

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

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

10000/100/515

FINANCE & BANKING-  
MAY, JUNE 1943

9/28

No.	REF.	DATE	FROM OR TO
1A		24 MAY-43	MEMO TO MAJOR KNIGHT
2	CA/346	14 June	To: 12 Army.
3.	ECA/18	15 "	From: 12 Army.
4	7804/7/4	17 "	To: AAC, 141 Force.
5	7804/7	17 '	From Major Knight

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

To: AAC, 141 Force.  
From major *[unclear]*

4	7804/4	17
5	7804/7	17

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Mr. C. Bernstein  
OK 7/1/45 7804/7.SECRETMOST SECRET

29 June 1945

## PROPOSALS FOR POSTAL SAVINGS

1. The Postal Savings Bank with its activities conducted in the post offices throughout the nation is not a part of the banking system proper, but is a government institution for savings and money transfers through post offices. It is supervised by the Deposit and Loan Bureau under the Ministry of Finance.
2. Available information indicates that the deposits of this institution represent approximately 32% of the aggregate deposits of the country, therefore it holds a significant portion of the savings of the nation.
3. It would seem particularly important to reestablish the savings facilities of the postal savings bank although it can be assumed that the assets of the system are held by the Deposit and Loan Bureau in the capital; therefore it will probably be impossible for postal savings offices in territory occupied by the Allies to meet withdrawals during the early period of occupation.
4. Another factor to consider is based on the broad assumption that the depositors of this institution belong to the lower strata or poorer people and that to make some portion of these funds available would have the tendency to lessen the relief load.
5. In order to facilitate the release of postal savings in any particular occupied area it is suggested that any program incidental thereto be held in abeyance pending total occupation of HOKRIEED, and that the first release of postal savings be based upon the estimated requirements for this specific area, namely "HOKRIEED". This assumes that no effort will be made to release funds within occupied regions or portions of HOKRIEED.
6. In consideration of the problem for the release of postal savings in HOKRIEED the following is proposed:
  - (a) That the main post office in the capital city of HOKRIEED be designated and/or constituted the postal savings bank or administrative unit for the entire area. In other words, it will be put in the position of the Deposit and Loan Bureau operating in the capital city of the mainland, or it might be better termed as the central bank or institution for savings in HOKRIEED.
  - (b) The offices in provinces and communes will function with respect to postal savings directly with this main office in the capital city. This will not only apply to the release of funds but also to the continued deposit of funds, the objective being to reestablish normal postal savings activities on the deposit side and restricted withdrawals on the other side.

territory occupied by the Allied to meet withdrawals during the early period of occupation.

4. Another factor to consider is based on the broad assumption that the depositors of this institution belong to the lower strata or poorer people and that to make some portion of these funds available would have the tendency to lessen the relief load.

5. In order to facilitate the release of postal savings in any particular occupied area it is suggested that any program incidental thereto be held in abeyance pending total occupation of HORRIFIED, and that the first release of postal savings be based upon the estimated requirements for this specific area, namely "HORRIFIED". This assumes that no effort will be made to release funds within occupied regions or portions of HORRIFIED.

6. In consideration of the problem for the release of postal savings in HORRIFIED the following is proposed:

(a) That the main post office in the capital city of HORRIFIED be designated and/or constituted the postal savings bank or administrative unit for the entire area. In other words, it will be put in the position of the Deposit and Loan Bureau operating in the capital city of the mainland, or it might be better termed as the central bank or institution for savings in HORRIFIED.

(b) The offices in provinces and communes will function with respect to postal savings directly with this main office in the capital city. This will not only apply to the release of funds but also to the continued deposit of funds, the objective being to reestablish normal postal savings activities on the deposit side and restricted withdrawals on the other side.

(c) This plan contemplates the full use of existing facilities and personnel for the reestablishment of postal savings within the specific area under consideration.

(d) Funds will channel down to the provincial and communal post offices from the head office, and likewise deposits in the provincial and communal post offices will channel up to the main office constituted as such in the capital city.

(e) The administrative personnel of the main office will <sup>385?</sup> be given the responsibility of operating the system and creating or determining the records, essential for this purpose.

