of prices and of the cost of living - and without which it will not be possible to see which way we are going - it will be necessary for the AMG, either in collaboration with the Italian Government or separately, to prepare price and/or cost of living indices. These indices must measure "effective" rather than official prices. Such a project has gotten slowly under way in Sicily but it needs to be pushed to completion.

We are preparing drafts of memoranda on the financial aspects of these problems. Other Sub-Commissions may wish to prepare memoranda on the aspects of the problem outlined in Section 4 above, with a view to subsequent joint consideration of the entire problem.

Financial Sub-Commission

13th October, 1943.

785015

TO FCN STATION: PABLE FOR BOULNOIS
RPID TO: FAIRFIELD
REF NO: 3326
SIGNED: RISENBERG, CITE PHMS

Acc/1041
33A

currency
Text of King's Proclamation was sent to you with currency by AMDOT.
Kings Albanian and Ethiopian titles, namely the words
E Di Albania Imperatore D'Ethiopia must be omitted. These
proclamations are to be transmitted to BASSO at the request of
Marshal BADOGLIO. Additional copy being sent by air courier
from here.

ORIGINATOR: LGS

CERTIFICATION: R. E. RICHARDSON, CAPT

INFORMATION: DPIC
FINANCE
SFB
AG RECORDS

3100

785015

TO FOR ACTION : FABLE FOR BOULNOIS

RPTD TO . FAIRFIELD

REF NO : 3326

SIGNED : RISENHOWER, CITE FRMOS

App/1011 32H

Test of Kings currency proclamation was sent to you with currency by AMOOF. Kings Albanian and Ethiopian titles, namely the words E Di Albania Imperatore D'Etiofia must be omitted. These proclamations are to be transmitted to BASSO at the request of Marshal BADOGLIA. Additional copy being sent by air courier from here.

ORIGINATOR : MGS

AUTHENTICATION : B N RICHARDSON, Capt

INFORMATION: DPIC
FINANCE
SOS
AG RECORDS

MC OUT 1250 5 Oct 43 0755 A Ref No. 3326 ja/p

309

785015

WAR

Filed 141959Z

URGENT

31A
AFSC X 802/14
1422313
jtm

FROM : AGWAR FROM THE COMBINED CHIEFS OF STAFF

TO : EISENHOWER FREEDOM ALGIERS

REF NO THIS MESSAGE: 7671 14 September 43.
FAN 229.

There is a conflict between our FAN 185 and FAN 199. The Statement in FAN 185 is correct. Para first sentence of opening paragraph in FAN 199 should conclude as follows: "Directive for administration of civil affairs in GRUMMET based on failure to accomplish any one of the 3 assumptions stated in opening paragraph of FAN 185."

It is therefore our ~~WHE~~ understanding that you will not put into effect the provisions of either the directive in FAN 185 or the monetary and fiscal guides in FAN 199 unless there is a failure to accomplish all three of the assumptions stated in the opening paragraph of FAN 185.

Reference is invited to our FAN 213 also.

FAN 185 REF NO 4372 MC IN 2854 AUG 7 MOS
FAN 199 REF NO 5625 MC IN 12327 AUG 24 MOS
FAN 213 REF NO 6905 MC IN 2548 SEP 5 MOS.

ACTION : MOS

INFORMATION : 803
G-3
RECORDS

MC IN 8336 14 Sept 43 2336B Ref No. 7671 go/WJM

3098

785015

Section

30A

FROM: TROOPERS

TO: FREEDOM RPTD. HQ 15 ARMY GROUP FOR AMDOT CFA FOR FIDMIS

REF NO THIS MESSAGE: 74073 (64073)(1) P 6 29 September, 1943.

Press report dealing with Eighth Army Area states:

A Requisitioning no longer possible with or without payment as ITALIANS will not co-operate and BRITISH Officers can now only request not demand.

B ITALIAN civilians unfavourable attitude recently BMA currency makes it impossible obtain goods or services. Report facts.

ACTION: MGS

INFORMATION: SOS
DPIC
FINANCE
AD RECORDS

MC IN 92 1 Oct 43. 0300A Ref. No. 74073 (64073?)
PS

3097

785015

PRIORITY

TO FOR ACTION: FABLE FOR ROOSEVELT REF NO: 710

SIGNED: EISENHOWER, CITE: FUMOS

Advance party Allied Regional Commission arriving GAGLIARI by air 29th Sept., consists of 8 Officers & Enlisted men commander British Officer BOULBOIS brings a copy of his Directive for your information and 150,000,000 AM Lire.

ORIGINATOR: MIL GOVT SEC

AUTHENTICATION: COLS A.T. MAXWELL

INFORMATION:

SOE

9-5

MR MURPHY

MR. MACHILLAN

AG RECORDS

ME OUT 9049 28 Sept 45 8115A REF NO: 710 jpd PP

299

785015

Acc/104

28A

TO FOR ACTION : FATIMA (FOR MACFARLANE)

FOR INFORMATION : AFHQ ADVANCED CP

REFERENCE NO. 95.

SIGNED : EISENHOWER, CITE PHOMS

Instruct BADOGLIO to wire Prefect BRUNO text of financial proclamation referred to in your 86 of 24 September for promulgation in SARDINIA. Advise location fo BRUNO.

ORIGINATOR : MOS

AUTHENTICATION : BRIG GEN J.C. HOLMES

INFORMATION : SGS
AG RECORDS

MC OUT 8617 27 Sept 45 1508 A Ref No. 95 rht/WJM

3095

785015

WGR
/17
1701572

AFSC N 372/17
17066598
jed

ROUTINE

27A

FROM BARNES RISKIN OFFICE OF WAR INFORMATION
TO MCCLURE FOR HAZLETINE JACKSON FOR LAWRENCE

REF NO THIS MESSAGE

7914, 17th September 43.

Some method of procedure had to be devised to enable you to set up distribution machinery for films belonging to AMERICAN Film Industry in liberated countries because OWI cannot handle funds for private enterprise. Through UNITED STATES Commercial Cooperation we have succeeded in getting cooperation of GEN LAWRENCE or any other accredited officer of OWI will be appointed by them as representative of USCC to handle Motion picture funds with power limited.

Inquire please whether this procedure would gain Army approval. Military Government, WASHINGTON referred us to AFHQ ALOIERS after discussing this. Request immediate answer. (CITH WAALJ 18088)

ACTION: PWB

INFORMATION: TWC
MGS
AG RECORDS

3094

MC IN 9823

17 Sep 43

0756B

Ref

No. 7914

htv/p

FROM FAYHA SIGNED MACFARLANE

TO FREEDOM RPT ADVHQ ADVANCE FORWARD POST AT AMILCAR
(FREEDOM PASS)

REF TO THIS MESSAGE: MR 237 Oct. 2, 1943.

Reference your 1899.

The ITALIAN authorities inform me that Major SCHIARRO
left BRINDISI 1 October carrying the currency proclamation
to SARDINIA by air. He had copies for the prefects of
CAULIARI, NARBARI and NUNO. Am arranging to supplement
this by sending the proclamation by radio to General RAPCO

NOTE: RELAYED TO AMHQ ADV GP

NOTE: 1899 NO OUT LBS 1/19/43 (MMS)

ACTION: MMS

INFORMATION: SCS
DPIC
FINANCE
AS RECORDS

TT IV 1897 3 Oct 43 0240A Ref. No. MR 237

3993

Decision

25A

FROM: FABLE SIGNED BOULHOIS

TO: CINC AFHQ FOR BOLMES

REF NO THIS MESSAGE: 4 01 Oct 1943.

Under what clause of short term armistice now in force
can one insist upon the use of AMFA currency in this island.

ACTION: MGS

INFORMATION: 508
AD RECORDS

MC IE 552 1 Oct 43. 2142A Ref. No. 4

3092

785015

AD/1011

24A

TO FOR ACTION: FATIMA FOR MACFARLANE

REF. NO: 1899

SIGNED: EISENHOWER CITE PHMOS

Regional Allied Commissioner SARDINIA reports currency proclamation not yet received and General BASCO strongly prejudiced against AM life. Require BASCO take necessary action. Inform this HQ if communications satisfactory with SARDINIA.

ORIGINATOR: 1003

AUTHENTICATION: T. E. JACKMAN MAJOR

INFORMATION: SC3
DPIC
FINANCE
AG RECORDS

3091

Acc 11011 23A

FROM: CG MSG SIGNED WILSON

TO: CG NATOSUSA

REF NO THIS MESSAGE: H-9328, 01 Oct 1943.

Cite BRAC:

REURAD 1013.

Hereby confirm that necessary action has been taken.

