

Declassified E.O. 12356 Section 3.3/NND No. 785017

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Declassified E.O. 12356 Section 3.3/NND No. 785017

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D.O. EXCHANGES, G5, C05
JAN. 1945

Declassified E.O. 12356 Section 3.3/NND No. 785017

CSO

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13 is draft reply to Col Hennig letter at 6.
I have not again assembled all the files
as I think the subject is dealt with sufficiently
at 12 & 8.

30 Jan 45

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Issue

113 (3/11)

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Declassified E.O. 12356 Section 3.3/NND No. 785017

15

CONFIDENTIAL

Encl. 471104

Ref: 39/15/000.

11 January 1948.

6.

With reference to your letter of 13 January I now have reports from the people concerned with the points which you raised and I offer my comments and conclusions as follows:

(a) It appears true that Finance Sub-Commission was not consulted until an officer from AFHQ visited this office with the completed draft, when a rider was suggested. I would, however, like to point out that AFHQ has little to do with the particular questions of financial policy and accounting procedure as the SC covers the relations between USIA and the four Powers. Apart from this instance, coordination between ourselves and USIA is generally good and on financial questions Finance Sub-Commission state that they are consulted at every stage.

(b) With reference to the draft AFHQ order providing for the issue of orders to the United Nations authorities, the blow here lies with Headquarters Bureau and Registration Sub-Commission who should have consulted with Finance Sub-Commission at an earlier date but failed to appreciate the intricacy of the foreign exchange question involved. Your criticism is therefore entirely justified.

(c) Political Section dealt with this matter on receipt of a signal from AFHQ enquiring the status of the Commune. The question of currency involved, as it were, only a passing reference and Political Section did not appreciate that the latter was a problem in itself. It should have been raised with Finance Sub-Commission.

(d) In my opinion Civil Affairs Section was correct in asking for a definition of AFHQ responsibilities with reference to your AF 123/143 COM-6 of 17 November 47. Finance Sub-Commission state that they are equally uncertain of what is meant by AFHQ. They said that they knew all about the financial side of the Allied Accounting Commission, but thought that Registrar Upjohn's enquiry was entirely justified.

I am very grateful to you for having brought these points to my attention, as it enables me to work hard in tightening up the staff work at AFHQ.

M. S. LUSH

Col. J. H. Hill,
Acting Asst. Chief of Staff,
G-2 Section,
AFHQ.

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DRAFT

13
31 January 1945.

With reference to your letter of 13 January I now have reports from the people concerned with the points which you raised and I offer my comments and conclusions as follows:

(a) It appears true that Finance Sub Commission was not consulted until an officer from AFHQ visited this HQ with the completed draft, when a rider was suggested. I would, however, like to point out that AC has little to do with the particular questions of financial policy and accounting procedure as the GAC covers the relations between UNRRA and the Armed Forces. Apart from this instance, coordination between ourselves and UNRRA is generally good and on financial questions Finance Sub Commission state that they are consulted at every stage.

(b) With reference to the draft AFHQ Order providing for the issue of rations to the United Nations nationals, the blame here lies with Displaced Persons and Repatriation Sub Commission who should have consulted with Finance Sub Commission at an earlier date but failed to appreciate the intricacy of the foreign exchange question involved. Your criticism is therefore entirely justified.

(c) Political Section dealt with this matter on receipt of a signal from Sicily enquiring the status of the Germans. The question of currency received, as it were, only a passing reference and Political Section did not appreciate that the latter was a problem in itself. ~~with a letter to the effect~~ it should have been raised with Finance Sub Commission.

(d) In my opinion VP Civil Affairs Section was correct in asking for a

definition of AC responsibilities with reference to your AC 123/345 GSI-C of

financial questions Finance Sub Commission state that they are consulted at every stage.

(b) With reference to the draft Army Order providing for the issue of rations to the United Nations nationals, the blame here lies with Displaced Persons and Repatriation Sub Commission who should have consulted with Finance Sub Commission at an earlier date but failed to appreciate the intricacy of the foreign exchange question involved. Your criticism is therefore entirely justified.

