

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

ACC

10000/109/875
(VOL. III)

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

10000/109/875
(VOL. III)

FINANCE
APR. 1946 - JAN. 1947

338

C.S.O.
to you with folio 337 followed up,
please. The E.C. may possibly be
interested. ADP
15/11

Cap K.
yes. 339. F.C. has seen. W.S. 14/11

C.S.O.
Evening. 340.

Will you please state present
position re folio 337 for the E.C's info.

Cap K. 342 Alau Khunig
Please see copy of 2/12
reply, attached
3.12.46.
3795

OK 13711

Cap K.

339.

yes.

F.C. has seen

N.S. 14/11

CSO

Even div.

340.

Will you please state present

position re folio 337 for the E.C.'s info.

Cap K.

342

Ala. K. K. K. K. K.

Cap K.

Please see copies of 3/12

Reply, attached

3.12.46.

for information

3793

H.S. 16/10

325

660. Please see folios 324 for info.
 J. W. McCall 15/10

328

cc: Ex Comm

Please see folios 327 for info. 2/10
 H.S. 26/10

329

Chief Commissioner.

327

~~attached~~ is submitted for your ~~information~~
~~information~~

DCT 28 1946

Ed. ✓ 4/28/28x.

M. D. V. Bryson
 Ex. Comm

333 353

To CSO

My guess letter at 331. Please see replies
 at folios 332, 334, 335 and 332 for the CC's info

CWR 7/10

334 334

C.S.O.

I have extracted the papers for 3793
 info. from the file. Reference 335 and 28K
 please inform Major Edward and ask him
 to inform us when Mr. Moore will be available

785017

Chief Commissioner.

327

attached is submitted for your information

EC-✓ 44-28x.

McAul Bryader
Ex-Colum

DCI 28-346.

333 333

To Cso

My your letter at 331. Please see replies
at folios 332, 334 335 and 332 per the CC's info

334.334

Ans 7/14

C.S.O

I have extracted the papers 3793
info from the file. Reference 335 and 276
Please inform Major Edward and ask him
to inform us when Mr. Moore will be available

9/x1

McAul Bry
E.C. Edward

Noted. by
informed J.H. 9/14

315

Chief Commissioner.

At Folio 314 is submitted for your consideration a draft reply to AFHQ letter of 28 August 1946 at Folio 295.

Owing to pressure of work there has been some delay in dealing with this matter but I discussed this aspect with Colonel Hamblen when he was here last week.

You will observe that with reference to para 5c of the AFHQ letter at Folio 295, detailed recommendations for a change in procedure are not included in our reply in which the recommendation is made that the existing procedure should continue until the abolition of AC.

McCan Byahen

M. GARR,
Brigadier,
A/Executive Commissioner.

3 October 1946.

AF/EC *Approved, with minor changes*
4/4 *pl* *cc*

Chief Commissioner

316.

Attached is submitted for your signature *insert*
insertion

(314)

McCan Byahen
BRIGADIER,
A/EXECUTIVE COMMISSIONER.

7/10/46 *1946*

316

Minute No. 301.

18th September 1946

To: Executive Officer (B.)

I discussed this matter with the Chief Commissioner to-day.

It was agreed that we must furnish the particulars required in paragraph 5 of 295. Will you please initiate action in conjunction with Executive Officer (A).

As regards the general part of our reply to A.F.H.Q. letter, the Chief Commissioner agreed that some parts of the Executive Commissioner's note at 300 should be included. He considered, however, that we must stress the point that during the run down of this Headquarters it had been necessary to engage the services of civilians. It had not been possible to engage American and British civilians and, therefore, Italians were engaged. The same applied to AFA and ASAA staffs.

I stated I had discussed the matter in broad terms with Colonel Battenby and he agreed with me that the only way in which the cost could properly be divided would be on a 50/50 basis. I presume you will be consulting AFA and as soon as you have worked out the detailed answers I think we shall have to get around a table and agree the draft reply.

We must not forget Cairns,

M Carr Brydson

M. CARR, Brigadier.
Acting Executive Commissioner.

302

Ex Conf.

I understand that they have
sent this list back to you. I presume
we shall do the table work in 27/9/46

21/9/46

Sam 4/5/46

Kinkaid's OK

785017

Chief Commissioner.

Attached is submitted for your signature approval information

AUG 21 1946

✓

HW/21/8

296

CSO

Ex Off A+B to Fackle & refat done
copy

297. HW (35/100)

Copies sent to Ex Os A+B. 4/9. Only

F.C. Yes - but it seems logical

HW 8 0 1946

Chief Commissioner.

295

296

CSO

Ex Effr A+B to Fackle & refat bone
copy

297. 178 (38/100)
Copies sent to Ex as A+B. 4/1. Ans

E.C. ^{298.} Yes - but it seems
logical

Chief Commissioner.

295

Approved
Attached is submitted for your signature
information

This is very different from what I had expected
after C.D. Hamble's conversation with you. 178/38/100
I will study & comment. Ex O's H & W have copies

178 8 10 1948

JW CC

265

Accil nfly to L 262 r then rfer
 to C.C. giving both Polack
 views HSL

HSL

(12/7

PA

282

I will speak to Col Hambley by telephone on 9/8

HSL 8/8

285.

Chief Commissioner.

1. Please see Pages 283 and 284. Mr. Key's letter brings us back to starting point with the position that your objection has been withdrawn, the British Embassy recommend no intervention, and the US Embassy object. I am surprised at the present position of the US Embassy because I had thought that Mr. Wesley Jones had concurred in your telegram which in itself appears to me to withdraw objection.

2. Draft telegram submitted.

13.AUG.1945

WHL
 Brigadier,
 Executive Commissioner.

3783

28.

P207 seen HSL 19/8

PA

Will speak to Mr. Kewden by telephone on 9/8

14/8/8

285.