1013 1: MC OUT 9732 23/9/43 FINANCE

ACTION: FINANCE

INFO: SOS
DTC
MIL GEN EDC
0-1
AS RECORDS

MC IN 395 1 Oct 43. 1450A Ref. No. H9328

3090

MIL OGV REC
0-1
AG RECORDS

3090

MC IN 385 1 Oct 43. 1450A Ref. No. H9526

Declassified E.O. 12356 Section 3.3/NND No.

785015

MCS ALG V MCS T12
5 OCTOBER 1943
MESSAGE NO 3

TO J A C S FOR HAMLYN

MAXWELL. ETA YOURS THIS AFTERNOON. GRATEFUL IF CONFERENCE YOU
AND FOLEY COULD TAKE PLACE ABOUT 1600 HOURS DISCUSS FINANCIAL
IMPLICATIONS NEW COMMISSION AND ARRANGEMENTS. PLEASE COORDINATE
TIME WITH J C OF S.

A T MAXWELL COLONEL

CR/5600/937 785015

785015

SUBJECT: Entertainment Allowances - AMGOT Officers.

File No. AMGOT/2064/V.
AMGOT H.Q. SICILY.

TO: Brigadier R.A. Hamlyn, O.B.E.]
Chief Finance Division,
Armistice C.C.
A.F.H.Q.

30 Sep. 1945.

Dear Brigadier Hamlyn,

In writing you on 28th September, 45, in response to the questions raised in your letter of 22nd September, I quoted from a recent memo by the C.C.A.O. but I neglected to add that the C.C.A.O. does not approve of granting Entertainment allowances to S.C.A.Os and C.A.Os.

When we can supply the answer to the other points in your letter, we shall be very pleased to do so.

R.B. MENAPACE.
Lieut-Colonel,
Deputy Chief Finance Officer.

3083

785015

See/1011

SECRET

2/A

1 October 1943.

MEMO TO: Col. Butterworth
Lt. Col. Smith

Mr. Royce, the Chairman of NAES phoned. He made two points:

a. That owing, probably to a slip up at Brig. Rubine's suggestion we communicated directly with the French regarding the payment for the recent sulphur shipment, the letter had gone from us to the French before having been cleared by him with Washington. I offered to try and withdraw the letter from the French but he said that he was perfectly satisfied with the method suggested and anticipated receiving the concurrence of Washington within a day or two.

b. He was very anxious to have a round table conference on the payment for exports to North Africa. I replied that we also were extremely keen on producing a plan and that I in fact had given instructions for an overall plan including exports not only to North Africa but to the government's combined boards, etc. to be prepared and that this plan was to contain financial clauses as to the means of payment. I undertook that we would clear this matter at a conference with him before cabling the full plan to the Combined Chiefs of Staff.

3087

A. T. MAXWELL
Colonel,
Dep. Chief, Mil. Government Section.

2 copies to JAGS

785015

AFSC W193/80.
500455A
rth.HAR
MR 36/30.
FILED 500009.

P R I O R I T Y.

FROM : AGWAR FROM CCS

TO : TO EISENHOWER FOR PHMES REPEATED USFOR
INFORMATION BRITISH CHIEFS OF STAFF (CITE CCAC)

REF NO THIS MESSAGE: 8922 30 SEPTEMBER 43.

TAM 20

3086

Revisers in fiscal HUSKY directive follow: Section 2 in monetary and fiscal guides of directive HUSKY in PAM 151 dated 31 May 1943 as modified by PAM 128 dated 10 June will apply to captured ITALIAN Areas, Possessions and ITALIAN Occupied Territories subject to the following modifications, substitute the following for paragraph 1: "During the initial period of operations the UNITED STATES and BRITISH TASK FORCES will use Allied Military Lire. If adequate supplies of Allied Military Lire are not available, the UNITED STATES Task Forces will use Yellow Seal Dollars and regular US Coins and the British Military Forces will use British Military Authority Notes and British Coins, as well as local currency in their possessions. Yellow Seal Dollars and BMA notes are available in MALOUSA and additional shipments can be procured when desired from the UNITED STATES Treasury and the British Treasury. Records shall be kept of the amount of currencies used by the UNITED STATES and BRITISH Forces".

Substitute the following for paragraph 2: "If owing to lack of Allied Military Lire, Yellow Seal Dollars and BMA notes have to be used, their use for Army payments to Troops and for Local procurement will cease and Allied Military Lire will be used in their place as soon as available, unless the Military Government decides that the time is not propitious for such change. The UNITED STATES Treasury is producing a continuing supply of AM Lire Currency for shipment to any point desired. Requisitions by the Military Government for this AM Lire Currency will be met as quickly as possible. Records shall be kept of the amount of AM Lire issued".

In paragraph 3. substitute, "Bank of ITALY and/or Bank of NAPLES" for Bank of SMILLY".

In Paragraph 11, add to 2nd sentence "Except if found practicable and desirable the Bank of ITALY may be so authorized under direct control the Military Governor."

785015

local currency in their possession. Yellow Seal Dollars and BMA notes have to be used, and Allied Military Lire will be used in their place as soon as available, unless the Military Government decides that the time is not propitious for such change. The UNITED STATES Treasury is producing a continuing supply of AM Lire Currency for shipment to any point desired. Requisitions by the Military Government for this AM Lire Currency will be met as quickly as possible. Records shall be kept of the amount of AM Lire issued.

Substitute the following for paragraph 1: "If owing to lack of Allied Military Lire, Yellow Seal Dollars and BMA notes have to be used, their use for Army payments to Troops and for local procurement will cease and Allied Military Lire will be used in their place as soon as available, unless the Military Government decides that the time is not propitious for such change. The UNITED STATES Treasury is producing a continuing supply of AM Lire Currency for shipment to any point desired. Requisitions by the Military Government for this AM Lire Currency will be met as quickly as possible. Records shall be kept of the amount of AM Lire issued."

In paragraph 8, substitute, "Bank of ITALY and/or Bank of NAPLES" for Bank of GENOVA.

In Paragraph 11, add to 2nd sentence "Except if found practicable and desirable the Bank of ITALY may be authorized under direct control the Military Governor."

PAN 151 1. PORTUNE 404 MS IN 313 11/9/43 11/9/43 COL HOLLAND
135 1. MS IN 4347 11/9/43 11/9/43 COL HOLLAND

ACTIONS GEN HOLLAND

INFO : 202
6-3

MS IN 17727 20 Sept 43

10104 Ref. No. 6922 ppa/a.

785015

DIRECTIVE AS REVISED BY Cable 8922, 30 Sept 43,
New clauses indicated by marginal lines.

SECTION II

MONETARY AND FISCAL ORDERS

1. During the initial period of operations the UNITED STATES and BRITISH TANK FORCES will use Allied Military Lire. If adequate supplies of Allied Military Lire are not available, the UNITED STATES Tank Forces will use Yellow Seal Dollars and regular US Coins and the British Military Forces will use British Military Authority Notes and British Coins, as well as local currency in their possession. Yellow Seal Dollars and US notes are available in NAFORESA and additional shipments can be procured when desired from the UNITED STATES Treasury and the British Treasury. Records shall be kept of the amount of currencies used by the UNITED STATES and BRITISH Forces.

2. If owing to lack of Allied Military Lire, Yellow Seal Dollars and US notes have to be used, their use for Army payments to Troops and for local procurement will cease and Allied Military Lire will be used in their place as soon as available, unless the Military Government decides that the time is not propitious for such change. The UNITED STATES Treasury is producing a continuing supply of AM Lire Currency for shipment to any point desired. Requisitions by the Military Government for this AM Lire Currency will be met as quickly as possible. Records shall be kept of the amount of AM Lire issued.

3. Allied Military Lire currency is not intended to replace local lire currency already in circulation, but is designed to supplement it.

4. The rate of exchange between the United States dollar and the British Military Authority note shall be 4 dollars to 1 pound and both currencies shall be made interchangeable at that rate. The United States Treasury will make the necessary arrangements with the British Treasury.

5. The United States yellow seal currency and the British Military Authority notes shall be withdrawn from circulation as soon as it can be satisfactorily accomplished. The date for this withdrawal shall be determined by the Military Government after the operations have begun.

dollars and LMA notes have to be used, their use for Army payments to Troops and for local procurement will cease and Allied Military Lire will be used in their place as soon as available, unless the Military Government decides that the time is not propitious for such change. The UNITED STATES Treasury is producing a continuing supply of AM Lire Currency for shipment to any point desired. Requisitions by the Military Government for this AM Lire Currency will be met as quickly as possible. Records shall be kept of the amount of AM Lire issued.

5. Allied Military Lire currency is not intended to replace local lire currency already in circulation, but is designed to supplement it.