(c) Political Section dealt with this matter on receipt of a signal from Sicily enquiring the status of the Germans. The question of currency received, as it were, only a passing reference and Political Section did not appreciate that the latter was a problem in itself. ~~With a little more~~ ^{it should} have been raised with Finance Sub Commission.

(d) In my opinion the Civil Affairs Section was correct in asking for a definition of AG responsibilities with reference to your AS 723/145 USI-C of 17 November 44. Finance Sub Commission state that they are equally uncertain of what is meant by this. They said that they knew all about the financial side of the Allied Screening Commission, but thought that Brigadier Upjohn's enquiry was entirely justified.

I am very grateful to you for having brought these points to my attention, as it assists me very much in tightening up the staff work at this H.Q.

Col. T. B. HENN,
Acting Asst. Chief of Staff,
G-5 Section,
AFHQ.

HEADQUARTERS
ALLIED COMMISSION
FINANCE SUB-COMMISSION
A.P.O. 394.

27 January 1945.

Major Rively,
Office of the Chief of Staff.

I have the following comments to make on the D/O letter of 13 January from Colonel Henn, and your comments thereon:

Your 1(a): Colonel Crawshaw states that, to the best of his recollection, he had an informal conversation with U.N.R.R.A. representatives in Rome on one section of the draft GRD. It appears that it was not until an officer from AFM came to Rome with the completed draft that the rider was suggested by him. It is, however, worthy a remark that the GRD ^{covers} ~~considers~~ the relations between U.N.R.R.A. and the armed forces, and that the "important questions of financial policy and accounting procedure" have little to do with the Allied Commission. I think that this was the reason for co-ordination with U.N.R.R.A. being ragged. On all other financial questions they consult with Finance Sub-Commission at every stage.

Your para 1(b): There is no doubt that DP AR Sub-Commission should have consulted with Finance Sub-Commission at an earlier date. Colonel Findlay stated that he thought the matter to be so simple as not to require our investigation or approval; in fact a most intricate foreign exchange question was involved. However, we were brought in before the damage was done. The truth of Col. Henn's para (b) must be admitted.

Your para 1(c): Col. Henn's allegations are correct; Polseo should have sent us copies of the correspondence earlier.

Your para 1(d): I have not the relevant papers in front of me but to the best of my recollection Brigadier Upjohn wrote to enquire what was implied by the address of

- 2 -

the Allied Screening Commission as "C/o Allied Commission". Finance Sub-Commission were equally uncertain what was meant by this and I objected to Commander Rodd that it appeared that ASC is directly under our aegis. Finance Sub-Commission know all about the financial side of the Allied Screening Commission but I would have thought that Brigadier Upjohn's enquiry was entirely justified.

A. J. Grabber

Colonel,
Joint Director,
FINANCE SUB-COMMISSION.

HW/jed

10

CC 8770

23 January 1945.

Referring to our conversation of last Saturday, I have seen a number of messages brought here by Mr. Macmillan which are the type which should be repeated to us; for example:

LAC 956, FX 86587 of 17 January
FX 88039 of 20 January
F 88363 of 20 January.

When AFHQ was located in Algiers such messages invariably were repeated to us and I must again insist that we be kept advised of important communications affecting the Commission and its work.

for Percy W. Stone

PERCY W. STONE
Rear Admiral, USNR
Chief Commissioner

Colonel T. R. Henn,
G-5 Section,
Allied Force Headquarters,
APO 912.

*cc: COS
A Files*

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212
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O
ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

17 January 1945

JAN 17 1945

My dear *Hawkins*,

4
Thank you for your letter 3/15B/CA of the 12th of January 1945. I have gone into this question, and I am afraid the whole matter fell down in consequence of Cotton's most unfortunate death. As a result we did not have continuity in negotiations. I have warned all my Heads of Divisions, and I do not think that this will occur again.

Yours sincerely,

Fin. R. H. H.

Brigadier Maurice S. Lush, CB, CBE, MC.
Chief of Staff
Headquarters, Allied Commission
A.P.O. 394

9
Copy sent to C.A.S. 19 Jan 45

May 1960

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SUBJECT: D.O. Letter from Col. Henn,
AFHQ, Dated 13 Jan 45.

