AFA
(Allied Financial Agency)

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ORGANIZATIONAL HISTORY
JUNE 1941 - MAR. 1944

11 pp

(8)

HEADQUARTERS
ALLIED FINANCIAL AGENCY
APO 394

Ref : FAH/000/ 23 March 1944

Subject : Chart of Allied Financial Agency organization.

To : Colonel H.Grafftey-Smith,
Joint Chief Finance Officer,
Allied Control Commission.

I attach chart of Allied Financial Agency organization, Notes on the organization chart and memorandum on Functions and Duties of Allied Financial Agency.

James H. Penick
JAMES H. PENICK,
Major, Spec.Res.,
Chief of AFA.

JHP/dmr

ALLIED FINANCIAL AGENCY
(AFA)

Notes on Organization Chart

22 March 1944

A. Allied Financial Agency is one of the eight sub-divisions, part of the Finance Sub-Commission and reports directly to the CFO. The branches of AFA located in various regions report directly to AFA, HQ but in many matters receive their orders from the RFO of the region. The managers of branches of AFA are officers attached to the region but assigned for duty with the Finance Sub-Commission. While they are under the general supervision of the RFO, in some matters they have a dual capacity of acting for the region and for AFA, HQ.

AFA consists of a headquarters located at present at 51 Via Santa Brigida, Naples and four branches located at Naples (Bank of Italy), Palermo (8 Via Bari) ~~and~~ Bari and Sassari. On duty at AFA, HQ is the Chief of AFA who is a Major (A), 1 Major (B) and 1 Lt USNR (A) also 2 Sgts and 1 Pte.
At Naples is 1 Major (A) and 2 Capts (B) with 1, T 4.
At Palermo , 1 Major (B) and 1 Capt. (B) with 1, T 4, 1 L/Cpl and 2 Ptes.
At Bari, 1 Major (B) and 1 Capt.(A) with 1 L/Cpl.
At Sassari, 1 Capt. (A)
Total 11 Officers and 9 enlisted men.

These officers are now assigned to the Finance Sub-Commission and if on duty in a region they are attached to the region for duty. In some instances a branch serves more than one region.

One member of the Chief Accountant Staff (Major Mathias) is delegated for duty with AFA, Headquarters and for supervisory duty with the Naples branch office. At Palermo and Bari a member of the Regional Chief Accountants staff is delegated to keep the records of the AFA branch.

In many matters the AFA branch managers and staff work closely with the RFO as they have prblems together and sometimes share the same office. However, being assigned to the Finance Sub-Commission they are only under the RFO for disciplinary and duty purposes. The headquarters of AFA is directly under the CFO and independent of any regions. All transactions go thru regional offices and headquarters consolidate the balance sheets, issues directives, orders shipments of AM Lire currency, and generally supervises the operations of the branches.

The Chief of AFA reports direct to the CFO and is furnished with the original or copies of all orders, cables or letters pertaining to