6. The rate of exchange between the United States dollar and the British Military Authority note shall be 4 dollars to 1 pound and both currencies shall be made interchangeable at that rate. The United States Treasury will make the necessary arrangements with the British Treasury.

8. The United States yellow seal currency and the British Military Authority notes shall be withdrawn from circulation as soon as it can be satisfactorily accomplished. The date for this withdrawal shall be determined by the Military Government after the operations have begun.

9. The rate of exchange to be decreed on D-day shall be 100 lire to the dollar and 400 lire to the pound sterling. A proclamation shall be issued requiring all persons to accept the United States yellow seal dollars and British Military Authority notes at the decreed rate. Transactions at any other rate shall be prohibited. Holders of local and Allied Military lire notes or deposits are not entitled to obtain dollar or pound notes without special permission. They shall obtain dollars or pound notes or any other foreign currency or foreign exchange credits only in accordance with exchange regulations issued by the Military Government.

7. All foreign financial and foreign trade transactions and all exports and imports of currency shall be prohibited except as permitted under regulations to be issued by the Military Government.

8. Under the Military Government there shall be established within the area an Allied Military financial agency. It may establish sub-agencies where deemed desirable.

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- 2 -

In so far as its operations relate to the provision of currencies for the pay and other cash requirements of Military formations of either Army, it shall draw the necessary resources from the Military Government currency reserve and will record the debit against the Army concerned in the currency of issue. It is authorized to accept deposits from finance officers and from military personnel of the Allied Armies. In so far as its operations relate to civil administration, it shall draw on the currency reserve and debit against the Military Government.

If found practicable, and desirable the Bank of Italy and/or Bank of Naples under the direct control of the Military Government will be designated as agent for the Allied Military financial agency. The Military Government and other Allied Military authorities, when satisfied that the Bank of Italy and/or Bank of Naples is under adequate control, may use that bank for official business, and by making credits available to it by providing it with Allied Military lira notes, place the bank in a position to finance other banks and branches for the conduct of their business as approved by the Military Government. When other effective banking facilities are not available, the Allied Military financial agency shall be empowered to make loans. These shall be restricted to lira loans except in very special circumstances.

The Military Government will control and direct all receipts and disbursements for civil administration purposes, whether by United States or British civil affairs officers, and through the Allied Military financial agency, will provide all funds of whatever currency and receive all revenues and cash receipts. Thus all civil affairs officers will draw funds only from the Allied Military financial agency.

The records of the Allied Military financial agency shall indicate in all cases in what currency receipts were obtained and disbursements immediately made.

2. Upon taking over an area, the military authorities shall proceed immediately to:

- (a) Close all banks and financial institutions and place them under military custody.
- (b) Declare a general moratorium.
- (c) Impound or block for future disposal the funds of enemy government agencies, including government banks.
- (d) Seal all vaults and safety deposit boxes.

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The Military Government will control and direct all receipts and disbursements for civil administration purposes, whether by United States or British civil affairs officers, and through the Allied Military financial agency, will provide all funds of whatever currency and receive all revenues and cash receipts. Thus all civil affairs officers will draw funds only from the Allied Military financial agency.

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- (a) Close all banks and financial institutions and place them under military custody.
- (b) Declare a general moratorium.
- (c) Impound or block for future disposal the funds of enemy government agencies, including government banks.
- (d) Seal all vaults and safety deposits boxes.
- (e) Obtain an inventory of the assets of the banks as quickly as practicable.

10. Holding of gold, foreign currencies and foreign securities, all national funds and the funds of Fascist political organizations shall be taken into custody as quickly as possible, and shall be deposited with the Allied Military financial agency or banks designated by the Military Government.

11. Banks should be encouraged to reopen for business under the Military Government if and when it seems such action desirable. No governmental or private bank or agency shall be authorized to issue bank notes or lira currency except if found practicable and desirable the Bank of Italy may be so authorized under direct control the Military Government. Access to safety deposit boxes or vaults will be allowed only when a proper system of supervision has been instituted. Gold, foreign currencies and foreign securities, and valuable papers, shall be withheld from the owner against accredited receipt.

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13. Before banks are reopened, it should be made possible for them to arrange loans from banks or agencies designated by the Military Government. The lending bank may require as collateral any or all of the assets of the borrowing bank or of the directors thereof, and may accept, as collateral, obligations of the National Government or of its subdivisions.

14. Except where special permission is granted, local banks shall be permitted only lira accounts, but may accept, at the decreed rate of exchange, yellow seal dollars and British Military Authority notes which they shall turn in as directed in exchange for local or Allied Military lira at the decreed rate of exchange.

15. The Military Government shall have authority to maintain the existing tax laws and to raise such contributions for the administration of the country as are consistent with international custom and usage. All national tax receipts shall be deposited in the Allied Military financial agency or in banks designated by the Military Government.

16. All branches of the National Insurance Institute shall be placed under military control and its revenues made available to the Military Government.

17. The railways, postal, telegraph and telephone services, radio and all government monopolies shall be placed under military control and their revenues made available to the Military Government.

18. None of the tax or other revenues shall be used for the payment of principal or interest on national government obligations.

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AMGOT H.Q. SICILY.22 Sep. 43.AMGOT/2084/Y.

Dear Brigadier Hamlyn,

I am replying to your letter of 22nd September, addressed to Colonel Graffey-Smith, who is absent on a trip, and will not return for a week or so.

On the question of Entertainment, I quote the following extract from a recent memo by the G.C.A.A.C.

"The Directive of the Combined Chiefs of Staff laid down that the administration of this Island was to be beneficial, and that the Allied troops had come as liberators. From this it would be difficult, even if it were practicable, to suggest that no social contacts should exist between AMGOT Officers and the local population. Indeed, I do not think that such a measure would be either reasonable or desirable, inasmuch as the administration is to be, as far as possible, indirect, and Italians who are capable and competent are to be used in conducting the administration, under the general guidance of my Officers. It is therefore necessary that they shall have contacts which will enable them to judge the quality of Italians whom they meet and their possible utility in the administration.

I am, however, of the opinion that contacts of a purely social nature are neither becoming nor desirable. I should be particularly apprehensive of difficulties arising from the entertainment of Army officers by Italians and, as you know, I have warned all Officers of the dangers of this in the course of conferences held at Uffrea. In any event, social activities such as appear to be suggested exist and are inappropriate in time of war in occupied territory.

My general conclusion is that social contacts with Italians should be left to these persons and occasions from which a useful result may be expected from the point of view of the administration, and that they should not be encouraged or indulged in merely as a form of amusement".

No directive has as yet been laid down on this subject, but there has been considerable discussion and we are awaiting copies of orders from FORTRAN on some points involved. As soon as a definite policy has been established we shall communicate it to you.

Your letter will in any case be referred to Colonel Graffey-Smith.

Acc/1011 19A

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possible, indirect, and Italians who are capable and competent are to be used in conducting the administration, under the general guidance of my Officers. It is therefore necessary that they shall have contacts which will enable them to judge the quality of Italians when they meet and their possible utility in the administration.

I am, however, of the opinion that contacts of a purely social nature are neither becoming nor desirable. I should be particularly apprehensive of difficulties arising from the entertainment of Army officers by Italians and, as you know, I have warned all Officers of the dangers of this in the courses which were held at Chrea. In any event, social activities such as appear to be suggested exist and are inappropriate in time of war in occupied territory.

My general conclusion is that social contacts with Italians should be left to these persons and occasions from which a useful result may be expected from the point of view of the administration, and that they should not be encouraged or indulged in merely as a form of amusement.

No directive has as yet been laid down on this subject, but there has been considerable discussion and we are awaiting copies of orders from FORTRAN on some points involved. As soon as a definite policy has been established we shall communicate it to you.

Your letter will in any case be referred to Colonel Griffiths-Smith upon his return.

Yours,

R. A. WHEAPAGE (SIGNED)

Lt.-Col.
D.C.F.O.

Brigadier R. A. Mearns, O.B.E.,
Chief Finance Division,
Armistice C. C.,
Visit-Ouseu,
A.F.H.Q.

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ALLIED FORCE HEADQUARTERS

Military Government Section

18th September, 1943.

MEMORANDUM TO, C.F.O., AMS.,
H.Q. PALERMO

3081

1. A personal letter from Col. MENESTRI together with the enclosures as received from him plus copy of Col. SIME's order as requested, is enclosed herewith.

2. Reference his point 2, this draft of cable by Brig. HAMILTON has not gone forward. Col. HAMILTON wishes to embody it in a complete study embracing the machinery of the supply notes as well.

3. Reference his point 6, this should not be taken to mean that the full figure of the required establishment can be made up by this arrangement. As much will be done in this direction as is possible.

Reference the remark under the same point re H.Q., there exists no difficulty in attaching personnel on the W.F. of one formation to that of another "under instruction", without resorting to "cross posting" within a command which is also practicable.