Chief Commissioner.

1. Please see Pages 283 and 284. Mr. Kay's letter brings us back to starting point with the position that your objection has been withdrawn, the British Embassy recommend no intervention, and the US Embassy object. I am surprised at the present position of the US Embassy because I had thought that Mr. Wesley Jones had concurred in your telegram which in itself appears to me to withdraw objection.

2. Draft telegram submitted.

13.Aug.1946

28/

Proven 14/19/8

290/

Ex Comm.

See + 289 for info. 14/19/8

7/3/11

Brigadier,
Executive Commissioner.

3783

263

POLAD (B)

Executive Commissioner

15 July 1946

I have given careful consideration to the findings of the Special Epuration Commission set up under the Under-Secretary of Presidency of the Council of Ministers in April, to Brigadier Carr's memorandum (folio 236) and to your Minute no. 237. Meanwhile the Chief Commissioner has had a meeting with Signor Arpesani and has requested an additional statement of opinion from the Italian Government as result of the submission of additional facts in his letter of July 11 (folio 241). No decision should of course be taken by AC until it has received the Italian Government's reply to this latest communication.

The decision now appears to turn on whether AC wishes to accept the findings of the Special Epuration Commission set up by the Italians on these two men as the basis for action in AMG territory or whether, regardless of the findings of the Special Commission, Allied views alone regarding these two men will prevail. It would seem that AMG is justified in maintaining the suspension order presently outstanding against Frigessi and Sulfina in Zone A, regardless of action taken by the Italian Government in their regard, if subsequent evidence, if any, is not sufficiently convincing to AMG to induce it to reverse its original decision to suspend these two men. The recent findings of the Italian Epuration Commission do not necessarily constitute evidence that the original suspension order was based on erroneous judgment.

In view of the economic warfare record of Italian insurance companies and the important positions which these men held in Italian insurance companies before and during the war, I am loath to recommend any Allied action which will in effect reinstate them in their former positions. Also I hesitate to make a recommendation in this case contrary to the views of Allied Military Government authorities on the spot, who, as you know from Colonel Beard's letter of May 28 to Colonel Walton (folio 91 - Finance S/C Defascistization folder) question the decision to reinstate these two men in the Trieste companies while we hold that area.

In the light of the recent decisions in Paris on the future of Trieste, it is probable that Trieste will not return to Italian sovereignty and I feel that we should be most careful in advising AMG on a step which may reflect adversely upon its administration after the territory has been turned over to the proposed international administration.

Finally, I would like the views of my British colleague, particularly since it is my understanding that a considerable portion of the adverse information on these two men came from

785017

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Finally, I would like the views of my British colleague, particularly since it is my understanding that a considerable portion of the adverse information on these two men came from London.

#264

J. Wesley Jones
J. Wesley Jones
Political Adviser (A)

If the Republican Govt. persists in declaring this satisfaction with the record of these two men, even after studying the documents sent by the Chief Commissioner to Signor Berpessani on 11 July, I feel that the responsibility is demonstrably theirs. I can say that the British Embassy, at any rate, would be unlikely to recommend intervention against their wish to reinstate them now. *Wesley Jones*, dated 16/7.

POLAD (A).
POLAD (B).

th July, 1946.

1. I forward documents, which I should be grateful if you would return, comprising the findings of the official Italian Commission set up to examine the position of FRIGESSI and SULEINA of the Ruinione Adriatica di Sicureta.
2. These documents were handed to me by Dr. Arpesani who explained that this was the official Commission set up at the instance of the Allied Commission to examine the cases of these two men after their suspension from duties in Venezia Giulia. Dr. Arpesani explained that the Commission had examined all the papers produced by the Allied Commission through the Ministry of Commerce & Industry and all the other documents emanating from the Ministry of Interior, etc. He brought and offered to show me this considerable quantity of documentary evidence and after seeing it I was satisfied that it was not worth detention for further examination. Insofar as the legality is concerned, I am satisfied that the Commission as set up is legal and that its findings are completely acceptable to the Italian Government.
3. I mentioned to Dr. Arpesani the reports which the Allies had of the close collaboration of the insurance companies concerned with the Germans during the war, to which he replied that it was more or less a matter of 'force majeure' and that the same applied to many industrial and commercial organisations throughout Italy. In my opinion the action taken by the Italian Government as proved by the documents now produced by them removes any justification on the part of the Allied Commission from advising AMG Venezia Giulia to reinstate these two men and was fulfilling the commitment which was made to the Italian Government some time ago. Not only have the Italian Government fulfilled the request made to them in April but they have now produced the full documentation required in the Chief Commissioner's letter to them of 5th June.
4. I referred the documents to the Civil Affairs Section and the Vice President in the absence of the Chief Legal Advisor has expressed his opinion at Folio 2517. With regard to the fourth sub-para of para 1, I consider that we can give an opinion on the Commission's evidence and can agree, and that they justify reinstatement of the two men in their previous posts. No evidence that we have produced or that has been produced since these proceedings such as the general attitude to collaboration shown by the insurance companies would, or should, in my opinion, alter the Commission's findings.
5. In reply to Brig. Carr's para 2, I discussed the formation of the Commission with Dr. Arpesani. He explained to me satisfactorily that the Special Commission had been set up at the request of the Allied Commission that it had heard evidence from the Ministry of Interior and Commerce, that people such as the two men under discussion did not necessarily come under the Ministry of Finance or Industry & Commerce, and were, therefore, tried by a Special Commission. My own opinion is that there is little justification now for questioning the validity of the epuration proceedings.

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6. I entirely agree with para 3 of Brigadier Carr's letter.

7. With regard to para 4, our present action has been taken at the instance of SIAO Venezia Giulia but with warm support from the US Embassy. My own recommendation is that we should take action under 4(a).