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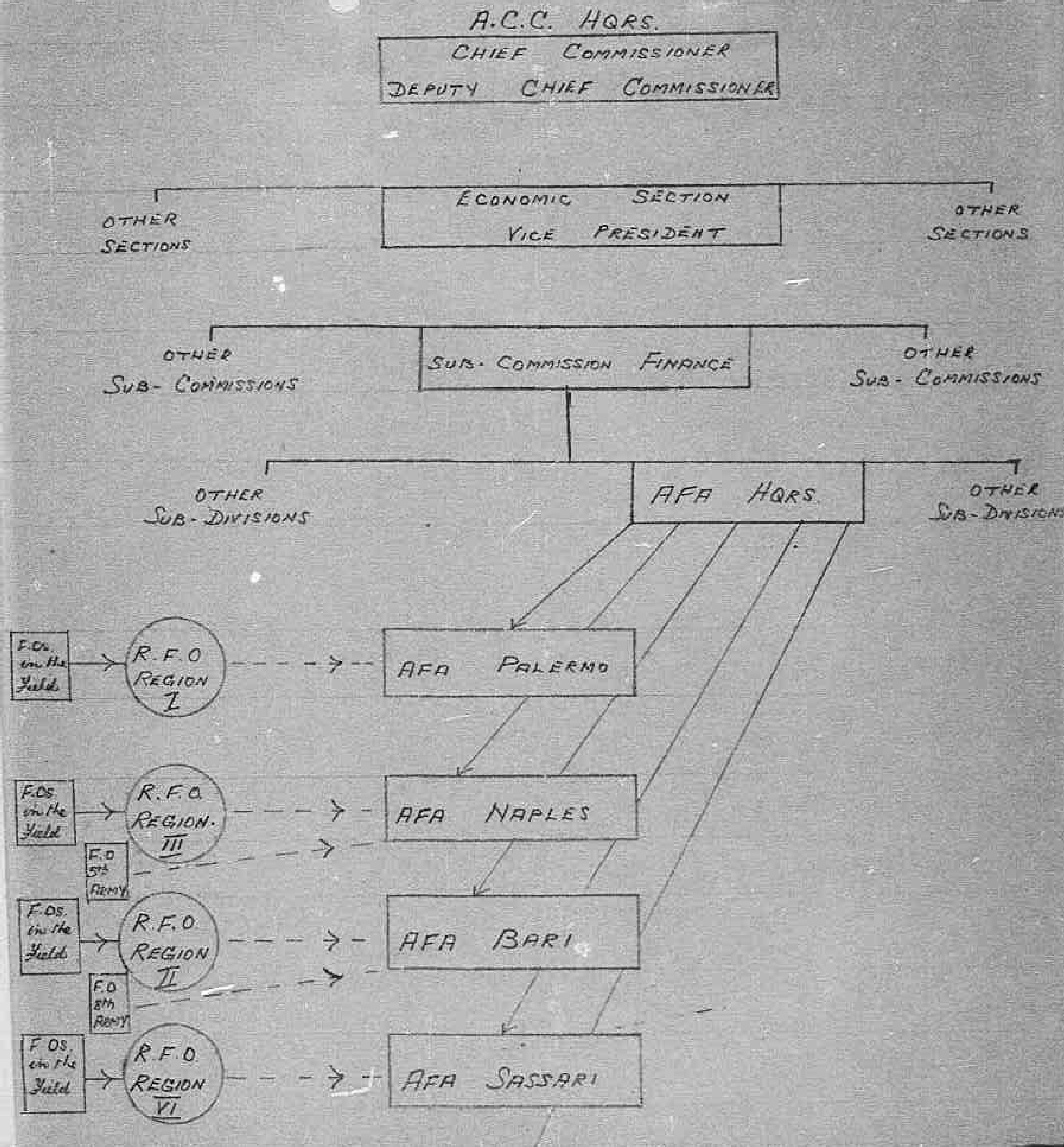
The Chief of AFA reports direct to the CFO and is furnished with the original or copies of all orders, cables or letters pertaining to AFA.