1. The following are comments on the points raised in the above mentioned letter following a preliminary examination of available files:

a) UNRRA - Draft GRC.

It is said that this was prepared within AC without consultation either with the Joint Director, Finance S/C or the Chief Accountant.

On file ES/132, folio 'A', reference is made to a rider suggested by Col. Crawshaw, Finance S/C.

At folio 'B' is copy of letter to COS referring to draft No. 3 of the proposed GRC stating that it had been approved by C.A. Sec, Econ Sec, UNRRA and representatives from AFHQ.

According to correspondence, therefore, it would appear that Finance S/C was consulted, although apart from the rider referred to above I cannot see that the GRC was submitted in writing to Finance S/C or approved by it in writing.

I saw this draft at the end of Dec and at that time it did not bear evidence of having been examined in detail by competent persons.

b) Draft AFHQ Order for Issue of Rations to United Nations Nationals.

It is said that this draft was approved by AC without consultation with the Finance S/C.

It is not possible to follow the history of this draft from file ES/6.02. At folio 'A' is letter from AFHQ dated 2 Jan criticizing the draft which it is alleged had been in process of preparation for some months.

At folio 'B' is letter from Econ Sec to Displaced Persons, dated 8 Jan calling for comments on AFHQ letter - folio 'A'. It is stated that no trace of the original draft GRC can be found in the Section.

c) Diplomatic Status of Germans Brought to Taormina.

It is said Finance S/C had no knowledge of the currency problem involved.

8

At folio B is copy of letter to COS referring to draft No. 3 of the proposed GKO stating that it had been approved by C.A. Sec, Econ Sec, UNRRA and representatives from AFHQ.

According to correspondence, therefore, it would appear that Finance S/C was consulted, although apart from the rider referred to above I cannot see that the GKO was submitted in writing to Finance S/C or approved by it in writing.

I saw this draft at the end of Dec and at that time it did not bear evidence of having been examined in detail by competent persons.

b) Draft AFHQ Order for Issue of Rations to United Nations Nationals.

It is said that this draft was approved by AC without consultation with the Finance S/C.

It is not possible to follow the history of this draft from file ES/G.02. At folio A is letter from AFHQ dated 2 Jan criticizing the draft which it is alleged had been in process of preparation for some months.

At folio B is letter from Econ Sec to Displaced Persons (dated 8 Jan calling for comments on AFHQ letter - folio A). It is stated that no trace of the original draft GKO can be found in the Section.

c) Diplomatic Status of Germans Brought to Taormina.

It is said Finance S/C had no knowledge of the currency problem involved.

This is contentious as reference to signal from Political Sec to AFHQ dated 5 Jan will show - folio A, file P/220.22. This signal was based on one from Sicily Region, folio B, and although in this currency is mentioned the main question, in para 6, is one of status which was accordingly passed on to AFHQ in this form. Political Sec correctly passed on the question to AFHQ although it is true that a little imagination would have caused the currency question to be raised with Finance S/C.

d) Rewards to Italians Helping Allied P.W.

In my opinion this criticism is not well founded. Directive dated 17 Nov from AFHQ is at folio A, file 3/115/CA and at folio B is letter from CA Sec asking for definition of AC responsibilities in para 3-B, line 2.

This directive from AFHQ is cryptic to say the least and is the

Declassified E.O. 12356 Section 3.3/NND No. 785017

7 - 2

first reference we have seen to Allied Screening Commission. On 12 Jan we received copy of Memo from Commander the Hon. G.C. Podd (on a COS file) amplifying the set up of the Allied Screening Commission.

But this also is in very general terms and we are still waiting for fuller particulars which have been promised.

I thought it was generally known that Finance S/C was concerned with these payments but nevertheless I do not think C.A. Sec can be blamed for making this enquiry.

From the foregoing it will be seen that further enquiries will need to be made with reference to paras A and B before an adequate reply can be made to Col. Henn.