4. Reference cable from this H.Q. No. 3388 dated 17th Sept., Capt. W. MAY left this morning for GROMAGLIA via SEPOLI with A.M. Lire 22,850,000. His receipt is enclosed herewith. The reason for this broken amount is that General HOLMES decided later in the evening to take A.M. Lire 50,000 for his personal use. His receipt will be obtained on his return to this H.Q.

5. Request in above mentioned cable is confirmed that you should ship by air to Mitten Bismarck A.M. Lire 60,000,000 (fifty million) in varying denominations. While it is necessary that notes should be available to parties leaving here in denominations lower than A.M. Lire 100, it is probable carriage and shipping space will always be a matter of difficulty. On consideration therefore the request in the cable should be interpreted to mean 10% of the commitment in A.M. Lire 100 notes 30% in 500 and 35% in 1,000 notes.

6. Reference his point 1. Col. MENESTRI's recommendations should be complied with.

In discussing the monthly report account should be taken

arrangement. As much will be done in this direction as is possible.

Reference to the receipt under the same point to H.Q., there exists no difficulty in attaching personnel on the H.Q. of one formation to that of another "under instruction", without resorting to "cross posting" within a command which is also practicable.

4. Reference cable from this H.Q. No. 1886 dated 17th Sept., Capt. W. MAY left this morning for GHENT via THIPOLI with A.M. Lire 22,860,000. His receipt is enclosed herewith. The reason for this broken amount is that General KUMAR decided later in the evening to take A.M. Lire 50,000 for his personal use. His receipt will be obtained on his return to this H.Q.

5. Request in above mentioned cable is confirmed that you should ship by air to Maison Blanche A.M. Lire 60,000,000 (fifty million) in varying denominations. While it is necessary that notes should be available to parties leaving here in denominations lower than A.M. Lire 100, it is probable carriage and shipping space will always be a matter of difficulty. On consideration therefore the request in the cable should be interpreted to mean 10% of the consignment in A.M. Lire 100 notes 85% in 500 and 85% in 1,000 notes.

6. Reference his point 1. Col. KUMAR's recommendations should be complied with.

In discussing the monthly report comment should include your views as to the practicality of providing all this information at such frequent intervals.

Signed) S.B.V.S.

Lt. Colonel,
H.Q.S. (Finance),
A.F.S.Q.

785015

BY TASTAIR

ALLIED MILITARY GOVERNMENT

PERSONAL

File No.: AMGT/2061/2.

AMMO HQ., BIRLEY

23 Sept. 1943.

Dear Bernie.

I very thanks for your letter of 17th September which was a most acquainted by the accompanying letter from Vivian Smith.

(1) Your Para 1 - Memorandum in course of preparation. We were duly checked by the Controller General's statement about dollars.

(2) Reply to Speed's cable not needed.

(3) I agree.

(4) As you probably know AMGT is still restricted to Regions 1, 2, and 3 and any questions asked in Algeria on AMGT's future relations with other Regions have not been well received. The dilution of Region 1 personnel to cover 2 Regions and a Headquarters will leave such a weak and understaffed team. What I cannot yet consider putting with four experienced Finance men. All that I can say in reply to your suggestion is that I will gladly accept for four officers you mention, for training in Birley to fit them for their duties in Region 4, 5 and 6. Everyone who visits Birley from Tini-Ouzed admits that an action of training on the ground is worth weeks at the school, but there seems to be the suspicion which I believe to be quite unfounded, that AMGT will either steal or reduce such personnel.

(5) I think that your proposals to stop and change personnel between the Regions is perfectly sound.

(6) M.A.F. has not yet approved our M.E./T.O. for Regions 1, 2 and Headquarters; since they do I will send you a rough allocation of personnel. The position in Region 2 is most complicated and so await direction from the C.G.A.O. who is reportedly returning this evening. As soon as he is fit and transport, which is extremely difficult, can be arranged, I intend to send Bennett to Region 6. As regards the A.M.F.A. situation in Regions 4, 5 and 6, we have not the staff to provide the personnel from here, and my only suggestion is that you should take steps which appear

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- (4) As you probably know AMOBI is still restricted to Regions 1, 2, and 3 and any questions asked in Algeria on AMOBI's future relations with other Regions have not been well received. The situation of Region 1 personnel to cover 2 Regions and a Headquarters will leave such a weak and understaffed team, that I cannot yet consider posting with four experienced Finances men. All that I can say in reply to your suggestion is that I will gladly accept for four officers you mention, for training in Sicily to fit them for their duties in Regions 4, 5 and 6. Everyone who visits Sicily from Vizi-Ouzou admits that on course of training on the ground is worth weeks at the school, but there seems to be the suspicion which I believe to be quite unfounded, that AMOBI will either recruit or seduce such personnel.
- (5) I think that your proposals to chop and change personnel between the Regions is perfectly sound.
- (6) M.S.S. has not yet approved our V.E./Y.O. for Regions 1, 2 and Headquarters; when they do I will send you a rough allocation of personnel. The position in Region 3 is most complicated and as a result I direct from the C.O.A.O. who is reputedly returning this evening. As soon as he is fit and transport, which is extremely difficult, can be arranged, I intend to send Bennett to Region 3. As regards the A.M.S.A. situation in Regions 4, 5 and 6, we have not the staff to provide the personnel from here, and my only suggestion is that you should take steps which appear necessary and, as he may be later admitted to have something to do with these Regions, it could be helpful for you to inform us accordingly.
- (7) It is a pity that the advanced party could not go to Rome, as they might at least have provided a guard on the back of Italy printing press, which I now expect to find destroyed, entailing much more work for washing, more ships and even more planes.
- (8) Copy of General Gine order not enclosed.
- (9) My condolences to Brigadier Hualyn when you see him.
- (10) The question that you raise "In view of the situation with Italy" is only one of dozens which rear their ugly heads. By now you will know the story of Taranto, Brindisi and Bari, refusing B.M.A. and Yellow Seal, this, of course, was the reason for the panic signal for A.M. lire. I am told that the Gen. has told the banks that they must accept such currencies and A.M. lire as well, but if no proclamations are to be posted, particularly No. 12, the degree of acceptability must be small.
- I have today had a message from McPadden asking for A.M. lire 1,000 million as he may have to pay the 45th Italian Corps. In any case I do not believe the amount and am taking no action until I see the C.O.A.O., but if we are to secure the payment of our

co-belligerent friends, M.O.S. will be receiving cables from me to demand further air shipments.

(11) Good for you.

(12) Thank you.

(13) I hope you managed to mollify the gallant Colonel. "Chuck" has just handed me Piero's receipt for 2,000 Yellow Seal Dollars. I hope to go up to Salerno in the near future, and I will arrange to withdraw all the yellow seal as soon as possible. According to the D.C.C.A.O. shipments of A.M. lire were due by D-12, so that, I imagine that Dollar disbursements have not been large.

(14) I think it would be wise to order further quantities of A.M. lire for Regions 4, 5 and 6, but as we are told to keep off the grass, I must leave this one to you.

(15) I have now told Brickman that we never took the B.M. lire from Rooney. A.M.F.A. is sending a copy of the pro-forma to Brickman; Rooney of course, already has copies.

(16) Reference your last sentence, do you mean that you have sent me mimeographed copies? If so they have not arrived.

2. I am enclosing a copy of a note prepared by the Legal Division on "Headless Bitties" which may be of interest to you.

3. Am also sending you two copies of a note by C.F.I. on the whole banking situation.

4. As regards your own posting, I am at present putting you down to be carried on AMGOT E.Q., but you will probably know by now that you have been asked for in another capacity.

Regards,

Yours,

(Signed) GRANTLEY

Lieut.-Colonel E. Bernstein,
c/o Military Government Section,
A.F.H.Q.,
B.N.A.F.

P.S. Thanks for the note on censorship; we are asking the local censors for similar information.

A.P.G.S.

785015

By Air Courier.

19th September 1943.

PERSONAL.

My Dear Brigadier,

For what it is worth, I am enclosing copy of a letter addressed to the C. in C., by one Maldane. I have sent a copy to Region 2 in case Giacomada is still to be found in Calabria. You might run across him in Rome.

We can still get no decision about splitting ANGOT Headquarters from Region 1. At the time of writing, the C.C.A.O., D.C.C.A.O., C.S.O., U.S.O., and D.P.H., are all absent on work connected with regions other than Sicily. You may have heard that I am sending Genstein by air with L. 100 million to Brindisi in response to an urgent appeal from Masen McFarlane to MacMillan. I do not understand the reasons for using such an extraordinary channel of communication, but it points to an evident and unavoidable lack of contact between the two ends of Region 2. They are beginning to ask for more P.O.'s and some accountants; and I should like to know whether you efforts to send some financial staff here for training "in situ" met with any success. Spefford is not back yet, and we remain in abysmal ignorance of the staff position in particular and long range planning in general.