8. It is relevant to observe on this case that consequent on the PARIS decision to internationalize TRIESTE the Italian Government may decide to transfer the headquarters of these insurance companies on to the mainland of Italy and so make the present discussion academic. I do not, however, think that this should alter our decision to inform the Italian Government that the men can be reinstated. In any case I think we should send a carefully worded message telling the Italian Government that the two men can be immediately reinstated in Italian Government territory.

MSL/JG.

MSL
Brigadier,
Executive Commissioner.

Chief Commissioner.

233

232

1. Frankly I don't think this reply is reasonable. It seems to me that the Italian Government have done all that is required of them in law. Any Minister is entitled to say whether persons coming under the ambit of his Ministry shall come before the court or not and I do not see how we can force Arpesani to send these two men before the court unless we are prepared to offer more evidence.
2. The information in sub-paragraphs 1, 2, 3 and 4, may be perfectly correct. They apply equally to all Italian Insurance Companies and give no reason in my opinion for the continued objection to the re-employment of Triggessi and Sulfina *personally*.
3. The penultimate paragraph really shows the intention behind the US Embassy which is a general objection to the return of these men to their former position. If that objection is to be maintained, why cover ourselves behind a great deal of verbiage and why not merely say we do not intend to allow these men to enter AUS territory. I think this would be high handed.
4. The US Embassy has continuously promised to produce more evidence against these two men. They have failed to do so. In common justice I think we should allow them to be reinstated and I may say I am being pressed by the Italian Government daily to do so.

21. June. 46

1752

Brigadier.
Executive Commissioner.

232

We want further documents from a. P. Rene

1752/2010

3783

217.

Have seen Lt Col Terry who admitted

that he wrote the letter in a state of indignation

it has expressed his regret. He will also express

the offending sentence & has been admonished

by me.

WJ 30/10

HL 31/5.

220.

Ex Comm.

- 1) Letter at 219 submitted for signature.
- 2) See also 218 for copy of letter written by Col Young. HL 1/6

R.I.P. 18/4/6.

225

V.P. C.A.S.

Ref 1224. Has a reminder of the 1946

3755

Get the right to reconstruct a post-stated official

with reference to the

the offending sentence has been removed
by me. MS/30/10 MS 3115

220

Ex Comm:

- 1) Letter at 219 submitted for signature.
- 2) See also 218 for copy of letter written by Ed Young. MS 116

R.I.P. MS/4/6

225

V.P. C.A.S.

Ref 1.224. Has a Director of the Police 3785

Get the right to reconstitute a far-olabal official
suspended by ADIC without reference to the
Commissioners for operation. Can be in effect
referred to prosecute? MS/12/6

226

Polad A will produce evidence MS 116

18/6 MS/14/6

Declassified E.O. 12356 Section 3.3/NND

No.

785017

345

Ref. : 4608/345/ED

16 January 1947

SUBJECT: Issue of Italian Mire in the Aegean Islands.

TO : H.M.A.
RHOES.

344

293

Reference is made to your letter no. F.016D/57 dated
10 January 1947.

Enclosed is copy of this Commission's letter no. 4608/293/30
dated 27 Aug. 46 as requested.

FOR THE CHIEF COMMISSIONER:


Brigadier,
Executive Commissioner.

378

176
176
176

785017

File 343

Ref. : 4608/343/30

4 December 1946

SUBJECT: Issue of Italian Lira in the Aegean Islands.

TO : B.M.A.
Rhodes.

293

May this Commission please be advised as to when
a reply may be received to letter no. 4608/293/EC dated
27 Aug. 1946 on this subject.

FOR THE CHIEF COMMISSIONER:

A. W. Knisely.

Brigadier,
Executive Commissioner

See 7344 4

3782

PA 4/12
JHP

Declassified E.O. 12356 Section 3.3/NND

No.

785017

4608

4906344
DE 10/11

Finance Dept
BMA DODECANESE HELF 2.
F. 016D/57
10 Jan 47

H.Q.
Allied Commission,
A.P.O. 794,
R O M E.

ISSUE OF ITALIAN LIRE IN THE AEGEAN ISLANDS

I am directed to refer to your letter No. 4608/343/EC of
4 Dec 46. 293

As your letter No. 4608/293/EC of 27 Aug 46 has not been
received by this Department, may a copy please be forwarded.

jl/ek

James W. Lacey
(J.W. LACEY) CAPT
for D.C.F. & A.

3783

See 7345

Cap 9 K

4608 *FD*

341

ALCOM ECONOMIC DIVISION

18 NOV 46 0930

MIDEAST

5535

RESTRICTED

REFERENCE SEVEN FIVE NINE SEVEN TWO SLANT OBOE EASY TARD PD
PARA ONE PD LIMITS IMPORTATION ITALY OF LIRE NOTES FROM AFRICA AS STATED IN
YOUR SIGNAL PD EXCEPTION RETURNING POW SOLDIERS AND NOO TEN THOUSAND OFFICERS
TWENTY THOUSAND PD

PRIORITY

Economic Division

JOHN R. HAYES
Major AGD
Adjutant

MAURICE H. CAZEL
Capt., AGD, Adm. Staff Officer

461

Capt K

See Min. 342

3782
PA 12

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

75972/OET
NOV. NPT

MIDEAST
ALCOM ROME

RESTRICTED

RESTRICTED.
According to unconfirmed rumours Italian government has imposed following limits for importation lire banknotes. Temporary visits 5000. Definite repatriation 10000. Returning POW 20000. Grateful signal whether rumours have foundation.

AC DIST
ACTION ECON SEC 3
INFO CHIEF COMMISSIONER
EX COMM
FILE
SKELETON

NOV 12 1946

RESTRICTED

AW
Cap K

Ex Comm

NOV 13 1946
H/7802

337

NOV. 12 0900
IMPORTANT

Bu en file

785017

4608 48

NOV 7 1946

336

7

U.R.E./us

13697/PA

Senate Committee Investigating the
National Defence Act.
The Executive Commissioner,
Allied Commission.

