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Declassified E.O. 12356 Section 3.3/NND No. 785016

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10000/105/524

ECON, PRIVATE
SEPT. 1944 - J

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Declassified E.O. 12356 Section 3.3/NND No. 785016

10000/105/524

ECON, PRIVATE COMMERCIAL TRANSACTIONS
SEPT. 1944 - JAN. 1945

MEMO

TO : G5 for V.P.

1. I have read through very carefully the attached correspondence about Lt. Sterne.
2. It seems to me that AFHQ is indicating to us that they do not take a very serious view of the matter, or on their own they would have sent out an investigator.
3. I feel reasonably certain that if we should take the trouble to write to the R.C. Sardinia for the information requested by AFHQ that they will simply send it on to the man's commanding officer.
4. The actual proceeding would take considerable time and the officer may be out of Sardinia now, so that investigation might be only perfunctory.
5. Nonetheless I feel that since we have gone so far as we have with AFHQ we should look a bit foolish to drop the matter now. Moreover, as an American officer I feel that I should like to be clear in my own mind whether this man has violated his oath of office, and if he has not it would be better for his reputation to have himself cleared through investigation.
6. Therefore I have prepared a letter for the VP's signature to Col. Pennyquick so that we can get the information we require by the G5.

W. A. S. Dollard
WILLIAM A. S. DOLLARD
Major

506b

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

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CONFIDENTIAL

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HEADQUARTERS ALLIED COMMISSION
APO 394
CIVIL AFFAIRS SECTION

Ref: 4406/COS

30th January 1945

SUBJECT: Private Commercial Transactions.

TO : Regional Commissioner
Sardinia Region

1: Attached is a copy of a letter from AFHQ reference G5/250.7 dated 7 Jan 45. This letter refers to the case of Lieut. Stern a report of whose activities you forwarded to this HQ the 1st October 1944.

2. By dint of persistent enquiry it has been possible to get this much action. It is now considered that everything which could be done by A.C. has been done and the file on the case is being closed.

Your having brought the matter to the attention of HQ and the subsequent information which you were able to give, are much appreciated.

BY COMMAND OF REAR ADMIRAL STONE:

G.R. UPJOHN Brig
VP CA Sec.
ECOS AC

Enclosure

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COPI

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

G:5 250.7

27 January 1945

SUBJECT : Private Commercial Transactions
TO : Headquarters, Allied Commission, APO 394

Reference your 4406/COS dated 7 October 1944.

1. This matter has been the subject of a full inquiry by PRG and was then referred to the Judge Advocate, who recommended that, under the circumstances involved in this case and in view of the fact that the provisions of AR 600-10 have been brought to the attention of the members of the command involved, no further action be taken with regard to this matter and that the commanding officer of Lt. Stern be so advised, and that the papers be filed. Action is accordingly being taken by this HQ.

2. The evidence showed that as soon as the impropriety of the transactions was pointed out to Lt. Stern he abandoned the project.

For the Acting Asst. Chief of Staff, G-5:

H.V. ANDERSON
Major, R.A.

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506C

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4406
ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

COS (15)
8927
HYA/WSW

G-5: 250.7

27 January 1945

JAN 28 1945

SUBJECT: Private Commercial Transactions.

TO : Headquarters, Allied Commission, APO 394.

Reference your 4406/L/COS dated 7 October 1944.

1. This matter has been the subject of a full inquiry by PMG and was then referred to the Judge Advocate, who recommended that, under the circumstances involved in this case and in view of the fact that the provisions of AR 600-10 have been brought to the attention of the members of the command involved, no further action be taken with regard to this matter and that the commanding officer of Lt. Stern be so advised, and that the papers be filed. Action is accordingly being taken by this HQ.

2. The evidence showed that as soon as the impropriety of the transactions was pointed out to Lt. Stern he abandoned the project.

For the Acting Asst. Chief of Staff, G-5:

H. Y. Anderson
H. Y. ANDERSON,
Major, R. A.



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CONFIDENTIAL

Tel : 489081
Ext : 525

HEADQUARTERS ALLIED COMMISSION
APO 394
CIVIL AFFAIRS SECTION

Ref : 1/5.3/CA

20 Nov 44

SUBJECT : Private Commercial
transactions .

TO : AFHQ G-5 Section

Reference your GB/850.7-1 dated 27 October 1944.