The opening of the banks in the provinces has gone quite well, unaccompanied by any rush, but not many new deposits have yet been received. When the mainland position becomes rather more clearly defined, we will lift all limitations. A scotchman's advance of 20 miles by a German panzer division would bring the public to the guichets.

AMPA/Accounting seems to progress smoothly and I trust that particular bdfey is laid. If and when we trisect our existing staff some accountancy breakdowns will be inevitable.

I hope that you are fit and free again of ailments. My salams to the ubiquitous B.B.

Yours

ANTHONY CHAFFIN SMITH.

Brigadier Ralph Hamlyn.

785015

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ANPA/Accounting seems to progress smoothly and I trust that particular bogey is laid. If and when we trisect our existing staff some accountancy breakdowns will be inevitable.

I hope that you are fit and free again of ailments. My salams to the ubiquitous B.B.

Yours

ANTHONY CRAFTY SMITH.

Brigadier Ralph Hamlyn,
c/o Military Government Section
AFHQ.

P.S. Since writing this, Brigadier General McSherry has returned from visiting Region 2. He says they are in need of advice and wants me, and possibly the G.L.O., to pay a visit in a few days time. As in Region 2 the problems are complicated by the existence of the Armistice. Do we shut banks, impound funds, advance money to commerce and banks, etc? and a hundred other kindred questions.

I will let you know what I find.

785015

C O P Y.

White House,
The Gateway,
WORKING.

8 August 43.

Gen. The Hon. Sir. Harold Alexander,

Sir, I have the honour to draw your attention to a matter which may be of interest to AMGOT.

I notice in the Press that AMGOT may take certain selected Italians into the administration.

I would like to recommend my brother-in-law Marie Gionocade should he ever get in touch with you.

He is a sincere friend of Britain and before the present war began, he had discussed with me the situation that might arise after our armies landed in Italy & he said that he would help us all he could.

He is the head of the Italian-American Bank an advocate, and is a transit expert on the Central European railway systems - he was continental adviser for the L.N.E.R. He was employed by the Italian Government to help put their post-war finances in order, and was invited by the Chinese Government to do the same for them.

I might add that he never was a Fascist.

He said he would never fight against England, but he was conscripted when Italy came into the war. However, he managed to get out of the Army, but I have an idea that he was called up again.

He is a modest, honest man and can be thoroughly relied upon, besides he speaks excellent English.

His address in Rome is Via Premales, 39 and he has a country place at Anzio, near Reggione di Calabria, but if he is not under constraint, he and my sister may have left Anzio to stay with friends in the big new house above La Siladen.

This is written for your information in case he may try to get in touch with the Allied authorities.

I am Sir,
Your obedient servant,
A.J. HALDANE.

MES ALG Y MES TIZ
28 SEPT 1943
MESSAGE NO. 5

TO JACS

SUBJECT INFORMATION ITALIAN BANKING OFFICIALS

REFERENCE TO YOUR MESSAGE NUMBER FOUR OF TODAY. MINISTRY ECONOMICS SANFAYE OF BULLI.
CATION QUOTE AND'S WHO IN ITALIAN BANKING UNQUOTE. JUST RECEIVED THIS HQ. THIS BILLING
CENT TO YOU ALTOGETHER WITH OTHER RELATIVE DOCUMENTS FOR COPY AND RETURN. THROPELS
HAVE BEEN ASKED TO CONSULT CORBOLD TO AMPLIFY IF POSSIBLE.

MAJOR T. B. JA CHOMAN

1915
28/9/43

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Handwritten:
1/10/1943
by [unclear]
[unclear]

Handwritten:
File: 15A
ACC/1011
Flowers

Handwritten: 3477

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SEPTEMBER 231725B

FROM: FREEDOM
FOR ACTION: AGWAR - USFOR
FOR INFORMATION: TROOPERS

(REF NO.) W/914/9257

(CLASSIFICATION)

SECRET

CASES ARISING SOLELY OF GENUINE HARDSHIP WHICH WILL EVENTUALLY REFLECT ON
VOLUME OUR RELIEF EXPENDITURE CAUSED BY CESSATION OF PENSION AND OTHER
REMITTANCE FROM U S A X PAREN TO AGWAR FOR COMBINED CHIEFS OF STAFF REPEATED
USFOR BRITISH CHIEFS OF STAFF AND TROOPERS FOR F FIVE SIGNED EISENHOWER CITE
FINDS MAY 417 PAREN TWO MAIN CLASSES THEREUNDER SEMICLONE CMA US GOVERNMENT
PENSIONS TO LAST WAR U S SERVICEMEN AND EX U S GOVERNMENT EMPLOYEES SEMICL
TWO CMA PRIVATE REMITTANCES FROM RELATIONS X REQUEST DIRECTIVE THESE NOW BE
RECONTINUED SUBJECT APPROVAL OF RECIPIENT BY ALLIED AUTHORITIES IN ITALY X NEW
REMITTANCE MACHINERY NECESSARY IN VIEW CENSORSHIP AND OTHER DIFFICULTIES X
SUGGEST IT BE PUBLISHED IN U S A THAT THOSE WISHING REMIT DO SO TO AN APPOINTED
BANKING AUTHORITY WHO WILL ADVISE AMFA PERIODICALLY BY MAIL AS TO AMOUNTS CMA
AND NAMES AND ADDRESS OF DONOR AND BENEFICIARY X AMFA WILL ORDER BANK OF SICILY
MAKE PAYMENTS X OTHER ITALIAN BANKS WILL BE SELECTED FOR OTHER AREAS X IN VIEW
OF DISPERSION OF POPULATION ETC THERE MAY BE CONSIDERABLE DELAY BEFORE DONOR
CAN BE INFORMED THAT PAYMENT HAS BEEN MADE TO BENEFICIARY

PRECEDENCE: PRIORITY

ORIGINATING SECTION: MILITARY GOVERNMENT SECTION

DISTRIBUTION
MGS
AO REC
SGS
DPIC
FINANCE

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ALLIED FORCE HEADQUARTERS

Military Government Section

25 September 1945.

Acc/1011

SUBJECT: Remittances from U. S. A.

TO : C. F. O.
AMC
HQ PALERMO.

Your FILE NO. 2008/F and 2009/F, directive has been requested by cable authorising renewal of remittances. Your suggestions re machinery for remitting have been passed on for approval and implementation.

Lt. Colonel,
Military Gov't. Section.

3075

785015

FL. - Ouzou.
24th September, 1943.

Colonel A. P. Graffley-Smith,
A.S.S., M.C.,
Palermo.

Dear Graffley,

1. The two sentence letter which I gave Colonel Sims was satisfactory to him as the July and August report of funds drawn under the contingencies of the Army Appropriation. The report for September is not due until October 10th. I hope that before October 10th we can ascertain from Tupper Barrett if any sums were drawn by Region 3 during the month of September, and our report can be indicated. Barrett does not yet have copies of Form 48 or written instructions to fill it out. If agreeable to you I will try to get instructions to him on your behalf. I hope we will also be able to return to a G.S. Army Finance officer the \$14,000 drawn in August, as well as any sum that may be drawn in September and be able to so advise Colonel Sims. I don't think we should terminate the appropriation facility until the end of September because of the arrangements which were made with Financial Officers in Region 3 before the A.M. lire arrived.

2. Since Region 4 is asking for 1,500 copies of the condensed form of balance sheet, would you send us 3,000 copies instead of the 1,500 copies we asked for previously in order that Regions 4, 5 and 6 can be supplied. We will ask M.C.S. to run off copies of the letter in Italian. We are discussing the problem of whether banks should be closed in all areas in light of the many new circumstances.

3. Enclosed are a copy of a B.M. memo on Insurance which I borrowed from my friends at the M.A.B., a copy of a memo on circulation of A.M. lire prepared by Colonel Vivian-Smith, and a copy of an order issued by A.F.M.C. re accounting between British Army and A.M.C.

4. In paragraph 4 of your memo of 16 September 1943 to G.S.S. I suggest that you prepare the cable to G.C.S. etc. In accordance with Sunston's suggestion when I was last in Palermo, we have forwarded to you all the papers covering any payments of A.M. lire in North Africa so that the cable to G.C.S. could be prepared from your side.

Kindest regards,

Sincerely,

307

of September because of the arrangements which were made with the Financial Officers in Region 3 before the A.M. lire arrived.