9 November 1946

In accordance with the request contained in
your letter of 1st November 1946; ref. 4608/331/EC, we
enclose statements of accounts recorded by this Agency
of interest to the United States Government. Some of
these are additional to the information requested as it
is felt that the Chief Commissioner would prefer to have
all available information.

The information contained in the statements is
at present secret and certain details, such as the
amount of the individual contributions of U.S., U.K.,
and Canada to the Combined Interest will never be made
known to the Italian Government therefore it is absolutely
necessary that this secrecy be preserved.

Enclosure

H.R. EDWARD
Major R.A.S.C.
Chief Accountant
Allied Supply Accounting Agency.

Ally
Capt H

3773

PA 13

Declassified E.O. 12356 Section 3.3/NND

No.

785017

MEMORANDUM:

TO

: Executive Commissioner.

The CC has indicated his desire to see
Mr. Mac Intosh when he is next in Rome.

EDSS

87000

785017

4608 46
ALLIED SUPPLY ACCOUNTING AGENCY

APC 397

NOV 5 1946
335
CMF.H.R.E. / us

Ref : I3697/FA

Subject: Senate Committee Investigating the National Defence Act. Date 6 November 1946
To : The Executive Commissioner
H.Q. Allied Commission

331
Reference your letter 4608/331/EC, 1 Nov. 1946.

We have to acknowledge receipt of the above letter and we hope to let you have the information requested in the next few days.

From time to time Mr/ Moore C. MacIntosh, Chief, Combined Civil Affairs Liquidating Agency, visits us in Rome and in view of the forthcoming visit of the Senate Investigating Committee possibly the Chief Commissioner would care to have a talk with him.

We understand that he will be visiting Rome between the 14th and the 18th of Nov.

H.R. Edward

H.R. EDWARD,
Major R.A.S.C.
Chief Accountant
Allied Supply Accounting Agency.

See 11 Nov 334

3773

(Capt K)

4608 *51*
INTER - OFFICE MEMORANDUM

Executive Commissioner ✓

334
NOV 5 1946
Ref: G-1(B)/31/1/A

4 Nov 46

Reference is made to para (b)(ii) of 4608/331/EC dated 1 Nov 46. *331*

1. Original WE designed for AMG/AC ITALY comprised 663 Officers and 1347 OR. This was WE NA/266/1, the effective date being 6 Jan 44.
2. The first field returns of which we have record was rendered on 29 Apr 44 and showed an actual strength of 587 offrs and 1132 OR.
3. The second WE (NA/266/2) was actually implemented on 24 Jun 44 but theoretically it had been effective wef 6 Jan 44. The total numbers were now changed to 645 officers and 1031 OR.
4. These figures represent an apparent decrease, but in fact an increase in personnel took place owing to the dilution of British personnel with Italians. I am not able to ascertain the exact extent of the dilution.
5. The next change in WE came this year. The present WE was implemented on 11 May 46 but its effective date was 5 Feb 46. The total personnel allowed was 260 officers and 461 OR. It should be noted that this last WE was different in nature from the others, in as much as it was split into four separate parts.
6. The attached table shows therefore the theoretical strength of AMG/AC as represented by the original WE and 2 revisions. It also shows the actual strength quarterly as taken from AFs.W.3008 and 3009.

KWJ/a

K. Wilbe-Jones
K. WILBE-JONES
Lt-Col
Executive Officer (B)

3777

See n. 353

(Capt K)

333

Table for attachment to
G-1(B)/31/1/A dated 4 Nov 46

: Quarter- : ending	: War Establishment : Offrs	: Field Returns : O.R.	: Offrs	: O.R.
1 Jan 44	663	1347		
29 Apr 44			587	1132
24 Jun 44	645	1031		
1 Jul 44			626	1174
1 Oct 44			635	1182
1 Jan 45			829	1173
1 Apr 45			845	1133
1 Jul 45			731	1005
1 Oct 45			518	925
1 Jan 46			429	733
1 Apr 46			284	389
11 May 46	260	461		
1 Jul 46			185	280
1 Oct 46			157	172

785017

4608 *Q*

HEADQUARTERS
7106TH REGIMENT
ALLIED COMMISSION (OVERHEAD)
APO 794

332

NOV 5 1946

RCR/JRH/rb

4 November 1946

File: 330.32

SUBJECT: Strength of 2675th Regiment, Allied Commission (Overhead)

TO : Executive Commissioner, Allied Commission

331

1. In accordance with paragraph (b) (11), Memorandum, your office, dated 1 November 1946, Ref: 4608/331/EC, report of strength of 2675th Regiment, Allied Commission (American Officers and Enlisted Men) for period 1 July 1945 to 1 October 1946 is submitted.

	<u>Officers</u>	<u>WO</u>	<u>EM</u>
1 July 45	537	18	1037
1 October 45	440	14	756
1 January 46	239	6	275
1 April 46	203	6	265
1 July 46	53	3	151
1 October 46	50	0	98

2. Records as to the strength of 2675th Regiment, Allied Commission, for period 1 January 1944 to 1 April 1945 inclusive have been forwarded to the MTOUSA Records Depot and are no longer in the file of this Regiment.

Robert G. Ross

ROBERT G ROSS
Lt Col FA
Commanding

See 17.353

3775

(Capt K)

785017

HEADQUARTERS ALLIED COMMISSION

A P O 794

Office of the Executive Commissioner

File
331

Memoandum.

Ref. 4608/331/20

To:
A.D.A.
Executive Officer (A).
Executive Officer (B).

1st November 1946.

Reference attached. Can the undermentioned agencies or branches please provide the following information as early as possible:-

(a) A.D.A.A.