1. In accordance with paragraph 2 of your letter we have secured the following information about the officer concerned . He is :

Lieut. Edward J. Stern , O-1575576 Q.M.
1972 Q.M. Co. 310 Service Group .

2. As we have previously pointed out in our correspondence on this subject , this officer is not a member of the Allied Commission . It is therefore again requested that the officer's C.O. be instructed in accordance with the advice of the Theatre Judge Advocate .

W.G.S. Dollard, Major

G.R. UPJOHN Brig
VP CA Sec
D.C.J.S.

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WASD/tr

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HEADQUARTERS
ALLIED COMMISSION
SARDEGNA REGION

20 NOV 1944

REF : CCB/5030

17 November 1944

FROM : Colonel J.A.C. PENNYQUICK, Regional Commissioner.

Dear Upjohn -

Your letter of 4th November took some time to reach me and I am afraid that I have been slow in replying. The information you require is:-

Lieut. Edward J. STERN, O-1575576 Q.M.
1972 Q.M. Coy., 310 Service Group.

*Yours truly
JAC Pennyquick*

Brigadier G. R. UPJOHN,
V.P., A.C. Section,
Deputy Chief of Staff,
Headquarters, Allied Commission.

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HEADQUARTERS ALLIED COMMISSION
APO 394
CIVIL AFFAIRS SECTION

Tel: 478104

4 November 1944

Dear Pennycuik ,

With regard to your note of 1st October 1944 in which you enclosed the letter from Major Alexander on the subject of Lt. Stern of the U.S. Army. We have made every effort to get AFHQ to investigate the action described and they seem ready to take some steps now if we can furnish them with certain information .

Would you please find out as discreetly as you can the officer's first names, or initials, his unit and his branch of service and if possible his serial number as it appears that in this theater there are more than a dozen of his rank with the same family name.

AFHQ do not seem to think that the officer has done anything very culpable, but I believe that since we have gone this far we should request AFHQ to take the information which you can furnish us and conduct an investigation, either to discipline or to clear the officer.

Yours sincerely

Col. J.A.C. Pennycuik
Regional Commissioner
SARDINIA

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4406 *yes* 2080 *Cof/NO*

HEADQUARTERS
SOUTHERN REGION, ALLIED ~~CONTROL~~ COMMISSION
OFFICE OF THE REGIONAL COMMISSIONER
APO 394

HTT

8/11/77

31 October 1944

2 NOV Recd

SUBJECT: Improper Activities of Allied Commission Officers.

TO: Headquarters, Allied Commission,
(For attention of Chief of Staff).

1. Early in October the Chief of Staff told the Regional Commissioner that reports have been received that certain Allied Commission officers in Paris had fixed notices to their doors stating that they represented certain named private firms in the United States.

2. The Zone Commissioner has made the most extensive inquiries, but has been unable to find any trace of this practice.

C. E. Temperley
C. E. TEMPERLEY,
Colonel,
Regional Commissioner.

CEP/jh

HEADQUARTERS
1 NOV 1944
A. C. C.

HEADQUARTERS
1 NOV 1944
A. C. C.

see Minute 4

4/11

CONFIDENTIAL

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

27 October 1944

G-5: 250.7-1

SUBJECT: Private Commercial Transactions.

29 OCT Recd

TO : Headquarters, Allied Control Commission.
A.P.O. 394

1. Under date of 23 October 1944 (Ref 4406/003) you requested that we take steps to see that Lt. Stern's Commanding Officer is instructed in accordance with the advice of the Theatre Judge Advocate.

2. In the absence of more detailed particulars than have been made available it will be impossible to take action in this matter. There are more than a dozen U.S. Army lieutenants in the theatre with the surname Stern, and in order to take steps with regard to the officer whose conduct is in question it will be necessary to have some indication of his first name, initials, serial number or branch of service so that he may be identified with certainty.



Chas. M. Spottford
1441 AUS
for CHARLES M. SPOTTFORD,
Brigadier General, G.S.C.,
Assistant Chief of Staff, G-5:

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Declassified E.O. 12356 Section 3.3/NND No. 785016

HEADQUARTERS
ALLIED CONTROL COMMISSION
GMP

Office of the Chief of Staff

23 October 1944.

Ref/4406/GCS.

SUBJECT: Private Commercial Transactions.

TO : G - 5, A.F.H.Q.