2. Since Region 4 is asking for 1,500 copies of the condensed form of balance sheet, would you send us 3,000 copies instead of the 1,500 copies we asked for previously in order that Regions 4, 5 and 6 can be supplied. We will ask M.C.A. to run off copies of the letter in Italian. We are discussing the problem of whether banks should be closed in all areas in light of the many new circumstances.
3. Enclosed are a copy of a MEMO memo on Insurance which I borrowed from my friends at the MAEZ, a copy of a memo on circulation of A.M. lire prepared by Colonel Vivian-Smith, and a copy of an order issued by A.F.M.Q. re accounting between British Army and AMMF.
4. Re paragraph 4 of your memo of 18 September 1943 to M.C.A. I suggest that you prepare the cable to C.O.S. etc. In accordance with Gunston's suggestion when I was last in Palermo, we have forwarded to you all the papers covering any payments of A.M. lire in North Africa so that the cable to C.O.S. could be prepared from your side.

Kindest regards,

Sincerely,

BERNARD BISHOPSTEIN,
Lt.-Col., A.M.C.
A.M.C.

785015

GENERAL ROUTING ORDERS

Lieutenant-General H. V. Gals, K.B.E., C.B., C.V.O., M.C.
CHIEF ADMINISTRATIVE OFFICER

Issued under the instructions of

General P. D. KRAMER
COMMANDER-IN-CHIEF ALLIED FORCES IN NORTH AFRICA

Serial No. 34

EXTRACT

17 September 1943

278. Transactions Between British Army and Allied Military Government of Occupied Territory (AMGOT).

1. Pending the issue of complete instructions on accounting for goods and services exchanged between the British Army and AMGOT, simple records will be maintained by all British Depots, formations and units which may issue to, or receive from, AMGOT stores, supplies and services. The records should not include goods and services provided by the British Army for the personnel of AMGOT, e.g., rations, petrol, hospital treatment, billets, etc. It is goods and services provided to AMGOT, which AMGOT in turn issues to the local authorities and population, e.g., Army Nations provided for sale to the civil population, and works services for the civilian population or local authorities executed by the Army on behalf of AMGOT, which are to be recorded at this stage.

2. Receipts must be secured for all such issues of stores, supplies and services to AMGOT. Similarly, receipts will be given to AMGOT for all goods and services received by the British Army from that organization.

3. The records will be forwarded on the first day of each month to the Financial Adviser (British), A.F.H.Q. The first record will be rendered on the 1st October, 1943, and will embody all relevant transactions up to that date. Whenever possible, voucher numbers will be quoted on the records, or an entire receipted copy of the voucher will be forwarded therewith, but care must be taken that AMGOT retains one copy of such vouchers.

4. Depots and other accounting units will render fit records when applicable.

5. AMGOT will indicate on their demands whether or not the goods and services are for the civilian population or local authorities.

785015

services exchanged between the British Army and AMNOT, simple records will be maintained by all British Depots, formations and units which may issue to, or receive from, AMNOT stores, supplies and services. The records should not include goods and services provided by the British Army for the personnel of AMNOT, e.g., rations, petrol, hospital treatment, billeting, etc. It is goods and services provided to AMNOT, which AMNOT in turn issues to the local authorities and population, e.g., Army battalions provided for sale to the civil population, and works services for the civilian population or local authorities executed by the Army on behalf of AMNOT, which are to be recorded at this stage.

2. Receipts must be secured for all such issues of stores, supplies and services to AMNOT. Similarly, receipts will be given to AMNOT for all goods and services received by the British Army from that organization.

3. The records will be forwarded on the first day of each month to the Financial Adviser (British), A.F.H.Q. The first record will be rendered on the 1st October, 1943, and will embody all relevant transactions up to that date. Whenever possible, voucher numbers will be quoted on the records, or an entire receipted copy of the voucher will be forwarded therewith, but care must be taken that AMNOT retains one copy of such vouchers.

4. Depots and other accounting units will render fit records when applicable.

5. AMNOT will indicate on their demands whether or not the goods and services are for the civilian population or local authorities.

AMNOT/2/2/4 (main.)

785015

Copy to File A.C.C./1011

Tizi-Ouzou.
22nd September, 1943.

Colonel A. P. Grafftey-Smith,
A.M.S., H.Q.,
PALESTINE.

Dear Grafftey-Smith,

The question has been raised repeatedly by British and American C.A.Cs. as to whether they are permitted to use AMCOT funds to pay for their billets, food and other living expenses, and also to pay for any entertainment which may be appropriate to their office, including the entertainment of Allied Military and Civil Officials in transit.

It would be most helpful if you could indicate what has been the practice in Sicily and in Region II, and whether any principle or directive has been laid down. If no decision has been made, would you ask General ~~Reynolds~~ to make such a decision in order that comparable instructions may be issued to the other Regions. I would appreciate receiving an early reply from you.

I would like to take this opportunity of thanking you for all your kindness and hospitality when I was in Sicily, and also for the copy of your report of the Finance Division for the period from July 10th to August 31st which Bernstein has handed me on your behalf.

Yours sincerely,

3072

BRIGADIER R. A. HAMLYN, O.B.E.,
Chief, Financial Division, Armistice C. C.

785015

TO:- Joint Assistant Chiefs of Staff A.C.A. 319
FROM:- Brigadier R. A. Hamlyn, Chief, Financial Division,
A.C.A.
SUBJECT:- Officers of the Financial Division
REF:- ACA/1011
DATE:- 14th September, 1943.

I recommend that the following named persons who are at present part of the Financial Division, be sent to A.M.G., H.Q., Palermo, where they can acquire experience in the field as Finance Officers;

Major E. S. Robinson,
Major D. M. Ralston,
Lieut. C. W. J. Newcomb,
Lieut. J. E. Hayes.

At the same time, A.M.G., H.Q., Palermo should be asked to send back immediately 2 or 3 Finance Officers who have had field experience, to be assigned to Region IV.

At a later point, A.M.G., H.Q. should be asked for a few more men with field experience to be assigned to Region V.

BB/rha.

BRIGADIER R. A. HAMLYN,
Chief, Financial Division, A.C.A.

3071

785015

MCS ALG V MCS TIZ
6 SEPT 1943
MESSAG. NO 2

Hollywood

TO : ACTING JOINT CHIEF PLANNERS

SUB. : FINANCIAL

PARAPHRASE OF MESSAGE W 8902 OF 2 SEPT. TO AGWAR FOLLOWS:

RECOMMENDED ACR PRIORITY CLASS 1 FOR 2 BILLION LIRE FROM USA ALGIERS.
REQUEST APPROVED BY C OF S AFHQ. THIS IN ADDITION TO SHIPMENT EN ROUTE DEPARTING 28 AUGUST. 3670

MAJOR T.B. JACKMAN

Reed at 0945
6/9/43
(211)

57/8/43

ACR
1011

Finance

Memo to Lt-Col. [redacted]

STEPS TO TAKE WHEN PAYING OUT AM LIRE

1. Examine list of boxes. Check that boxes of L. 1, 2, 5 and 10's contain 64,000 notes each; those of 50, 100, 500 and 1000's 32,000 notes each. If so, value of each box is

Denomination	Lire
L. 1	64,000
2	128,000
5	320,000
10	640,000
50	1,600,000
100	3,200,000
500	16,000,000
1,000	32,000,000

2. Work out number of boxes available in each denomination.
3. Work out total value of consignment, and agree with total stated on list or other advice, if any.
4. Decide which boxes to give to recipient. Bear in mind need for allotting fair supply of each denomination to all recipients.
5. Warn recipient of weight and bulk of consignment you intend for him. As a rough guide:

1 box 30 lbs & 2 1/2 cubic feet.
25 boxes = 1 ton.

50 boxes will just go on to a 3-ton (6 x 6) truck, if well packed.

6. Arrange for following to attend at place of delivery:

Recipient of floor, with tellers if he so wishes.
Porters to handle boxes, open and close them; should bring hammers and other tools.

Officer (and tellers) to deliver notes on your behalf. If delivery takes place from a vault, make sure there is sufficient space to handle boxes, and sufficient light.

Make sure that recipient officer brings sufficient transport to remove notes.

3069

2059

3. Work out total value of consignment, and agree with total stated on list or other advice, if any.

4. Decide which boxes to give to recipient. Bear in mind need for allotting fair supply of each denomination to all recipients.

5. Warn recipient of weight and bulk of consignment you intend for him. As a rough guide:

1 box 30 lbs 2 1/2 cubic feet.
25 boxes 1 ton.

80 boxes will just go on to a 3-ton (6 x 6) truck, if well packed.

6. Arrange for following to attend at place of delivery:

Recipient of floor, with tellers if he so wishes.
Porters to handle boxes, open and close them; should bring hammers and other tools.

Officer (and tellers) to deliver notes on your behalf. If delivery takes place from a vault, make sure there is sufficient space to handle boxes, and sufficient light.