Total cost of civil supplies under the disburse and unrest formula. If possible this should be broken down into US and UK contributions.

The above mentioned is required by G-5 AFHQ who asked this Commission to obtain it. It is also required for the information of the Chief Commissioner. It is understood that the Chief Commissioner presented one account in respect of these supplies to the Italian Government. Can information please be given as to the position as regards any future bills.

(b) The following information is required for the information of the Chief Commissioner:-

(i) From AFHQ Any information available on the net troop pay account.

(ii) From Ex. G.(A) A statement showing the strength on 1st January 1944 of American Officers and . . . and the changes in strength which took place each quarter up to date.

(iii) Executive G.(B) A statement showing the original strength of British Officers and ORs of the Allied Commission and showing the changes which took place each quarter up to date.

3772

MC

H. GARD, Brigadier.
Executive Commissioner.

(CAPT K)

See 334-335-352, H. 353

4608

330

NOV 2 1946

COX

HEADQUARTERS WESTERN HEMISPHERE THEATER OF OPERATIONS U.S. ARMY.
OFFICE OF THE CHIEF OF STAFF.

19 October 1946

SUBJECT: Senate Committee Investigating the National Defense Act.

TO: G-5 Section.

1. Information has been received that the Senate Committee Investigating the National Defense Act will visit this theater in the latter part of November or early part of December. The Committee's advance party indicates that the investigation pertains to:

- (1) Cost of Occupation.
- (2) Cost of Military Government.
- (3) Cost of War Crimes Trials.
- (4) In general cost of U.S. Forces in Europe.

2. It is requested that you take the necessary steps to prepare for this Committee's investigation in order that this theater may be of the utmost assistance to the party. Any additional information received regarding the arrival of the Committee will be forwarded to you immediately.

3. It is also requested that you take the necessary action to notify the Chief Counselor, Allied Commission, of this intended visit.

S. L. O. JAMES
Major General, U.S. Army
Chief of Staff.

True Copy.
S/O M. JAMES
Colonel G-5
EX-3-5

3773

(CAPT W)

785017

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 794

G-5: 905.06

23 October 1946

SUBJECT: Advances of Lire to Advisory Council for Italy.

OCT 25 1946

TO : Allied Financial Agency,
Allied Commission
APO 794

N.R.

Reference your FA/3.25 dated 7 October 1946.

1. According to the copy of Finance Sub-Commission letter reference 13005/F dated 3 Nov. 1945 held by this Headquarters you are included in the distribution. A copy is enclosed.

2. A statement will immediately be prepared showing the amount owing to AFA from each Delegation. These statements will be sent to the respective Delegations together with a letter requesting repayment of the amount due, at the same time explaining that the request is in pursuance of the policy expressed in the letter from the Finance Sub-Commission to the Chief of the Secretariat to the Advisory Council for Italy reference 13005/F dated 3 Nov. 1945. You may, if you desire, also enclose for easy reference a copy of that letter with your request.

3. A copy of your letter, together with a copy of the statement rendered to each Delegation, will be forwarded to this Headquarters.

4. The question of these payments being discussed by the Advisory Council for Italy is being dealt with separately by this Headquarters.

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

A. L. Hamblen

A. L. HAMBLÉN
Colonel, G.S.C.
Assistant Chief of Staff, G-5 3772

Encl: as above.

Copy to: Chief Commissioner —
Allied Commission
APO 794

See M326.

See M. 329

(CAPT K)

326

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB COMMISSION

13005/F

3 November 1945

SUBJECT: Advances of Lire to Advisory Council for Italy.

TO : The Chief of Secretariat,
The Advisory Council for Italy.

1. I am directed by the Combined Chiefs of Staff to inform the Advisory Council for Italy that the previous authorization given to the Allied Commission to make advances of AM lire to meet the expenses incurred in Italy by the Advisory Council is revoked as of 1 November 1945. No such advances, therefore, be made after 1 November 1945.

2. The Combined Chiefs of Staff further state that this decision was made in view of the fact that adequate remittance facilities to Italy have been established and in view of the agreement reached at the meeting of the Advisory Council held on 2 April 1944, that each government represented on the Council should be responsible for the payment of salaries and personal allowances of its delegations. Administrative expenses common to the Council should be divided equally among the participating Governments.

3. The Combined Chiefs of Staff have instructed that the various national delegations to the Advisory Council should be notified that in view of the agreement reached on 2 April, 1944, referred to above, they should make reimbursement to the Allied Financial Agency for past advances. Full details of such advances may be secured from the Financial Agent of the Advisory Council or from the Allied Financial Agency. I am enclosing additional copies of this letter in order you may furnish one to each delegation to the Advisory Council.

Copies to:

Chief Commissioner
Executive Commissioner
Acting Vice President,
Economic Section
British Embassy
U.S. Embassy

Director,
Finance Sub Commission

Polad (A)
Polad (B)
Financial Agent, Advisory Council
G-5 (Financial Adviser)
Chief, Allied Financial Agency

3771

see 7-327

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324

COPY

ALLIED FORCE HEADQUARTERS
G-5 Section
Apo 512

OCT. 15 1946

G-5: 973.41

10 October 1946

SUBJECT: Insurance

TO : Senior Civil Affairs Officer
AMG. Venezia Giulia

1. Will you please provide this Headquarters with an outline of the scope and activities of the Insurance Branch.
2. A brief resume of current work and problems should also be forwarded.

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

sgd. for A.L. HAMLEN
Colonel, G.S.C.
Assistant Chief of Staff, G-5

Copy to:

Chief Commissioner
Allied Commission
APO 794

See M 325

OCT 17 1946

3773

(S/COMD MCM)

4608 41

323

CC 2610

14 October 1946.

OCT 14 1946

My dear Dr. Cappa:

With reference to previous correspondence on the subject of the reinstatement of Messrs. Sulfina and DeFrigessi, I am directed to inform the Italian Government that the Allied authorities have no objection to the reinstatement of Messrs. Sulfina and DeFrigessi in their Trieste insurance companies.