1. I thank you for forwarding me the Theatre Judge Advocate's opinion.
2. Lt. Stern of course is not a member of this Commission, nor does the Italian Military Procurement Control Board come under my command.
3. It is however clear that the practice must be stopped and I would therefore ask you to see that the Officer's C.O. be instructed as suggested by the Theatre Judge Advocate.

For the Acting Chief Commissioner.

M. S. LUSH

Brigadier,
Chief of Staff.

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[Handwritten signature]
24/10

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To C. O. S.

I do not propose to take
any further action unless so
directed by you. I acted
merely as a post office in a
matter concerning the discipline
of a U.S. officer.

The letter from AFHQ is
unpractical & stupid but you
may not think the matter worth
following.

Sperry

1004

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

785016

HEADQUARTERS
ARMED CONTROL COMMISSION
Office of the Chief of Staff

Ref : 4406/COS

21 October 1944

SUBJECT : Private Commercial Transactions
TO : D.C.O.S. Civil Affairs Section.

1. Attached correspondence forwarded for your action.
2. The letter of 15 October from G-5 signed by a 1st Lt is in reply to a letter signed by the Acting Chief Commissioner. The attachments were not enclosed.

Ernest May
Chief Staff Officer
To Chief of Staff.

To: D.C.O.S. CP. Sec.

The attached letter is a stupid one does not indicate whether AFHQ has taken action in the address of Theater Judge Advocate, they may have done so as the enclosure when not returned.

If they are expecting us to do so, they seem to have overlooked the fact that Lt VERN is out in a unit with ^{50.} command the HQ but in one ^{50.} command AFHQ staff.

Any action?

22 OCT 1944

R. R. Chipp

2951

1005

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

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~~CONFIDENTIAL~~ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

AMB/as

G-5: 250.7

19 October 1944

2 OCT Recd

SUBJECT: Private Commercial Transactions.

TO : Headquarters, Allied Control Commission, APO 394.

1. Under date of 7 October 1944 (Ref: 4406/4/COS) there was forwarded to this Hq a copy of a confidential report submitted by the Regional Commissioner, Sardinia, on the activities of Lt. Stern.

2. The Theatre Judge Advocate has been consulted in this matter, and advises that:

"1. With the slight facts presented it cannot be said with certainty that Lieutenant Stern is violating the spirit or provisions of AR 600-10. However the matter is one which should be investigated by the officer's Commanding Officer to determine whether the transaction contemplated is one which would violate the regulation referred to.

2. It is suggested that the attached papers be forwarded to Lieutenant Stern's commanding officer, inviting attention to AR 600-10 and requesting that the matters reported be investigated and appropriate action taken to insure that existing regulations be complied with."

No ATTACHMENTS!

For the Asst. Chief of Staff, G-5:

A. M. Bullowa
A. M. BULLOWA
1st Lt., AUS

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~~CONFIDENTIAL~~

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

785016

CONFIDENTIAL

Ref: 1456/4/CGB.

7th October 1944

SUBJECT: Private Commercial Transactions.

TO : G-5 Section, AFHQ.

1. I forward a confidential report submitted by Regional Commissioner, Sardinia on the activities of Lt. Stern, US Liaison Officer with the Italian Military Procurement Control Board.

2. I need not point out the undesirability of officers in this territory entering into private commercial transactions and would ask that action should be taken to put a stop to such practices.

/s/ Ellery W. Stone

ELLERY W. STONE,
Commodore, USNR,
Acting Chief Commissioner.

NOTE: Earlier correspondence is on
Civil Affairs See file 1/5.3/A.S.

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

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HEADQUARTERS
ALLIED CONTROL COMMISSION
CMF
Office of the Chief of Staff

Ref : 4406/UOS

21 October 1944

SUBJECT : Private Commercial Transactions

TO : D.C.C.S. Civil Affairs Section.

1. Attached correspondence forwarded for your action.
2. The letter of 15 October from G-5 signed by a 1st Lt is in reply to a letter signed by the Acting Chief Commissioner. The attachments were not enclosed.

(SGO) E. TALBOT

✓ Chief Staff Officer
To Chief of Staff.

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24/11

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

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ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

AMB/as

G-5: 250.7

19 October 1944

SUBJECT: Private Commercial Transactions.

TO : Headquarters, Allied Control Commission, APO 394.

1. Under date of 7 October 1944 (Ref: 4406/4/COS) there was forwarded to this Hq a copy of a confidential report submitted by the Regional Commissioner, Sardinia, on the activities of Lt. Stern.