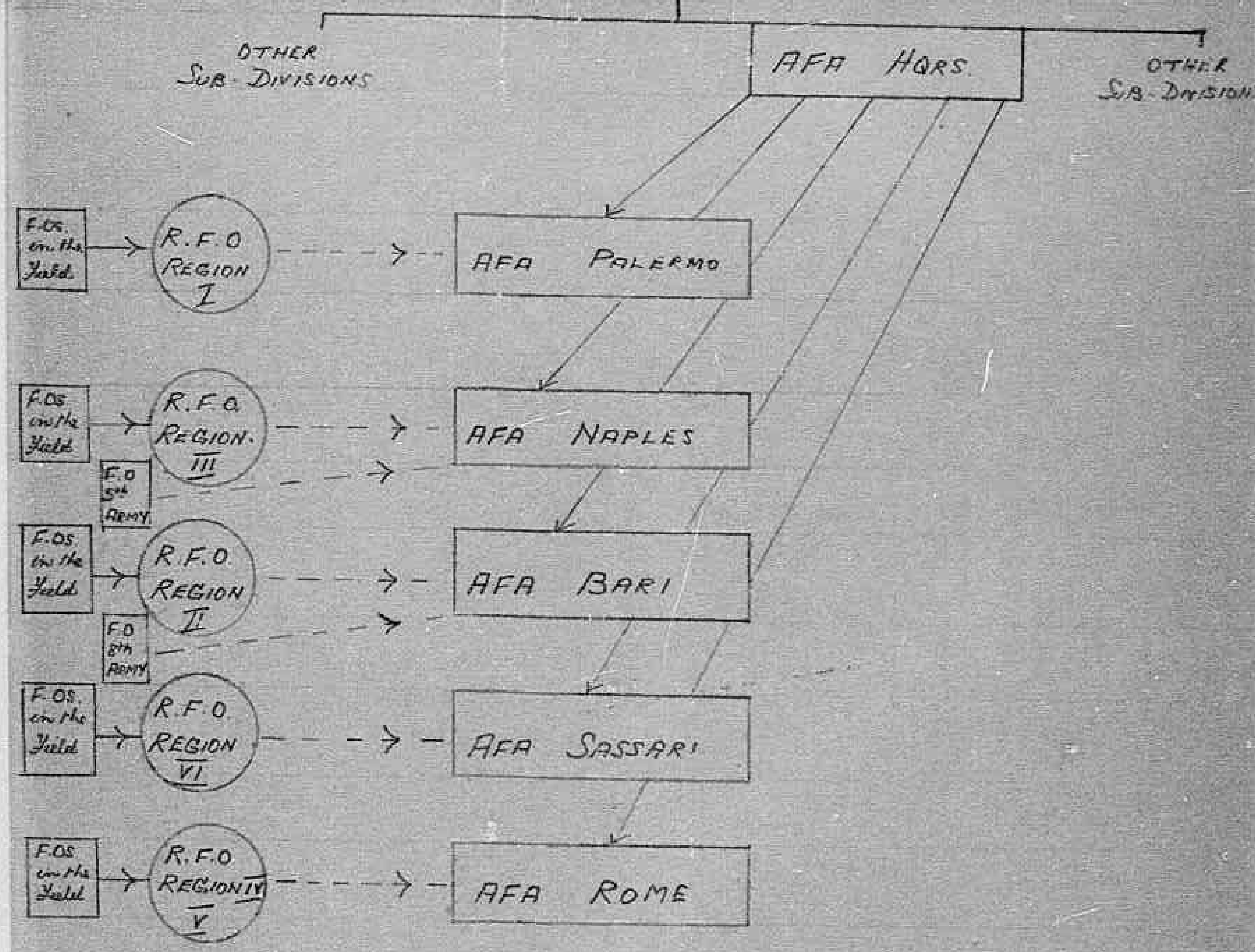
The line of communication **for AFA** to London or Washington is thru the office of the CFO and to AFHQ, MGS. No communication is had directly.

It might be noted that the branch at Bari serves Region II and V and 8 Army and the branch at Naples, for cash transactions, serves the 5 Army and Region IV and III.

Finance officers of the staff of regional finance officers expend funds of AFA under general directives. When these receipts come thru the regional finance officers to the branch of AFA they are charged to the proper account.

James H. Penick
Major Spec Res
Chief of A.F.A.


A.C.C. HQRS.
CHIEF COMMISSIONER
DEPUTY CHIEF COMMISSIONER
OTHER SECTIONS
ECONOMIC SECTION
VICE PRESIDENT
OTHER SECTIONS
OTHER SUB-COMMISSIONS
SUB-COMMISSION FINANCE
OTHER SUB-COMMISSIONS
OTHER SUB-DIVISIONS
AFA HQRS
OTHER SUB-DIVISIONS
F.Os. in the Field
R.F.O REGION I
AFA PALERMO
F.Os. in the Field
R.F.O. REGION. III
F.O 5th ARMY
AFA NAPLES
F.Os. in the Field
R.F.O REGION II
F.O 8th ARMY
AFA BARI
F.Os. in the Field
R.F.O. REGION VI
AFA SASSARI



——————— Channel of Communication

- - - - - - - Chain of Cash Supply

A L L I E D M I L I T A R Y F I N A N C I A L A G E N C Y

Functions and Duties
as of March 1-1944.

1 March 1944

A.M.F.A.

Functions and Duties

The Allied Military Financial Agency, later called Allied Financial Agency, is one of eight sub-divisions of the Allied Control Commissions, Finance Sub-Commission. AMFA was organized on the basis of directives from CCS and MGS. Its operation is closely connected with the Accounting Section, the Controller of Financial Institutions and the Currency Adviser.

Reference - From CCS to Eisenhower, June 1 - 1943, from CCS to Eisenhower, July 11 - 1943. Exhibit 2 and 3. Report of Finance Division, AMGOT, May to November 1943. Plan for AMFA - Exhibit 4B, General Administration Instructions 15. Exhibit 4A found in Report Financial Division, AMGOT, May to November 1943.

The functions and duties of AMFA fall generally in a number of large divisions such as - The Supply and Control of AM Lire, Treasury for Allied Military Forces, a Central Bank for Occupied Territory, Custodian for Allied Military Forces, a Control over Foreign Funds coming into Occupied Territory. For a full explanation of these the following sub-heads will be discussed.