For your information, Allied Military Government at Trieste has been authorized to so inform the insurance companies and any other parties concerned.

Very truly yours,

[Signature]

ELLERY W. STONE
Rear Admiral, USN
Chief Commissioner

Dr. Paolo Cappa,
Undersecretary of State to the Presidency
of the Council of Ministers,
Italian Government,
Rome.

Copy to: US Ambassador
Polad A
Polad B
Ex Comm
CC

[Signature]
(CAPT 4)

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XX F 72623

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OCT 121220A
ROUTINE

AFHQ SIGNED SACMED CITE WHCEG
ALCOM ROME , AMG VENEZIA GIULIA

OCT 14 1946

SECRET

SECRET

1. For Alcom. Will you please inform the Italian Government that the Allied authorities have no objection to the reinstatement of the Italian Trieste ^{Insurance} officials Sulfina and Frigessi.
2. For AMG. You may now inform the Insurance Companies and any other parties concerned similarly.

AC DIST

Action: Chief Commissioner (2)

Info: Executive Commissioner

Folad (A)

Folad (B)

Econ Sec

Civ Affairs

File

Skeleton

OCT 12 1946 3768
3767

SECRET

(CAPT K)

4608 *fr*
INCOMING MESSAGE
HEADQUARTERS ALLIED COMMISSION

OCT 10 1946

Originator's Reference: *FX72582*

Date/Time of Origin: OCT 09 1053

Message Centre No: *E/7114*

Date Time Rec'd: OCT 10 1100

Precedence: ROUTINE

FROM: AFHQ SIGNED SACRED CITE PHGEG

TO : ALCOM ROME, INFO: AMG-VENEZIA GIULIA

SECRET

SECRET

Subject is suspension of Italian Trieste insurance officials

Sulfina and Frigessi.

320

Reference your CC2610 dated 30 September.

Please inform Embassy that CCS in TAM 793 have removed ban on reinstatement of Sulfina and Frigessi.

AC DIST

Action: Executive Commissioner (3)

Info: Chief Commissioner

Econ. Sec.

Civ. Affairs (2)

File

Skeleton

ACTION

Action being taken
 by Chief Commissioner
 v. 16-10-46 v. 10-10-46

SECRET

OCT 10 1946

FROM: AFHQ SIGNED SACRED CITE FRGEG

TO : ALGOM ROME, INFO: AMG VENEZIA GIULIA

Precedence: ROUTINE

SECRET

SECRET

Subject is suspension of Italian Trieste insurance officials
Sulfina and Frigessi. 320 N.F.
Reference your CC2610 dated 30 September.
Please inform Embassy that CCS in TAM 793 have removed ban on
reinstatement of Sulfina and Frigessi.

AC DIST

Action: Executive Commissioner (3)

Info: Chief Commissioner

Econ. Sec.

Civ. Affairs (2)

File

Skeleton

ACTION

Action being taken
by Chief Commissioner
v. to. col. mid. high
11/10/66 Dgc

SECRET

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Seen by S.C.
(CAPT v)

PA 11/10/66

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SECRET

320

OCT 3 1946

CC 2610

30 September 1946.

SUBJECT: Reinstatement of PRIGESSI and SULFINA.

TO : AFHQ, G-5 Section. 287

My 4598 to AFHQ G-5 of 15 August and your FX-70726 of 20 August to CCS refer. 289

1. On 18 September I received a letter from the Undersecretary to the Presidency of the Council of Ministers with enclosures which were forwarded to the American Embassy the following day. Copies of the Undersecretary's letter and my letter are enclosed. In reply I received a letter from the American Embassy dated 24 September, copy of which is enclosed. 309

2. There is also forwarded herewith copies of the enclosures attached to the Undersecretary's letter of 18 September with the recommendation that they be forwarded to the Combined Chiefs for consideration in connection with your signal FX-70726 of 20 August. 311

/s/ Ellery W. Stone 289

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Inc. 1-Cappa ltr #99 18 Sept 46
2-AC ltr 19 Sept 46
3-US Embassy ltr 24 Sept 46
4-Inclosures to Cappa ltr #99

Copy to: Executive Commissioner ✓
POLAD (A)
CC Files

3768

7-321 SECRET

P.A. 31.07.46

785017

319

C O P Y

EMBASSY OF THE
UNITED STATES OF AMERICA

Rome, Italy
September 24, 1946

My dear Admiral Stone:

I have received and carefully considered your letter of September 19, together with its enclosures, regarding the desire of the Presidency of the Council of Ministers to secure the reinstatement in their offices at Trieste of Michele Sulfina and Arnaldo Frigessi. I have also discussed your letter and its enclosures with Dr. Tasea and Mr. Lapiello of the Embassy staff, whose names are mentioned therein.

In reply, I must inform you that notwithstanding the statements contained in the letter and the enclosures which you have received from Dr. Cappa, the position of the Embassy continues to be that set forth in my letter of August 13, 1946, to the Executive Commissioner, supplemented insofar as TAM 665 of August 16, 1945, is concerned, by Mr. Greene's oral statements to you, embodied in your telegram No. 4598 of August 15 to AFHQ, G-5.

At the same time, I fully appreciate that the statements contained in the three letters forwarded to you by Dr. Cappa may have a material bearing on the consideration now being given the case by the Combined Chiefs of Staff, as requested in MAT 1038 of August 21, 1946. I should, therefore, in no way wish to imply any objection to their being submitted to the Combined Chiefs.

I am enclosing a letter which I have written to Undersecretary Cappa, and should be grateful, provided you have no objection, if you would forward it to him.