Make sure that recipient officer brings sufficient transport to remove notes.

7. Ascertain whether instructions from Washington permit us to deliver complete boxes unpacked.

If not, agree with recipient method of checking contents of each box; e.g., agree to check:

- Denomination of Notes
- Number of Cartons in box.
- (Should be 6 in each box)
- Number of Packages in each Carton.
- Number of Notes in one or two selected packages.

Warn recipient that if he alleges any discrepancy, he must be prepared to produce:

- Affidavit signed by one (or two) responsible officers.
- Number of box.
- Label on carton.
- Strap on package.

All of these must be sent to Washington.

8. It is helpful to mark all boxes boldly according to a simple code showing the denominations which they contain, e.g.

BEST COPY POSSIBLE

785015

- 2 -

L
1
2
5
10
50
100
500
1,000

A
B
C
D
E
F
G
H

Then stack all the A's together, all the B's together, and so on.

9. Keep careful record of the serial numbered boxes delivered to each recipient and Serial No. of notes. Report both these latter to AMFA, and attach to your report the detailed list of boxes sent by Washington. Serial and/or numbers of notes should appear on list and cartons, and on notes themselves. Note any discrepancies when reporting to AMFA.

10. Having agreed with recipient total value of notes delivered to him, make him sign two copies of Form F/13a. (40 copies attached to this memo.) Sign these yourself "for AMFA Officer." Both copies are required by AMFA. Let the recipient keep a third copy for himself if he so desires.

11. If the recipient is a U.S. Finance Officer, enter on Form F/13a, his

Rank, Initials, Name.

Personal Number.

Title of his Appointment.

Symbol Number.

Report all these to Washington, together with amount and date when paid, and inform AMFA that you have done so.

12. If recipient is a British Paymaster (this should seldom arise, since Col. Roomey wants all deliveries made through him), enter on Form F/13a, his

Rank, Initials, Name.

Title of his Appointment.

London.

Report these to Washington, to War Office, London, and to Roomey, together with amount and date when paid, and inform AMFA that you have done so.

13. If recipient is an FC or CAO, obtain signature of his CAO if possible. CAO should sign Form F/13a as "Approved." FC or CAO should sign as Payee. If CAO is not available, obtain best available second signature.

When recipient in such cases that he must account for the money to AMFA

785015

11. If the recipient is a U.S. Finance Officer, enter on Form F/13a, his

Rank, Initials, Name.
Personal Number.
Title of his Appointment.
Symbol Number.

Report all these to Washington, together with amount and date when paid, and inform AMFA that you have done so.

12. If recipient is a British Paymaster (this should seldom arise, since Col. Ramsey wants all deliveries made through him), enter on Form F/13a, his

Rank, Initials, Name.
Title of his Appointment.

London.

Report these to Washington, to War Office, London, and to Ramsey, together with amount and date when paid, and inform AMFA that you have done so.

13. If recipient is an FO or CAO, obtain signature of his SCAC if possible. SCAC should sign Form F/13a as "Approved." FO or CAO should sign as Payee. If SCAC is not available, obtain best available second signature.

Warn recipient in such cases that he must account for the money to AMFA as directed in the new version of GAI 12. (30 copies of the new GAI 12 are attached to this memo; if these, say 20 are intended for the School at TIER 00200.)

14. Warn all recipients to make sure that Proclamation 12, making AM Lire legal tender, is valid in their area before any AM Lire are used in it. Hand them copies of this Proclamation if necessary.

15. Explain status of AM Lire to recipient, and suggest (if desirable) that he pass this on to a meeting of bankers or other suitable people in his area.

16. Arrange for suitable publicity by press, etc. both inside and outside the occupied area.

18 Aug 43.

D. A. GURSTON.
Lt.-Col.
AMFA.

SECRET

Equals Brn. MOST SECRET

ACA/1010
MILITARY GOVERNMENT SECTION

Allied Force Headquarters

TBJ/tt

urgent

File # 123.

25 August, 1943
(Date)

SUBJECT: MOS File and Message.

TO : Lt. Col. Bernstein, Military Government School, Tizzi-Ouzou.

1. Herewith are 1 copy(ies) of Message No. 5899, MC in 12426,

and MOS, AFHQ File No. 123 (Money).

2. Receipt is to be acknowledged on the form below, which should be returned immediately to Military Government Section, Allied Force Headquarters, A. P. O. #512.

*Col
To Bernstein*

T. B. Jackman
T. B. JACKMAN,
Major,
Mil. Govt. Sec.

3067

785015

AGS AIG V MBS TIZ
MESSAGE NO 4 1130 am 28 AUG. 1943

TO : BRIGADIER HAMILYN A.C.A. PLANNING STAFF
SUB : PARAPHRASE OF CABLE TO MIDEAST FOR BARINGTON SMITH FOR CIVIL
AFFAIRS FROM MAXWELL. 3058

NOTE YOU WILL BE ABLE TOPASS THROUGH HERE FOR DISCUSSIONS
MAXWELL

ACH

1011

Finance

785015

AUG 188 V MGS Z
28 AUG 1943
MESSAGE NO 7

TO : BERNSTEIN
SUB : FINANCIAL OFFICERS

REF YOUR TELEPHONE CONVERSATION TODAY WITH COLONEL MAIWELL.
ONLY FINANCIAL OFFICERS NOTIFIED FROM LONDON ARE THOSE EX WS33
AND DUE AT TIZZI TODAY OR TOMORROW. MCS FORM A SERIAL 20 DATED 3066
23 AUG. GIVES NAMES OF 16 OFFICERS CONCERNED.

CAPT BARRATT

AKA 1011 Col. Borden
Brig Hany

SECRET

Equals British MOST SECRET

MILITARY GOVERNMENT SECTION

Allied Force Headquarters

TBJ/qp

File # 123.

25 August, 1943
(Date)

SUBJECT:

TO : Joint Chief Planners Region # 7 School

1. Herewith are 1 copy(ies) of SUBALIMENT ADVICE

2. Receipt is to be acknowledged on the form below, which should be returned immediately to Military Government Section, Allied Force Headquarters, A. P. O. #512.

T. B. Jackson

T. B. JACKMAN,
Major,
Mil. Govt. Sec.

3085

AC 11/1010

Major Deville

785015

COPY

SECRET

By Authority of
CinC, AF
Initials
Date 23 June 43.SUBALLOTMENT ADVICE

Commanding General, AMGOT 141 Force U.S. Contingent.
Issued to
APO 777
address.

AGWAR 521
18 June 1943
Allotment Advice No.
NATOUA 11
Subadvice No.

Change No.
1 July 1943
Date Issued.

COMMANDER-IN-CHIEF
Issued by.

APO 534
Station No.

L.H. SIMS, Colonel, F.D.

Chief Finance Officer, ²⁰¹⁶ NATOUA
Title

Appropriation identification. (1)	Purpose No. (2)		Net amount previously sub- allotted under above advice. (3)	Sub-allotment changes on this advice.		Revised net amount avail- able under above advice No. (3+4-5) (6)
	Project	Object		Original issue or increase (4)	Withdraw- al or de- crease. (5)	
FDGA 66 P-99 A 0102-4	P-99			\$1,000,000. 00.		\$1,000,000.00
Certified True Copy: J.H. Flores, Capt., F.D., Fiscal Officer						
	Totals			\$1,000,000.00		\$1,000,000.00
	Net Total of this advice			\$1,000,000.00		

OTHER INSTRUCTIONS: FOR PERIOD ENDING SEPTEMBER 30, 1943.

To be available for all local requirements and any other purposes under this appropriation only, except Official Entertainment. Applicable appropriations and purpose numbers as listed in Finance Circulars "D" series will be used. Any balance remaining at the end of the quarter may be carried forward to succeeding quarters with the fiscal year. SEE OTHER SIDE

785015

ADDITIONAL FISCAL INSTRUCTIONS

1. Commanding Officers to whom these funds are allotted are required to render a report to the Commanding General, NATOUSA, APO 534, Attention Chief Finance Officer, as of Mid-night the last day of the month, showing the total amount obligated for each appropriation only and the amount obligated for Official Entertainment. This report should be submitted so as to reach this headquarters not later than the 10th of the month following the month being reported on, and will reflect the amount obligated through midnight the last day of that month. The amount reported as obligated should be only the amount obligated during the month covered by the report, and not cumulative totals of preceding months.
2. Funds allotted under this authority which are used for Military Intelligence will be charged against "Contingencies of the Army", FDGA 66 P410-07 A0102-4. Such vouchers must be approved by the Commanding General. To carry out this last provision, all such vouchers will be approved; By Command of the Theater Commander: and signed by the G-2 of the headquarters.
3. The attached form may be used in rendering the report. In column (1) will appear the amount of funds allotted for obligation and expenditure. This amount will be the initial Allotment as shown on Form 46, plus charges thereto increasing the allotment, less charges decreasing the amount made available for obligation and expenditure. In column (2) headed "Amount Obligated" will appear the amounts of all purchase orders and other procuring instruments which are to be paid from FDGA 66 Funds. Columns (3) (4) (5) (6) and (7) will be used to show the breakdown of the amount shown in column (2) as to obligations against appropriations.