AM Lire — Supply Control - Economic force of currency supply - Black Market - Inflationary influence. Police power over metropolitan lire. Curtailing lire issued since Republican Fascist Government came into power.

Treasury of Allied Military Forces — Depository Government Funds, PX and unit funds. Advises to CCS on advances to armies.

Central Bank — Reopening banks - Advance of Credit - Supply of Currency. Safeguarding Currency - Financing Italian Government.

Depository — Funds of U.S. Government Finance Officers and Unit Funds.

Custodian — Gold - Foreign Currency - Impounded Securities.

Control of Foreign Assets — Funds derived from export of goods and remittances into Italy. AF No.1Remittances, AF No.2- Prices of Exports.2-15-44 Sicily.

Handling Remittances to Italy — Uses Commercial Bank in Italy and controls funds to be used only for authorised purposes. Payments to others such as missions.

Advances to Nationals of UK and US — Controls and accounts for payments.

AM Postage — Receives stamps from US and issues to Postal officers - Records

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AMG Postage — Receives stamps from US and issues to Postal officers - Records supply and issue.

Future Relations with Bank of Italy — Control - Currency - AMFA Offices in Bank of Italy.

Accounting — System of Keeping accounts in branches. Relations with Accountants Section. Consolidating the Balance Sheet - Growth of Branches. UK and US War Dept Accounting.

Relations with other Finance Officers — CFI's - British Paymasters - French Paymasters - Italian Treasury. Issuing Currency.

AM LIRE

One of the primary functions of AMFA is to provide at all times for the currency needs of the Allied Military Forces. It must estimate the needs of the armies, missions, banks and financial institutions, social insurance schemes, deficit financing of the Italian Government, foreign funds remittances into Italy and be prepared to provide funds as needed by any agency authorised to call on it for funds.

As of Jan. 30 AMFA had received Lit 42,389,728,000 and had on hand Lit 21,066,189,829. Also among its assetts are US $ 164,[illegible].00 and BMA Pounds 115780 and 1420 North African Francs. AM Lire only are paid out ordinarily and other currencies are paid out in emergencies or in special cases.

The present supply of AM Lire on hand is estimated to take care of needs thru April 1944. Plans are in the hands of Col. Foley who is now in the US to print new Italian Lire to be issued by the Badoglio Government at future date.

In connection with the issue of AM Lire the matter of preventing counterfeit and the raising of bills should be considered. It is primarily the duty of the CIO and Regional Public Safety Officers to secure information on and convictions for violations. Only Region 1 has reported prosecuting such cases, 50 have been reported involving AM Lire. Considering the simplicity of the AM Lire currnecy and the fact it previously bore only printed numbers of the amount very little trouble has been had with forging. The AM Lire has since had amounts added in words in English and Italian.

As inflation in a confined area such as we are operating is largely a matter of two factors the supply of goods on one hand and the volume of availabe bank deposits and currency on the other this question naturally comes into AMFA's activities. Its tools of control are the restriction of available bank deposits, depreciation of currency issued to post Badoglio government in Axis Italy. Restriction of deficit of Italian government, restriction on disbursing of funds absolutely not essential. Price Regulations and Observance and the making of essential living items available as well as controlling military expenditures, are matters to be considered in connection with and in collaboration with other subsections of the Economic Staff.

CENTRAL BANK - DIRECT CREDIT

AMFA has been acting as a central bank for financial institutions and the Italian government, Currency and credit have been extended to banks as needed on unsecured basis. Many of these loans have been repaid but as of Jan. 30 there is still outstanding 212,767,316 Lire. As these credit agreements expire in the immediate future it is presumed these notes of banks will be collected within 60 or 90 days.

AMFA has advanced funds thru CFOs and CAOs during the early stages of the occupation for government purposes on Province and Commune levels. These advances will not be repaid but handled in the settlement with the Italian government assuming Occupation Costs. Since ACC has taken over, the Italian government is financed by AMFA advancing funds to cover the deficit of the government only. In other words, the governmental subdivision secures funds from the central financial authority of Italy which in turn secures funds to cover its deficit from AMFA.

While AMFA is authorized to make direct advances or guarantee bank loans to individuals and corporations executing contracts essential to the allied war effort this procedure has not been found necessary and the banks are advancing loans in these cases without AMFA guarantee.