2. The Theatre Judge Advocate has been consulted in this matter, and advises that:

"1. With the slight facts presented it cannot be said with certainty that Lieutenant Stern is violating the spirit or provisions of AR 600-10. However the matter is one which should be investigated by the officer's Commanding Officer to determine whether the transaction contemplated is one which would violate the regulation referred to.

2. It is suggested that the attached papers be forwarded to Lieutenant Stern's commanding officer, inviting attention to AR 600-10 and requesting that the matters reported be investigated and appropriate action taken to insure that existing regulations be complied with."

For the Asst. Chief of Staff, G-5:

A. M. BULLOWA
1st Lt., AUS

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Ref: MIBB/1/100.

7th October 1944.

SUBJECT: Private Commercial Transactions.

TO : G-5 Section, A.F.H.Q.

1. I forward a confidential report submitted by Regional Commissioner, Sardinia on the activities of Lt. Stern, US Liaison Officer with the Italian Military Procurement Control Board.
2. I need not point out the undesirability of officers in this territory entering into private commercial transactions and would ask that action should be taken to put a stop to such practices.

/s/ E. W. S.
ELLERY W. STONE,
Commodore, USNR,
Acting Chief Commissioner

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SH

C/A.

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CONFIDENTIAL

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Civil Affairs
~~XXXXXXXXXX~~

Ref: 1/5.3/A.S.^{CH}

5th October, 1944.

Dear

2
Thank you for your letter of the 1st October enclosing a report by Major Alexander, who appears to have acted as usual, with the utmost propriety.

I took a very serious view of the matter which apart from other considerations would appear to infringe both U.S. and U.K. Trading with the Enemy Acts and spoke to Brigadier Lush. He will take the matter up with the appropriate authorities.

At the same time I have asked him to bear in mind your cordial relations with the office of the officer concerned, and trust that it may be practical to pursue the matter without embarrassment to you.

Yours sincerely,

G.R. Upjohn

G.R. UPJOHN. Brigadier.
V.P. Civil Affairs Section.

CHU/ynb.

See 4
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Declassified E.O. 12356 Section 3.3/NND No.

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HEADQUARTERS
ALLIED CONTROL COMMISSION
APO 394

2037

Ref: 1/5.3/A.S.

5th October, 1944

TO THE MEMBERS OF THE COMMISSION
FROM THE SECRETARY
SUBJECT: [illegible]
[illegible text follows]

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

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CONFIDENTIAL

Allied Control Commission, Region 6

Report by R.L.O. to
Regional Commission
re conversation with
Lt. Stern, U.S. Army.

On 29 Sep. 46 I received
a call from Lt. STERN the U.S.
Liaison Officer with the Italian
Military Procurement Control Board
who had previously telephoned to ask
me if I would advise him about
a private matter. This officer
handed to me a draft contract
which provided for the supply of
commodities by parties in the U.S.A.
to parties in Italy after the war.
The names of the parties and
particulars of the commodities to
be supplied were left blank.
He explained that he wished to be
advised unofficially as to whether
the contract as drawn would be
valid both in the U.S.A. and
Italy. I asked him whether he
was personally interested in the
contract and he stated that he
was. I at once raised the
question.

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question of the propriety of the Contract in view of his position as an officer in the U.S. Army. He replied that he had consulted his Commanding Officer on the subject and that the latter had agreed with him that the contract would in no way be contrary to U.S. Army Regulations. He emphasized that the Contract was not to come into operation until after the war.

I asked Lt. Stern whether he wanted my advice only on the general question of the validity of the Contract or whether he wished me to revise it in detail. He indicated that he would like me to consider the details. He stated that very large sums of money were involved, that the Contract was to be between a well-known export firm in the U.S.A. with which he was connected (I gathered that his family controlled it) on the one hand and an important Italian firm on the other hand. The initial deposit to be made by the Italian firm after the war which was to form a "revolving credit" in the U.S.A. was /

was to be \$2,000,000. 12
I asked Lt. STERN why, in
a matter involving such
large interests he did not
consult his own lawyers in
the U.S.A.. He replied that
this would take too long
and he wished to conclude
the matter before he left
Sardinia. He then produced
a complete draft of the
contract with all details
filled in which he wished
me to read. I, however,
returned this document to
him unread stating that
whatever his own position
as a U.S. Army Officer
might be it would clearly
be improper for any officer
of the Allied Commission
to concern himself directly or
indirectly with such a transaction.
I felt that I had no
right to read the document
if I did not propose to
~~advise~~ advise upon it. I
added to Lt. Stern that
if he wished legal advice
upon the subject he must
consult /

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his own admissions. The meeting
then terminated.