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7. Assuming that the foregoing organization plan is acceptable, the question then arises as to what may be the aggregate liabilities of the system so constituted in HOPRIED, and in this connection the following is proposed:

(a) That the records, if any there be, of each post office in the area be inspected by bank controllers to determine what deposits it may have of record. It is conceivable that this will be impossible to accomplish due to the nature of the operations.

(b) Assuming that the foregoing is impossible, it is then proposed that as accurate an estimate as possible be obtained on the ground within the shortest period of time necessary of the probable aggregate liability involved in connection with the postal savings deposits of the entire area. This estimate may be long or short of the ultimate liability, but it may be the basis for arriving at the funds required for restricted withdrawals.

(c) Available information now would seem to indicate that the total postal savings in HOPRIED amounts to approximately \$100,000,000. This would seem to be the "outside" liability, and it is quite possible that the amount or amounts required will be less, <sup>due mainly</sup> to both absentees and failure on the part of depositors to disturb <sup>consequently</sup> it appears impossible to definitely establish what amount or amounts will be required for any restricted withdrawal program. Also it is conceivable that continued deposits with the system so established might to some extent offset the restricted withdrawals, depending largely upon the confidence of the people in HOPRIED's reestablishment of the system.

(d) Therefore in moving along to consideration of the next problem, we must begin with the proposition that the money requirements are not susceptible to accurate computation and that the "outside" amount is the only figure which can be used for this purpose at this time.

8. The next step in the program would seem to be some provision for underwriting or meeting the withdrawal program to be established, and in this connection the following is proposed:

(a) That ANFA or some other designated bank agrees to meet or assume the liabilities of the postal savings system so reestablished in, as and when such liabilities accrue, having in mind the outside aggregate amount subject to withdrawal.

(b) Such loaning agency will deal only with the main office in the capital city of HOPRIED, and the advances for the entire program within this specified area will be made by the main office in the capital city.

the basis for arriving at the funds required for restricted withdrawals.

(c) Available information now would seem to indicate that the total postal savings in CORPIFIED amounts to approximately lire. This would seem to be the "outside" liability, and it is quite possible that the amount or amounts required will be less <sup>due mainly to both absentees and failure on the part of depositors to disturb ~~consequently~~ it appears</sup> impossible to definitely establish what amount or amounts will be required for any restricted withdrawal program. Also it is conceivable that continued deposits with the system so established might to some extent offset the restricted withdrawals, depending largely upon the confidence of the people in AMCO's reestablishment of the system.

(d) Therefore in moving along to consideration of the next problem, we must begin with the proposition that the money requirements are not susceptible to accurate computation and that the "outside" amount is the only figure which can be used for this purpose at this time.

8. The next step in the program would seem to be some provision for underwriting or meeting the withdrawal program to be established, and in this connection the following is proposed:

(a) That AMTA or some other designated bank agrees to meet or assume the liabilities of the postal savings system so reestablished it, as and when such liabilities accrue, having in mind the outside aggregate amount subject to withdrawal.

(b) Such loaning agency will deal only with the main office in the capital city of CORPIFIED, and the advances for the entire program within this specified area will be made only to this main office.

(c) The main office for postal savings in the area will channel these funds down to the provincial and commercial post offices according to requirements and upon proper presentation of amounts due; likewise incoming deposits will be channeled up to the main office to partially, at least, offset the advances which may have been made in starting off the program. This in effect creates a revolving fund in the main office with the advances from AMTA and/or some other designated bank as the basis therefor. At stated periods these advances can be decreased or increased according to the operations of the system.

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9. The next point to consider is the mechanics for withdrawals on a restricted basis, and the following is proposed:

(a) Withdrawals shall be restricted to the existing law in effect lire in that connection, but in any event not to exceed each month to a single depositor.



BIGOT

MOST SECRET

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- (b) Each depositor upon first presentation of his or her postal savings book to any post office shall certify to the need of such funds for living requirements and that he or she has no other funds available for that purpose.
- (c) When such deposit book is originally presented to any post office it will be noted on some record the name and amount involved as shown in the pass book. In this way there will be computed in due course probable aggregate postal savings liabilities within the occupied area under consideration, and some accurate estimate may then be made of such liabilities.
- (d) Depositors will be encouraged to deposit funds, and it may be desirable to give such depositors the right to withdraw unrestricted any funds so deposited. This would have a tendency to encourage depositing and building up the central revolving fund on the credit side with a corresponding diminution of advances of the loaning agency.