++++

In parenthesis ~~the~~ reference to files ES/8.02 and ES/132 provided by Econ Sec will show that the filing procedure laid down in Office Memo No. 18 is not being complied with. I will not go into detail here but I recommend that their attention be drawn to this. Furthermore, there is a breach of security as both files contain Secret documents but themselves carry no classification.

18 Jan 45.

Shaden
Captain

Copy to: Major Rively.

7

20
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ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

13 January 1945
JAN 15 1945

My dear Manuel,

In accordance with our policy of exchanging 10 letters on small points of difficulty, I am bringing to your attention certain points suggesting that coordination within the Commission is not quite as complete as it might be. These are as follows:

(a) The draft GRC defining UNRRA's access to supplies, services, and facilities and providing for transfer of certain facilities in Italy to UNRRA was prepared within the AC without any consultation whatever either with the Joint Director, Finance Subcommittee or with the Chief Accountant. Important questions of financial policy and of accounting procedure were involved. G-5 redrafted the document, and brought it to the attention of the Finance Subcommittee.

(b) The draft AFHQ order providing for the issue of rations to United Nations Nationals was approved within the AC without any consultation with the Finance Subcommittee. Here, again, an important financial policy question was involved. This Section brought the matter to the attention of the Finance Subcommittee.

(c) A radio message was recently sent by the AC to this Headquarters asking for information concerning the diplomatic status of Germans brought to Taormina from France, in order that currencies possessed by them might be handled. As a matter of interest, we asked the Finance Subcommittee to inform us what policy had been adopted with respect to currencies held by German diplomats. Colonel Graffey-Smith replied that until he received our letter the Finance Subcommittee had had no knowledge that the problem existed, and had at once issued appropriate instructions to the Italian Government.

(d) On 27 December the Vice President of the CA Section, AC, inquired of this Headquarters for a definition of AC responsibilities with respect to paying rewards to Italians helping Allied POW to escape. A copy of this letter was sent to the Finance Subcommittee, but prior consultation with that Subcommittee could have provided the answer. G-5 forwarded the query to G-2 (without our knowledge), who replied by citing to G-5 the instructions issued by the Finance Subcommittee, ACI.

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(5)

I know that you are as anxious as I am to increase the efficiency of both our organizations, and I hope that the above may be helpful.

Yours *for*

Tom R. Allen

Brigadier Maurice S. Lush, OBE, OBE, MC
Chief of Staff
Headquarters, Allied Commission
A.P.C. 394

CONFIDENTIAL

Declassified E.O. 12356 Section 3.3/NND No. 785017

212
Law

COS (4)
Tel. 475104

Ref: Y/158/21.

25 January 1946.

2 JAN 31 1946

My dear

Referring to your letter of 1 January, and I mention a small incident which has just come to my notice.

When a draft directive was being prepared in your office in relation to the activities of UNICEF it was shown to FULTON, Director of Unicef Research and Commission, who approved and initialled it.

Subsequently it was shown UNICEF for his approval, and he was slightly concerned in suggesting certain amendments as FULTON had already approved the draft. However, Lt. Commr. UNICEF made all the desired amendments and everyone was quite happy.

I am issuing a direction to my own officers on this subject, making it clear to them that the lowest level on which policy matters can be cleared at this is with representatives of your office is section level, so that this should not occur again.

This is a matter which is primarily our own responsibility, but I should like to draw it to your attention for any help you can give from your end, as in one or two other instances Directors of Sub Commissions have been consulted by your officers and agreements made with them upon matters of policy.

Yours

M. S. [Signature]

Col. J. R. [Signature],
Deputy Asst. Chief of Staff,
G-3 Section,
HQ.

1107
Declassified E.O. 12356 Section 3.3/NND No. 785017

Ref: 212/84/700.

5th January 1945.

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Thank you very much for your DO letter of 1 January, in which you reply so fully to my letters 3/15.B/CA of 17 December and 20909/2/A/DPAA of 20 December, 1944.

I note all you say and in future will most certainly do as you ask and write to you personally about any further complaints of this sort. The very last thing I want to do is to discourage your staff in their efforts to look after A.C. interests, efforts which will, I am sure, become more and more successful under *Chubb* your leadership and guidance.