N. A. S. Alexander
Major

30 Sep. 44.

R.L.O.

1st Oct. 1944.

ALLIED COMMISSION FOR SARDINIA
37, Via Roma
CagliariCOMMISSIONE ALLEATA PER LA SARDEGNA
Via Roma 37
Cagliari

Dear Alf John.

I am forwarding, in some perplexity, the enclosed report made to me by Major Alexander, the Regional legal officer, as I think you should perhaps see it. I have told Alexander that I agree with the action he took - I may say that Dietrich is the Garrison requisition officer and our relations with his office are cordial and friendly - There might, however, be some future development from his proposals involving questions to R.C.C. officers - If you do not think it merits further attention I would suggest you destroy the correspondence.

Yours sincerely

JAC. Pennington

50-13

copy

CONFIDENTIAL

Ref: 4406/4/COS.

7th October 1944.

SUBJECT : Private Commercial Transactions.

TO : G-5 Section, A.F.H.Q.

1. I forward a confidential report submitted by Regional Commissioner, Sardinia on the activities of Lt. Stern, US Liaison Officer with the Italian Military Procurement Control Board.

2. I need not point out the undesirability of officers in this territory entering into private commercial transactions and would ask that action should be taken to put a stop to such practices.

ELERY STONE
Commodore, USNR,
Acting Chief Commissioner.

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

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CONFIDENTIAL

Allied Control Commission,
Region VI

Report by R.L.O. to
Regional Commissioner
re conversation with
Lt. Stern, U.S. Army.

On the 29 Sept. 44, I received a call from Lt. STERN the U.S. Liaison Officer with the Italian Military Procurement Control Board who had previously telephoned to ask me if I would advise him about a private matter. This officer handed to me a draft contract which provided for the supply of commodities by parties in the U.S.A. to parties in Italy after the war.

The names of the parties and particulars of the commodities to be supplied were left blank. He explained that he wished to be advised unofficially as to whether the contract as drawn would be valid both in the U.S.A. and Italy. I asked him whether he was personally interested in the contract and he stated that he was. I at once raised the question of the propriety of the contract in view of his position as an officer in the U.S. Army. He replied that he had consulted his commanding officer on the subject and that the latter had agreed with him that the contract would in no way be contrary to U.S. Army regulations. He emphasized that the contract was not to come into operation until after the war.

I asked Lt. Stern whether he wanted my advice only on the general question of the validity of the contract, or whether he wished me to revise it in detail. He stated that he would like me to consider the details. He stated

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- 2 -

that very large sums of money were involved and that the contract was to be between a well-known exporter firm in the U.S.A. with which he was connected (I gathered that his family controlled it) on the one part, and an important Italian firm on the other part. The initial deposit to be made by the Italian firm after the war which was to form a "revolving credit" in the U.S.A. was to be \$ 2,000,000.

I asked Lt. Stern why, in a matter involving such large interests he did not consult his own lawyers in the U.S.A. He replied that this would take too long and he wished to conclude the matter before he left Sardinia. He then produced a complete draft of the contract with all details filled in which he asked me to read. I however, returned this document to him unread stating that whatever his own position as a U.S. Army Officer might be it would clearly be improper for any officer of the Allied Commission to concern himself directly or indirectly with such a transaction. I felt that I had no right to read the document if I did not propose to advise upon it. I added to Lt. Stern that if he wished legal advice upon the subject he must consult his own advisers. The meeting then terminated.

R.A.S. Alexander,
Major.
R.L.C.

30 September 44.

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

785016

Allied Commission for Sardinia
37, Via Roma
Cagliari

1st October 44

Dear Upjohn,

I am forwarding, in some perplexity, the enclosed report made to me by Major Alexander, the Regional Legal Officer as I think you should ~~see~~ perhaps see it. I have told Alexander that I agree with the action he took. I may say that Lt. Stern is the Garrison requisition Officer and our relations with this officer are cordial and friendly. There might however, be some future development from his proposals involving questions to AGC. officer. If you do not think it merits further attention I would suggest you destroy the correspondence.

Yours sincerely,

J. A. C. Pennyquick

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