10. The "net" of this program is to reestablish the postal savings system within MORRIFIELD along the same lines as we might do so for the entire country if we enjoyed total occupation and control of the capital city. The only difference might be that in the latter case, we might have access to the securities held by the Deposit and Loan Bureau to use as collateral for advances, while under the program herein outlined, such advances must necessarily be made on an unsecured basis.

11. The supervision of this program will rest with the C.F.I. and the bank controllers in the area concerned. Each bank controller will to the extent possible supervise and observe the operation of postal savings within his particular area. The C.F.I. will supervise the main office activities in the capital city of MORRIFIELD. The program as a whole will be put into effect under the express authorization of the C.F.O. and presumably a lifting of the moratorium as to the savings side of the post offices of the area.

12. The total advances made by the loaning agency for the functioning of this plan would become a claim against the assets held by the Deposit and Loan Bureau operating under the Ministry of Finance or such other disposition of the matter as may be practicable at the time.

13. Inasmuch as it is a primary objective of AMGOT to reopen the <sup>2005</sup> as soon as possible and quite likely upon a restricted withdrawal basis, it would seem consistent and equitable that similar arrangements should be made for the depositors of postal savings, especially in view of the fact that such an arrangement might reach a large number of people in the lower classes and alleviate a substantial part of the relief load.

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12. The total advances made by the loaning agency for the functioning of this plan would become a claim against the assets held by the Deposit and Loan Bureau operating under the Ministry of Finance or such other disposition of the matter as may be practicable at the time.

13. Inasmuch as it is a primary objective of AMCOF to reopen the <sup>3851</sup> as soon as possible and quite likely upon a restricted withdrawal basis, it would seem consistent and equitable that similar arrangements should be made for the depositors of postal savings, especially in view of the fact that such an arrangement might reach a large number of people in the lower classes and alleviate a substantial part of the relief load.

*JMK*  
Major J. R. Knight

*BB*

*Seems to be a fair basis on which to found a workable proposal when H. is totally occupied.*

*AKS.  
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24  
G...  
File in 7804/7  
an return to  
ap 2/6  
6-17-43

MOST SECRET  
BIGOT

PROPOSALS FOR POSTAL SAVINGS BANK OR BANKS

1. The Postal Savings Bank with its activities conducted in the post offices throughout the nation is not a part of the banking system proper, but is a government institution for savings and money transfers through post offices. It is supervised by the Deposit and Loan Bureau under the Ministry of Finance.

2. Available information indicates that the deposits of this institution represent approximately 32% of the aggregate deposits of the country, therefore it holds a significant portion of the savings of the nation.

3. It would seem particularly important to reestablish the savings facilities of the postal savings bank although it can be assumed that the assets of the system are held by the Deposit and Loan Bureau in the capital; therefore it will probably be impossible for postal savings offices in territory occupied by the Allies to meet withdrawals during the early period of occupation.

4. Another factor to consider is based on the broad assumption that the depositors of this institution belong to the lower strata or poorer people and that to make some portion of these funds available would have the tendency to lessen the relief load.

5. In consideration of the problem the following is proposed:

- (a). That the records of the savings side of each post office in any city, town or community of the occupied area be inspected if possible to determine the aggregate deposits of record with each post office.
  - (b). If the foregoing is impossible a notice may be published requesting the holders of postal savings books to present same for verification upon certain date or dates in order to arrive at the aggregate amount involved locally with each post office.
  - (c). With the aggregate figure thus obtained as a basis of computation, the amount to be released on a weekly bases in life, could then be established. ~~In other words,~~ the aggregate weekly amount to be released could then be determined. 300
  - (d). Each depositor on first presenting his savings book for verification or first withdrawal would certify to the effect that the funds were needed for living requirements.
6. After the foregoing has been accomplished, it then becomes necessary to furnish the required funds, and in this connection the following is proposed:

(a). Assuming that the assets, such as they may be, are under the control of the Deposit and Loan Bureau in the capital city, each depositor would need to have legal right to his or her pro-rata

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4. Another factor to consider is based on the broad assumption that the depositors of this institution belong to the lower strata or poorer people and that to make some portion of these funds available would have the tendency to lessen the relief load.