Sincerely yours,

/s/ David McK. Key
/t/ David McK. Key
Charge d'Affaires ad interim

Rear Admiral Ellery W. Stone
Headquarters Allied Commission
Rome, Italy

3765

C O P YRome, Italy
September 24, 1946

My dear Dr. Cappa:

Admiral Stone has brought to my attention your two letters to him of September 16, one forwarding certain letters dealing with the cases of Signori Sulfina and de Frigessi, the other enclosing a copy of a report to you by Major Pavoni regarding conversations he has had with Dr. Lapiello of this Embassy. I am asking Admiral Stone to forward this letter to you in reply.

I believe that I fully appreciate your interest and that of the Italian Government in the reinstatement of these two gentlemen in their respective companies' offices at Trieste. I am, in addition, aware that notification of their clearance by an epuration commission of the Italian Government has been communicated to Admiral Stone.

As you no doubt know, the final decision on the cases now rests with the highest military authority of the British and American Governments; since Trieste is presently administered by an Allied Military Government, I feel sure you will agree that this is the logical and correct place for the decision. While therefore, so far as the Embassy is concerned, the decision rests elsewhere, I have informed Admiral Stone that, of course, I wish in no way to imply objection to consideration by the competent authorities of the further documentation which you have submitted.

I feel, however, that I should explain personally to you that the activities of Dr. Lapiello, especially insofar as they gave rise to the impression that the Embassy's views would be altered as the result of his suggestions were unauthorized and unknown to me, to Dr. Tassa or to any other member of the Embassy staff. Dr. Lapiello has accordingly been informed that his services with the Embassy have been terminated. You may be sure that I regret any misunderstanding or inconvenience you may have been occasioned by his activities in this matter.

I am, my dear Dr. Cappa,

Sincerely yours,

David McK. Key,
Charge d'Affaires ad interim

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File with Ex Comm
unable to obtain

26 September 46

My dear Dr. Cappa:

Your letter of September 18th and its enclosures, comprising additional documentation in support of the request for the reinstatement in the offices of their respective companies of Messrs. Sulfina and De Frigessi, together with the memorandum of Major Pavoni to you, were forwarded by me to Mr. David McK. Key, Charge d'Affaires a.i. at the American Embassy, on September 19th, requesting a statement of the Embassy's position on this matter.

In reply, I have been advised by Mr. Key that the American Embassy's position has not been altered as a result of your communications. He also points out that the question of the reinstatement of Messrs. Sulfina and De Frigessi now rests with the Combined Chiefs of Staff -- a fact of which you are aware.

Mr. Key further states that he has no objection to the additional documentation being submitted to the Combined Chiefs and I am forwarding the three letters enclosed with your letter of September 18th to Allied Force Headquarters for this purpose.

Mr. Key has also forwarded a letter for transmittal to you which I have pleasure in enclosing herewith.

Sincerely yours,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Dr. Paolo Cappa,
Undersecretary of State to the
Presidency of the Council of Ministers,
Italian Government,
Rome.

3763

P. A. 3/10/46

Copy to Exec Commr.

785017

HEADQUARTERS ALLIED COMMISSION

Office of the Chief Commissioner

APO 394

Ref: 4608/314/SC

7 October 1946

SUBJECT: Payment for Services to G-5 AFHQ

TO : ALLIED FORCES HEADQUARTERS
Attention: G-5 Section.

1. Reference is made to your letter G-5: 972.23 of the 28th August 1946.

2. (i) Sub Paragraph 5(a). The chief purpose for which funds drawn by the Commission from AFA are expended are given in itemized form in Appendix "A" to this letter.

(ii) Sub Paragraph 5(b). The Headquarters building of this Commission (31-33 Via Veneto) is held on a joint Requisition by Real Estate RAAC which is an integrated department. Apart from this the Real Estate occupied by the Commission or its personnel is held by National Requisition.

(iii) Sub Paragraph 5(d). British and American personnel have for some time past been completely segregated so far as billeting and messing are concerned.

3. With reference to para 5(c) of your letter, I am in doubt as to whether the principle of differentiation between US and British payments on behalf of services rendered to the Allied Commission, and the relation of this differentiation to the proposed Civil Affairs Agreements is advisable or practical. A possible exception to this could be made with regard to items 2 and 3 in Appendix A.

Allied Commission is an integrated organization with French and Russian representatives set up under the Long Armistice terms, and it seems to me that Allied Commission should continue as an integrated organization and its financial machinery be on an integrated basis.

In addition to its political and general functions, the Allied Commission is responsible for technical advice and many functions connected with military government.

Moreover, when the Allied Commission was set up it was essential to engage a considerable number of Italian civilian clerical and other personnel for the working of the Commission. In the run-down of the Commission it has not been possible to replace from local sources such American and British civilians as were formerly employed in the Commission. Allied civilian personnel are not available in the country. Civilian clerical staffs are, therefore, now almost wholly Italian, and this, I understand, applies also to such integrated organizations as A.F.A. and A.S.A.A.

(CAPT K)

P.A. 7/10/46

-2-

4. It would seem impossible to form a clear cut division on nationalistic lines between the various functions of the Allied Commission, and so long as the Commission exists in its present form it would appear that the whole of the services provided for the Allied Commission should be considered in the same way as services provided for AMG in Udine and Venezia Giulia which are excluded from the dollar credit scheme.

5. I do not think that it is contrary to the spirit of the two Civil Affairs Agreements for the Italian Government to pay for services rendered to the Allied Commission, especially in view of the fact that the Allied Commission will be abolished if and when the revised Armistice terms come into force.

ELLEBY W. STONE

ELLEBY W. STONE,
Rear Admiral, USNR
Chief Commissioner

Copy to: Executive Officer (B)
Executive Officer (A)
A.F.A.