M S 1001

Colonel T. R. Henn,
Deputy Asst. Chief of Staff,
G-5 Section,
ALLIED FORCES HEADQUARTERS.

Copy to: DDCS, CA Sec (with copy of DO letter under reference).

11/5/45

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

1 January 1945

My Dear *Harris*

Reference your 20909/2/A/MFAA of 20 December 1944 and
3/15.B/CA of 17 December.

I think it better that I should reply to your two letters under respective references above personally rather than that anything official should pass between us. I do so largely because I want you, in fairness to my staff, to understand the real circumstances and because, on the other hand, I do not want to present the appearance in any way of letting the Headquarters down.

First of all to deal with your complaint about Administrative Memorandum No. 54. What happened was this. The draft as submitted by you had to be concurred in by five other Staff Sections before submission to the CAO. The sentence that you don't like was inserted in the draft by G-1(Br) and concurred in by the other Sections. My staff felt quite rightly that you would not like this and telephoned Brig. Upjohn. He said he was definitely against the inclusion of such a sentence and his view was put as strongly as we could to G-1(Br). G-1(Br) insisted on pressing for the amendment and we therefore took it up to the CAO direct with a memorandum in which all the facts were reviewed and which contained a recommendation by this Section that the views of AC should be respected. Notwithstanding the Administrative Memorandum was issued in the form in which you now see it. We have now, as reported to you formally in my letter today, reopened the question with G-1(Br) and asked that your recommendation for withdrawal of the offending sentence be approved.

Turning now to your letter succinctly headed "Staff Duties", the case history of Numbers a, b, and c of your paragraph 2 is as follows:

a. AFHQ Administrative Memorandum 55 of 8 December. This was published by the Adjutant General at the request of AG(Personnel) Branch and G-1, and we did not see it before it was issued. Immediately upon Col. Fiske drawing our attention to it, the point was taken up with both Staff Sections concerned and an amendment was agreed to. This will shortly be published.

b. Military Travel Authorizations. It appears that the original draft of this AG order was taken up to Rome by one of my staff in October, and on the 9th of October, Hq. AC (Establishments Branch) returned it stating that the draft had been discussed with the Political Section and with the Displaced Persons and Repatriation Subcommittee,

as a result of which various suggested amendments were made. All amendments suggested by your Headquarters were incorporated in the AG letter as finally issued.

On the 12th of December, under reference AC/14018/8/PS, your Economic Division (having incidentally had the AG letter since 7th November) wrote to G-2(CI) of this Headquarters, stating "It is presumed that civilian employees of Allied Commission and of AFHQ itself do not require military travel authorizations." G-2(CI) subsequently confirmed that civilian employees of ALCOM, if of U.S. or British nationality, are exempt.

c. Accommodation - Italy. Here again the AFHQ letter of which you complain was produced in the Adjutant General's Department without our knowledge at the request of G-4(A) and G-4(B), concurred in by the Chief Administrative Officer and G-1. Your request for amendments has been passed to G-1 and the request is now before the Chief Administrative Officer. The latter has been advised by G-1 that they oppose the amendments you suggest.

I have dealt with the above matters at some length, not because I have any doubt that you realize the difficulties of coordination within this Headquarters, but because I am anxious to reassure you that it is not my staff that is at fault. What you have complained of (with full justification) is in fact the result of an occasional slip-up in what I fear has become both a complicated and unwieldy machine. I am taking up with the Chief Administrative Officer the question of coordination, and I am asking him to impress on all the administrative branches of this Headquarters how very important it is that we, on your behalf, have an opportunity of seeing all administrative memoranda and instructions which even remotely or indirectly affect affairs in Italy. I shall be very grateful if you would bring to my own personal attention any such lapse as may occur in the future. I feel it would be easier if you would do it this way since formal communications, not unnaturally, discourage those members of my staff who, as in the cases I have quoted above, have in fact spent considerable time and energy in endeavoring to protect what they believed to be your interests.

T. R. Henn
T. R. HENN
Colonel

Brigadier Maurice S. Lush, OBE, MC
Chief of Staff
Headquarters, Allied Commission
A.P.O. 394

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