5. In consideration of the problem the following is proposed:

(a). That the records of the savings side of each post office in any city, town or community of the occupied area be inspected if possible to determine the aggregate deposits of record with each post office.

(b). If the foregoing is impossible a notice may be published requesting the holders of postal savings books to present same for verification upon certain date or dates in order to arrive at the aggregate amount involved locally with each post office.

(c). With the aggregate figure thus obtained as a basis of computation, the amount to be released on a weekly bases in life, could then be established. In other words, the aggregate weekly amount to be released could then be determined. *3057*

(d). Each depositor on first presenting his savings book for verification or first withdrawal would certify to the effect that the funds were needed for living requirements.

6. After the foregoing has been accomplished, it then becomes necessary to furnish the required funds, and in this connection the following is proposed:

(a). Assuming that the assets, such as they may be, are under the control of the Deposit and Loan Bureau in the capital city, each depositor would seem to have a legal right to his or her pro-rata interest in such assets, based upon the amount on deposit represented by the savings pass book. It may be assumed that such legal interest or right is assignable.

(b). AIFA or some other designated bank could be authorized to make such advance or advances upon the security of an assignment of the depositor's interest as it would appear to be, and this assignment could doubtless be accomplished under some blanket form.

(c). Upon total occupation the aggregate amount of such advances would enter into a settlement with the Deposit and Loan Bureau operating under the Ministry of Finance, or such other disposition of the matter as may be practicable at the time.

Continued.....

*P/A 25/6 ar*

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MOST SECRET  
BIGOT

Pr. osels for Postal Savings Bank or Banks (Continued)

7. The "net" of the above is that AMGOT through AMFA or some other designated bank underwrites the postal savings of the occupied areas on a restricted withdrawal basis for living requirements until total occupation, when the entire system can be reestablished to function normally.

8. It is conceivable that this plan could be worked in conjunction with relief in that when any form of relief is granted, either in kind or in money, a figure in lire could be deducted from the depositor's savings book, and in that way the depositors would be paying for the relief received. However, it may not be consistent or equitable to do this without applying the same rule to withdrawals from the banks.

Inasmuch as the banks are to be reopened as soon as possible and presumably upon a restricted withdrawal basis to enable depositors to meet living requirements, it would seem consistent and equitable that similar arrangements should be made for the depositors of the postal savings bank and especially in view of the fact that such an arrangement might reach a large number of people in the lower classes and alleviate a substantial part of the relief load.

Major J. R. Knight *JRK*

*Q/A 2/16/43*  
*QPR*

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MOST SECRET  
BIGOT  
LAF/7804/7/4.

4

17 Jun 43.

To: Lt. Col. Ellis, A.A.G.  
L41 Force.

I have received a reply from 12th Army passing on the D.P.M.'s approval to our suggested notice to be posted on banks. You said that you would be good enough to examine the possibilities with the American D.P.M. of producing a notice which would be suitable for both forces. As approved by MIDEAST the notice reads as follows:

"This bank is out of bounds to all ranks of the Allied Forces".

By order Deputy Provost Marshall

I may be coming down the hill in order to attend the threatened conference on billeting; and I should be grateful if I could discuss this notice with you then.

ags

A M G O T  
L41 Force  
Field.

R/P m/b

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BIGOT HUSKY.  
MOST SECRET.

IMPORTANT.  
CIPHER MESSAGE.  
IN

HEADQUARTERS  
16 Jun 43  
7804/7  
FORCE 141

FOLIO NO 4891.  
15TH JUNE 43.  
TOO 1130.  
THI NIL.  
TOR NIL.

FROM 12TH ARMY VIA MIDEAST.  
TO FORTUNE ALGIERS FOR AMGOT.  
ORIG. NO: ECA/18.

(A) VEHICLES PROVIDED BY EIGHTH ARMY ARE COUNTED AGAINST WE AMGOT YOUR CA/157 OF 12/8 REFERS. (b) DPM NO OBJECTION BUT LETTERS LD NOT RPT NOT UNDERSTOOD. YOUR CA/348 14 JUNE REFERS. (c) PASSES 1100 LAURAGH 1200 CHIMPAZEE 200 12 ARMY AMGOT YOUR CA/159 13 JUNE REFERS.