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Funds deposited by banks with AMFA drawing no interest amount to 210,778,538 lire.

DEPOSITORY OF FUNDS

AMFA is authorised to accept funds on deposit from Banks - Army Units - Finance Officers and is a depository for US government funds. Originally AMFA carried balances for banks allowing them interest. Since Jan. 1, 1944 no interest has been paid but balances in amount of 210,778,538 lire on Jan. 30 were still carried with AMFA by banks.

Approximately 60 accounts are carried with AMFA by various army units. These amount to 7,789,870 lire. US Yellow Seal $ are carried by AMFA to cover the liability on these accounts, which are kept on a dollar basis.

CUSTODY While AMFA is the depository for funds, , currency - gold - securities impounded by Allied Military Authority very little has been placed in AMFA's hands. None in Region 2 or 3. At present this figure amounts to 6,902,296 lire. This may not mean there are not large amounts of funds and securities in the hands of the Italians which should be turned over to AMFA thru regional officers, but it means only the boxes which have been opened and accounts found which were comparatively small.

AM POSTAGE STAMPS

AMFA receives the printed postage stamps from the US and issues them as needed to postal officers. It does not receive payment for them and merely records the number received, number issued and number remaining on hand. On Jan. 30, 1944 AMFA had received Lit 86,714,000 in stamps and had issued to Italian Postal authorities 20,234,000 Lit, held in reserve Lit 66,480,000.

FUTURE RELATIONS WITH BANK OF ITALY

In view of the close relation in the future with the Bank of Italy after Rome is reached, thought should be given to closer liason with this bank. As the Bank of Italy controls currency under the Italian government and finances the government deficit and will have the duty of handling many matters in connection with the issue, circulation, and retiring of AM Lire it appears desirable that a senior officer of AMFA be located in the Bank of Italy with authority to call for reports, issue directions on currency and allied matters and direct the retiring of AM lire as well as pass on the actions of the managers of the Bank of Italy. A position of direction in certain matters rather than advisory or liason appears to be necessary.

ADVANCES TO BRITISH AND AMERICAN NATIONALS

Advances of loans to British and American nationals in liberated Italy are authorised thru the field CAOs the PW Sub-Commission and from AMFA's funds. Application forms used provide for information showing an American passport valid June 30, 1941, and a American certificate of registration valid June 30, 1941 : a letter from an American Diplomatic or Consular Officer informing the applicant that his application had been approved beyond June 30, 1941. For British nationals a passport valid 11 June 1940 is sufficient. For all cases of doubt the papers are forwarded by AMG Finance Officers to HQ, Finance Sub-Commission for submission to proper consular or diplomatic officers for decision. However, in Sicily the ROFO is authorised to submit doubtful cases direct to consular officers now in Sicily for final decision. Retroactive payments are not authorised but payment begins as of date of application. Payment is made in lire but notation is made of dollar or sterling equivalent and repayment without interest can be made in either lire or dollars - sterling. For US citizens the rate prevailing at the date of repayment governs and for UK citizens the rate on the day of advance governs.

Payments are limited to a maximum of 4000 lire per month per British or American national and to 12000 lire per month per household. These allowances are to be reduced in the amount of funds received thru AF remittances or relief payments.

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In the case of Maltese and Cypriots the advances are normally limited to 1600 lire per individual and to 4000 lire per household per month. In exceptional cases however, these amounts may be increased to a maximum of 4000 lire per month per individual where justification can be shown.

These advances are shown by AMFA under "Advances to Others" grouped under a subhead "Advances to British and American Nationals". AMFA advises each month the State Department and the Foreign Office amounts so dispersed. When the advance is repaid in dollars or sterling and put to AMFA's credit in American Banks or Bank of England advice is given AMFA for entry on AMFA books. It might be appropriate to mention here that advances are being made to other allied nationals on an emergency basis without any clear directive covering the point. No other allied governments have been asked to provide funds or credits for their nationals in this area.

Reference - Memo 25 January 1944 - Miller to Political Section ACC. Advances to British and American Nationals - MAT 60 - TAM 70.- Cable 51974 F 5 Dec 27 - 1943 British Procedure same as TAM 70 - Form "Draft Procedure for AMG Officers Effecting Payments in Lire to American and British Nationals".