TO MAJOR JACEMAN FROM COL. ERNESTINE. PLEASE SEND FOLLOWING
CABLE TO AGWATER CCS AND CARTER.

1. AMFA HAS DELIVERED FOLLOWING FURTHER AMOUNTS OF A.M. LIRE
TO CAPT. O.C. CULBERTH, O-425830, FUNDING OFFICER 26th DISBURSING
SECTION SYMBOL NO 211-125:

On 12 AUGUST 65,200,000Lire

On 17 AUGUST 75,520,000Lire

2. AMFA DELIVERED ON AUG. 18, 10,530,000 LIRE TO LT. (J.G.) 3063

JL HUNT, FILE NO. 137207, SYMBOL NO. 50-726, DISBURSING OFFICER U.S.
NAVAL OPERATING BASE PALERMO. TRANSACTION WAS APPROVED BY CAPT. L.
DAUGHTY, JR. COMMANDING U.S. NAVAL OPERATION BASE PALERMO. PLEASE IN-
FORM BUSANDA NAVY WASHINGTON AND CONFIRM THAT AMFA MAY ACCEPT INSTRU-
CTIONS OF COMNAVNAV SICILY AS TO NAVAL DISBURSING OFFICERS AUTHORIZED
TO RECEIVE CASH FROM AMFA WITH HIS CONFIRMATION OF THEIR SPECIFIC
SIGNATURES.

ABOVE IS NESS AGE NO. 3

TO MAJOR JACEMAN FROM COL. ERNESTINE.

PLEASE TYPE UP THE FOLLOWING LETTER TO GENERAL MC SHERRY AND LETTERS
ATTCHD AND SUBMIT THEM ON MY BEHALF TO GEN. MC SHERRY.

MEMORANDUM TO GEN MC SHERRY

THIS BRITISH THE BRITISH PAYMASTER IF PREPARED TO MAKE B M A FUNDS
AVAILABLE TO AMGOT OFFICERS OF THE BASIS OF A LETTER COPY OF WHICH IS
ATTACHD FOR YOUR APPROVAL THE ATTACHMENT IS ESSENTIALLY THE SAME AS THE
ONE WE MADE WITH THE BRITISH IN CONNECTION WITH HARRIS IF YOU PRE-

785015

NAVAL OPERATING BASE PALMROG. TRANSACTION WAS APPROVED BY CAPT. L. DOUGGETT, JR. COMMANDING U.S. NAVAL OPERATION BASE PALMROG. PLEASE INFORM BUREAU NAVY WASHINGTON AND CONFIRM THAT AUSA MAY ACCEPT INSTRUMENTS OF COMNAVNAV SICILY AS TO NAVAL DISBURSING OFFICERS AUTHORIZED TO RECEIVE CASH FROM AUSA WITH HIS CONFIRMATION OF THEIR SPECIMEN SIGNATURES.

ABOVE IS MESSAGE NO. 3

TO MAJOR JACKMAN FROM COL. BERNSTEIN.

PLEASE TYPE UP THE FOLLOWING MEMO TO GENERAL MC SHERRY AND LETTERS ATTACHED AND SUBMIT THEM ON MY BEHALF TO GEN. MC SHERRY.

MEMORANDUM TO GEN MC SHERRY

RAIG BRIGGS IN THE BRITISH PAYMASTER IF PREPARED TO MAKE \$ M A FUNDS AVAILABLE TO ANGOT OFFICERS ON THE BASIS OF A LETTER COPY OF WHICH IS ATTACHED FOR YOUR APPROVAL THE ATTACHMENT IS ESSENTIALLY THE SAME AS THE ONE WE MADE WITH THE BRITISH IN CONNECTION WITH HARRISFIELD IF YOU PREFER TO PUT A LIMIT ON THE AMOUNT ANY PERSON CAN DRAW THE FORM OF LETTER ~~XXXXXXXXXX~~ PERMITS OUR OFFICERS WILL ACCOUNT TO ANGOT AND NOT TO THE BRITISH APLY FOR THE EXPENDITURE.

THE ARRANGEMENTS WHICH I WORKED OUT WITH COL. BIRN AND COL. LINDERER WAS ESSENTIALLY THE SAME AS THE ARRANGEMENT WE HAD WITH THE SEVENTH ARMY FOR HARRISFIELD.

SINCE A M LINE ARE NOT AVAILABLE AS YET THERE MAY NOT BE SUFFICIENT

~~XXXXXXXXXXXXXXXXXXXX~~ CASE IN THE BUREAU. ANGOT OFFICERS MAY NEED SOME

NEXT PAGE

785015

FUNDS FOR THE FIRST TWO WEEKS AT CERTAIN PLACES THAT IS WHY WE MADE IN
THE PENDING ARRANGEMENTS FOR HARRISON AND WHY WE SHOULD REPEAT THE
ARRANGEMENTS FOR THE FUTURE.

3062

BERNARD BERNSTEIN.

LT. COL.

ABOVE IS MESSAGE NO. 4

TO BRIG BRICKMAN BRITISH D I R NOBLE INDUSTRIAL UNION CA RIZ.
THIS WILL CONFIRM THE ARRANGEMENT DISCUSSED BY YOU WITH LT. COL.
BERNSTEIN WHEREBY YOU WOULD INSTRUCT BRITISH PAYMASTERS TO PAY OVER
B M A NOTES TO AN ALLOT SENIOR CIVIL AFFAIRS OFFICER OR ALLOT FINANCE
OFFICER TO USE IN CONNECTION WITH THE ADMINISTRATION OF THE ALLIED
MILITARY GOVERNMENT.
ENCLOSED IS A FORM OF LETTER OF AUTHORITY AND IDENTIFICATION WHICH
WILL BE PRESENTED BY ALLOT OFFICERS WHEN REQUESTING FUNDS FROM BRITISH
PAYMASTERS

FRANK J. MC SHERNEY
BRIGADIER GENERAL
D C C A O ALLOT

ABOVE IS MESSAGE NO. 5

TO BRITISH ARMY PAYMASTERS IN ITALY:
THE PERSON WHOSE SIGNATURE APPEARS AT THE BOTTOM OF THIS LETTER IS AN
ALLOT SENIOR CIVIL AFFAIRS OFFICERS OR AN ALLOT FINANCE OFFICER AND
AUTHORIZED ON BEHALF OF THE ALLIED MILITARY GOVERNMENT TO DRAW UPON

MILITARY GOVERNMENT.

ENCLOSED IS A FORM OF LETTER OF AUTHORITY AND IDENTIFICATION WHICH
WILL BE PRESENTED BY ALGOT OFFICERS WHEN REQUESTING FUNDS FROM BRITISH
MANAGERS

FRANK J. MC SHERRY
BRIGADIER GENERAL
D C C A C ALGOT

ABOVE IS MESSAGE NO. 5

TO BRITISH ARMY MANAGERS IN ITALY:

THE PERSON WHOSE SIGNATURE APPEARS AT THE BOTTOM OF THIS LETTER IS AN
ALGOT SENIOR CIVIL AFFAIRS OFFICERS OR AN ALGOT FINANCE OFFICER AND
AUTHORIZED ON BEHALF OF THE ALLIED MILITARY GOVERNMENT TO DRAW UPON
YOU FOR SUMS OF MONEY NOT EXCEEDING THOUSAND POUNDS IN P M A NOTES
KINDLY ENDORSE ON THIS LETTER ANY AMOUNT WITHDRAWN HEREUNDER THE FUNDS
SO DRAWN WILL BE USED IN CONNECTION WITH THE ADMINISTRATION OF THE ALLIED
MILITARY GOVERNMENT

FRANK J MC SHERRY
BRIGADIER GENERAL
D C C A C
ALLIED MILITARY GOVT.

ABOVE IS MESSAGE NO. 6

100/1011

100/1011

785015

0
FROM: A:G Y HES TIE
TO: CO. RE METKIN

FOLLOWING MESSAGE RECEIVED GRAPPEY SMITH QUOTE
NO NEWS HERE A M LINE ARRIVALS. HAVE YOU ANY? UNQUOTE.

CAPT. RICHARDSON

1A

3061

Handwritten notes:
AC-1011
Financed
[illegible]