CIVIL AFFAIRS  
WAR ROOM

4 ACTION.  
1

SMC. 2215B/15.  
T.T. 2240B/15.  
JGD.

2 To CSO  
COPY ON 7853 re (A)  
COPY ON 7982 re (c)  
To PUBLIC SAFETY

TO SELF  
FINANCE  
3847  
16/6

ARMY FORM C.

**MESSAGE FORM**

Register No. 2

Call.	Srl. No.	Priority	Transmission Instructions

*Above this line for Signals use only.*

<b>From</b> (A) FORTUNE AMGOT	ORIGINATOR.	Date-Time of Origin. 14 1035 B.	Office Date Stamp
For Action.			
<b>To</b> TWELFTH ARMY		7804/7	
(W) For Information (INFO).			Message Instructions <b>GR</b>

ORIGINATOR's No. CA/346

MOST SECRET . FOR BENSON CIVIL AFFAIRS . WISH GIVE CIVIL AFFAIRS OFFICERS FOLLOWING NOTICE FOR POSTING ON BANKS . QUOTE THIS BANK IS OUT OF BOUNDS TO ALL RANKS OF THE ALLIED FORCES BY ORDER DEPUTY PROVOST MARSHAL UNQUOTE . DPMS APPROVAL REQUESTED . WILL ARRANGE PRINTING HERE

*app 14/6*  
**TO SEE**  
**FINANCE**  
**PAOS**  
*[Signatures]*  
 38/6

This message may be sent AS WRITTEN by any means except	If liable to be intercepted or fall into enemy hands this message must be sent IN CIPHER.	Originators Instructions. Degree of Priority.	THI or TOR
			FINE CLEARED
WIRELESS.	<i>AP [Signature]</i>	<b>MOST SECRET</b> <b>XXX</b>	
Signed.	Signed.	Lt. Col.	



1A File  
MOST SECRET  
24 May 1943

B I G O T

BANKING ARRANGEMENTS

Major KNIGHT  
Major HAYES

1. I would like you to investigate and report on suggested methods of dealing with the following two possibilities:

- (a) That Italian banks will be capable of functioning on a basis limited by the composition and distribution of accessible assets.
- (b) That owing to destruction or removal of currency and/or records, the Italian banks will be incapable of functioning at all.

2. You may safely assume that:

- (a) Occupation will be gradual and by zones 3845
- (b) Available currency will be lire (taken in by our troops and found in the area occupied), Yellow Seal Dollars, RMA notes, and subsidiary coinage of both U.K. and U.S.A. Special lire will be printed and made available at fairly short notice.
- (c) A branch of a commercial bank opened in "X" will have to be considered in the early stages as a distinct entity from a branch of the bank functioning at "Y" .
- (d) The money of account of operating banks will be lire.

3. I would also like you to consider the desirability of using the Banca d'Italia branches as custodians and issuers of our note issue, operating under our control in its function of Bank of issue.

4. In your suggested plan of action you should also consider such

3845

at all.

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- (a) Occupation will be gradual and by zones
- (b) Available currency will be lire (taken in by our troops and found in the area occupied), Yellow Seal Dollars, EMA notes, and subsidiary coinage of both U.K. and U.S.A. Special Lire will be printed and made available at fairly short notice.
- (c) A branch of a commercial bank opened in "X" will have to be considered in the early stages as a distinct entity from a branch of the bank functioning at "Y" .
- (d) The money of account of operating banks will be lire.

3. I would also like you to consider the desirability of using the Banca d'Italia branches as custodians and issuers of our note issue, operating under our control in its function of Bank of issue.

4. In your suggested plan of action you should also consider such institutions as the Postal Savings Banks, I.R.I., I.S.I.

5. You will procure and read a copy of the Proclamations, particularly those relating to currency and the moratorium.

*aps.*

A. P. GLAFFEY SMITH  
Lt. Colonel  
C.F.O. - AMCOF

HM AMCOF  
Field

1739

[REDACTED]