REMITTANCES TO LIBERATED ITALY

Arrangements have been made to handle remittances from the US and UK to Sicily thru the Bank of Sicily beginning February 15, 1944. This procedure to be extended to occupied Italy thru the Bank of Naples and probably other banks as soon as feasible. A list of commercial banks in the US has been approved and the Bank of England will handle all remittances from the UK. These banks will send advice to the Bank of Sicily that credit has been made to "AF" account, Bank of Sicily under control of AMFA and will send list of remittees. Bank of Sicily will pay out lire, charging AMFA No.1 account, get receipts and forward monthly to AMFA for return to remitting bank. Funds so credited in Bank of England or Commercial Banks in US can be used only for certain authorized purposes such as diplomatic and consular expense, needed imports to Italy, military needs to Italy, repair of Italian vessels. All uses must be ordered by AMFA and approved by proper Treasury or War Office license. The fee of the Bank of Sicily is to be 1 % with a minimum of 25 Lit and maximum of 100 Lire.

It is proposed to allow bodies such as the apostolic delegate to remit large sums 2 million lire now thru Bank of Sicily to its representatives in Sicily and later to the Italian mainland thru the Bank of Naples or other banks approved by AMFA.

While other allied countries have asked that this system of permitted remittances be extended to them no conclusions have been reached except that such remittances should proceed thru sterling and US dollar accounts in order to simplify the control and exchange problem.

One bank only in each territory has been approved as records of payments to one household must be kept. It is presumed that as new territory is taken over by the Allies the bank having the best coverage therein will be authorized to handle the control remittances.

The latest instructions on this matter received February 18, 1944, TAM AIRGRAM No.1 dated Jan. 7, 1944 authorize under General License 32 A, remittances forwarded by any bank in the US and channelled thru eight named banks which are depositories for the blocked AF accounts. The remittance must be necessary living expenses of payee or household. If the payee is not a US citizen the total of remittances can not total over $ 100 for any three months for the entire household. A US citizen may receive in any one calendar month not over $75 plus $25 each month for each member of his household with a monthly limit of $150 per household. The remittance must not come from a blocked account unless the payee is a US citizen and the owner of the blocked account, or the owner of the blocked account is a member of the US citizens household.

ACCOUNTING

The AMFA Balance Sheet

Reports to US and UK Treasury - War Department appropriations.

For examining the AMFA balance it must be kept

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ACCOUNTING

The AMFA Balance Sheet

Reports to US and UK Treasury - War Department appropriations.

For examining the AMFA balance it must be kept in mind that the primary purposes are to provide a record of costs of occupation by allied armies and navies, amounts advanced to the Italian government and its sub-divisions, loans made which are expected to be repaid, advances made to individuals which may be repaid, Allied Military stamps issued to Italian Postal authorities, costs of Italian imports and of goods purchased in Italy for export. Most of the funds advanced and the accounting is done primarily by AMFA branches which send one report on the last of the month and an interim report on the 15th. The monthly report received at AMFA HQ around the first of each month from each branch is consolidated to form the AMFA balance sheet. Copies are sent to Washington and London in order that record may be kept of expenditure of each government and proper account set up against appropriations of the respective governments.

ACCOUNTING

1. Comments on items in AMFA Consolidated Sheet are as follows :- Cash on hand and in banks should be considered in connection with funds held by accounting officer in the field as these two are closely related. A need in the field draws from cash on hand and an oversupply in the field could be called in if necessary to a branch of AMFA.

2. (a) Provision against unutilised credit granted to banks may be disregarded until AMFA

grants new lines. It should be cleared entirely in 60 days.

2.(c) Funds deposited by US Army Units is composed of 60 (estimated) accounts and will probably grow in size and use.

3. Funds held by accounting officers in the field are currency AM lire advanced to C.Os and Army Finance officers and others for their use. As the country becomes more stable and communications and transportation are improved these amounts can be reduced and the finance officers secure needed funds quickly from AMFA branches. As these funds are used by accounting officers in the field, proper entries are forwarded to AMFA thru channels to make charges to proper account for the amount loaned or advanced.

4. AM stamps reserve and delivered to the Italian Post Office is merely a book record of the postage stamp supply held by AMFA for use of Italian Post Offices used only in Sicily thus far. AMFA does not expect to be repaid for these. The amount received by the PO reduces their deficit in that amount.

5. Payment for account of AMG Economic and Supply Divisions represents amounts advanced for products of Sicily and Italy for resale in Italy or for export abroad and sale. These transactions will result in foreign balances to be controlled by AMFA and proper UK and US license.

6. Advances might be collectable in some cases, but are mostly for accounting record with the Italian government. In the future under ACC the advance will be made in one item the covering of the Italian National Government deficit. Minor governmental bodies will secure funds thru proper Italian government process and AMFA will advance only the national deficit.

7. Most loans to banks and to others have been collected along with the interest due. This item is only 212,769,636 Lire.

9. Payment on account of Occupation costs represents all advances to the armed forces and all advances which could enter into the payment costs of the government, feeding, policing, rehabilitating of Italy. It is a cumulative item and more properly might be considered the occupation costs on the spot as previously incurred costs are not included and will probably be added to these costs in final settlement. The details supporting this schedule go back to the AMFA branch books and to the records of all Finance officers.

10. Deposits by AMG Divisions - Economic and Supply Division represents amounts paid for goods, supplies, stores and needs furnished the Italian people thru the Economic and Supply Division. The Public Health Division deposits funds in this account when drugs or medical supplies are sold in Italy. The Legal Division deposits fines or bail posted or forfeited.

12. Deposits by banks with AMFA amount only to Lire 210,778,538. Interest is not paid on AMFA balance accounts and the banks are discouraged from carrying large balances with AMFA. It is hoped to drive these funds into the banking system

The amount received by the PO reduces their deficit [illegible]

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US Army Units have deposited Lire 21,856,499. As AMFA is a depository for government funds, this account will probably grow as time develops the operation. "Deposits by other" covers funds seized and funds whose ownership is not clear.

13. Receipt for account of AMG Economic and Supply Division. These are funds worked thru 10 (a) and are allocated to credit as to country of origin.

14. Receipt for account of AMG Public Health Division represents sale of medical supplies imported from the United States after going thru account 10 (b) and being allocated to this account.

16. New AM Lire notes received from Washington is for record the total figure of notes received since opening AMFA's books. The notes are posted to this account as soon as received and none are considered as in storage or not as yet issued.

17. New AM Stamps received is merely the cumulative total of new Postage Stamps for which we must account.

The Balance Sheet of AMFA is really a record sheet for future checking in ascertaining costs expended and incurred on the spot. It does not allow for previously incurred costs of army; men, or material used, for depreciation; losses, costs incurred outside this theatre, future costs from the result of operation in this theatre and the like.

The Chief Accountant of the Finance Sub-Commission delegates an officer (Major Mathias) to keep and supervise the books of AMFA, HQ when the figures are consolidated The Regional Accountants delegate an officer in the region to keep and supervise the books of the AMFA branches.

As new accounts are added to the AMFA balance sheets they are given new numbers and added to the proper side of the balance sheet.

The proposed changes in Accounting procedure if carried thru will greatly simplify the AMFA balance sheet as the economic and supply division figures which are put thru the AMFA balance sheet now will not enter AMFA's records but will be handled by the Chief Accountant and AMG. These figures going thru AMFA's records when it has no part in handling the supplies nor no control over them seems out of place and they could better be handled in a separate set of books.

STRENGTH ALLOWANCE

Under Planning Directive No.12 AMFA was given a staff of 9 officers allotted as follows 1 Colonel (B), 1 Lt.Col. (A), 1 Major (B), 2 Majors (A), 2 Capt. (B), 2 Capt. (A). At the time these figures were allotted the branch organisation of AMFA had not developed. As branches above those now operating are opened the strength should be increased to allow for one major and one captain for each major branch. A table of strength on EM/OR has not been compiled. From past experience it would appear that 3 EM/OR in AMFA.,HQ and 2 EM/OR for each major branch would be sufficient.

In considering strength allowance for officers and EM/OR it should be kept in mind that enough of both classifications should be allowed so that new branches can be staffed with trained personnel without disrupting the present organisation.

STRENGTH
AFA Headquarters and Branches

	Officers	Assigned or attached	Enlisted Men & Other Ranks	Assigned or attached
Naples	Major P.Meyer (A)	Assigned	T/4 S.Mandell (A)	Assigned
	Capt.E.F. Benson (B)	"		
	Capt. Randall (B)	Attached assigned		

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Naples	Major P.Meyer (A)	Assigned	T/4 S.Mandell (A)	Assigned
	Capt.E.F. Benson (B)	"		
	Capt. Randall (B)	Attached Assigned 1 March		
Palermo	Major E.F. Bray (B)	Assigned	T/4 E. Vito (A)	"
	Capt. W.F. Cook (B)	"	PFC F. Berardi (A)	"
	Capt. M.E. Scott (B)	"	Pte I Clark (B)	"
			L/Cpl Gibbons (B)	Attached
Bari	Major E.J. Gits (B)	"	L/Cpl H.E. Brayshaw (A)	"
	Capt. T.E. Ramsey (A)	"		
Sassari	Capt. S.L. Andersen (A)	"	NIL	
H.Q.,A.M.F.A.	~~Lt.Col. G.V. Claiborne (A)~~	" Transf march,	1st/Sgt Reid (A)	Assigned
	Major J.H. Penick (A)	"	Sgt Taffe (B)	"
	Major J.R. Meachin (B)	"	Pte Reidpath (B)	Attached
	Lt. G.H. Willis (A)	"		
	Total assigned	12	Total assigned	6
	Total attached	[illegible]	Total attached	3

NOTE : It is planned to have Major Meachin (B) and Captain Randall (B) with one EM/OR open the Rome, Region IV branch. Later Major Gits (B) and one EM/OR to open a Region V branch.

CURRENT PROBLEMS RECEIVING ATTENTION

The AF Remittance System.

Advances to Allied National in Italy.

US Treasury Remittances to Pensioners in Italy.

Control of Proceeds of Imports and Exports.

Printing and Distribution of New Currency for Badoglio Government.

Extension of AMFA Branches in Region IV and V.

Furnishing Funds to cover deficit of Badoglio Government with particular attention to Public Road Works, Health, and other programs essential in the Allied War Effort.

Improved accounting methods to eliminate certain delays which have occurred in the past.

CONTROL OF FUNDS RECEIVED FROM EXPORTS

The mining division has exported coal from Sardinia to Naples and AMFA has advanced funds in payment. The Allied Commission takes the coal from the Carbo Sard at island prices. AMFA pays for the coal against shipping documents turning them over to the QM at AFHQ. Future disposal of the coal is in the hands of the Quartermaster. Price and payment therefor are to be settled between the QM at AFHQ, the Finance Sub-Commission - Memo Hamlyn Nov.13, 1943.

Citric Acid has been paid for in Sicily by AMFA, shipped to Norfolk, Virginia, U.S.A. and sold to Canadian firms. The US Commercial Company will remit the proceeds of this and other like sales as soon as collected to AMFA thru channels.

PAYMENTS TO OTHERS - SMALL MILITARY MISSIONS, BOOKS FOR LIBRARY CONGRESS - COOKS - SERVANTS

AMFA is the means used by the Allied Military forces to sustain various small missions of allied government in this theatre, to persons on special assignments on behalf of allied governments and for other purposes necessary in the allied war effort. Such missions as those of Poland, Czechoslovakia, and Netherlands are authorised to draw funds from AMFA. Under special instructions, funds have been advanced to an agent of the Library of Congress for the purchase of books and his maintenance in this area.

Authority found in TAM 117 of 29 December 1943.

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5904 - Refer MAT 109 Telegram Troopers 58542 and 58645 of 15 January 1944 - 22716 of Jan 3, 1944.

SUGGESTIONS FOR CONSIDERATION

Regulations tending to make AMFA the reserve for currency movements in both directions in and out. At present AMFA issues but it seems no rules or regulations are in force for currency to flow back to AMFA when its use is not imminent thus freezing large amounts in places it may not be needed. Army paymasters, AMFA branches, Missions, the Italian Government - the Bank of Italy and other banks could be instructed after a study of this question to forward stocks of currency not currently needed to a central point to act as available reserve.

It would appear the Italian Government might not have to call on AMFA for its deficit if it could secure loans from banks. Banks now carry large amounts in current accounts with the Bank of Italy receiving 3 % interest on balances. If this were reduced one half these banks might find the short termed bills of the Italian Government a desirable avenue of investment for these funds.

Conferences could be held with all branches of the ACC and proper Italian Government officials, explaining the procedure necessary to secure funds under ACC for various projects such as road works, public works, food subsidies, health programs and the like.

An allowance for additional strength in officers and EM/OR for a 3 month period for the purpose of training for necessary expansion would provide trained personnel for work now in sight. Weekly staff meetings of AMFA with other branches of the Finance Sub-Commission with exchange of views on various problems that pertain to all would cut out duplicating effort and simplify procedure.

James H. Penick
Major Spec Res
Chief of A.F.A.