3761

PA 7
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M

Serial No.	Nature of Expenditure	Remarks
1	Payments of wages of all Italian civilians employed in H.Q. building	This includes wages of Italian operators, cleaners tradesmen
2.	Payments to Italian civilians employed at American and British garages, where vehicles utilized by the Allied Commission are serviced and repaired.	This includes wages of Italian It also includes travel allowance (Rate on duty) to Italian civil
3.	Payment of wages of Italian servants employed at approved Messes.	Approved Messes at present are (b) Executive Commissioner, (c) Commission. Payment in respect Russian Mission was referred to reference 5208/187/EC dated 14.
4.	Payment of official Entertainment expenses.	Expenditure is practically con Commissioner and the Head of M

APPENDIX A.

Nature of Expenditure	Remarks
of wages of all Italian civilians in H.Q. building	This includes wages of Italian clerical personnel, telephone operators, cleaners tradesmen and general duty personnel.
to Italian civilians employed at and British garages, where vehicles by the Allied Commission are serviced.	This includes wages of Italian mechanics, greasers and drivers. It also includes travel allowances (payable when absent from Rome on duty) to Italian civilian drivers.
of wages of Italian servants employed at Messes.	Approved Messes at present are occupied by (a) Chief Commissioner (b) Executive Commissioner, (c) Director, Air Forces Sub-Commission. Payment in respect of the Mess occupied by the Russian Mission was referred to G-5 Section AFHQ, under our reference 5208/187/EC dated 14 Sep 46.
official Entertainment expenses.	Expenditure is practically confined to the Chief Commissioner and the Head of MHLA (Major-General).

-2-

5.	Purchase of materials necessary for maintenance and heating of H.Q. building Allied Commission.	This includes wood for heating and sundry items such as electric cleaning materials etc.
6.	Purchase of stationary supplies not available through normal army supply sources.	
7.	Payment of Claims arising out of the exigencies of Allied Military Government.	This excludes Udine and Venezia claims which are NOT the responsibility of Directorate of Claims and Hiring
8.	Payment to personnel of this Commission of necessary expenses incurred when travelling on duty.	It is at times necessary for personnel (e.g. Displaced Persons Sub-Commission) to travel to places where transit facilities exist.

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-2-

materials necessary for maintenance H.Q. building Allied Commission.	This includes wood for heating and minor repairs - coal - and sundry items such as electric light bulbs, locks cleaning materials etc.
stationary supplies not available any supply sources.	
claims arising out of the exigencies of the Government.	This excludes Udine and Venezia Giulia, and deals with all claims which are NOT the responsibility of the British Directorate of Claims and Hirings or the US Claims Commission.
expenses of this Commission of expenses incurred when traveling.	It is at times necessary for personnel of this Commission (e.g. Displaced Persons Sub-Commission, Communications Sub-Commission) to travel to places where no military transit facilities exist.

Cape

Proposed plan for a 5(c) 9245 2/13
if undisturbed

It is recommended:

1. That AFA funds be made available to the Allied Commission Purchasing/Contracting Office and Civilian Personnel Office for the necessary services and payrolls resulting from the continuing activities and operations of this Headquarters.
2. Purely British and/or purely American services and payrolls to be met by the proper British Army and/or American Army authorities.
3. Where any questions are raised as to whether an expenditure for a service or payroll should be classified as Allied Commission - British - or American; that AFA auditors, in the ^{first} instance, and AFHQ (if transaction still remains in dispute) ^{give a} ~~make a~~ ^{make a} ~~validating~~ ^{validating} decision.
4. In connection with expenditures for services, other than payrolls, for proper Allied Commission activities it is suggested that a monthly imprest fund in the amount 135,000 lire be established as a credit for this Headquarters, Allied Commission. This Fund to be under the control of the Allied Commission Purchasing and Contracting Office as the Disbursing Agent for AFA. ^{or} AFA and AFHQ to make periodic audits of all transactions and establish the procedure for vouchering.
5. In connection with projects calling for major repairs, installations, or major renovations it is ^{suggested} ~~requested~~ that the Chief Commissioner be authorized to approve expenditures for any project costing more than 45,000 lire.

*Include
 we are not
 responsible in
 first instance*

to be met by the proper British Army and/or American Army authorities.

3. Where any questions are raised as to whether an expenditure for a service or payroll should be classified as Allied Commission - British - or American; that APA auditors, in the ^{first} instance, and AFHQ (if transaction still remains in dispute) ^{have a} ~~make an~~ verifying decision.

4. In connection with expenditures for services, other than payrolls, for proper Allied Commission activities it is suggested that a monthly imprest fund in the amount 135,000 lire be established as a credit for this Headquarters, Allied Commission. This Fund to be under the control of the Allied Commission Purchasing and Contracting Officer as the Disbursing Agent for APA. APA ^{or} ~~and~~ AFHQ to make periodic audits of all transactions and establish the procedure for vouchering.

5. In connection with projects calling for major repairs, installations, or major renovations it is ^{suggested} ~~requested~~ that ~~that~~ 50 Chief Commissioner be authorized to approve expenditures for any project costing more than 45,000 lire.

6. That the Allied Commission Purchasing and Contracting Officer as an Agent for APA be authorized to approve expenditures for any project costing less than 45,000 lire so long as the proposed monthly imprest fund of 135,000 lire is not exceeded in any one month.

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*Original purpose of Ex A/B
including re-consideration for 5(c)*

HEADQUARTERS
ALLIED COMMISSION
APO 794

MB/RCR/ep

312

6 September 1946

SUBJECT: Payment for Services for Allied Commission

TO : Commanding General, Allied Force Headquarters (G-5 Section)
APO 512

Data for utilization in preparation of a reply to AFHQ covering the payment of Services. Reference: Letter from AFHQ to Chief Commissioner, dated 28 August 1946 (Paragraph 5).

5. (a) The chief purposes for which funds are drawn by Headquarters Allied Commission from AFA are as follows:

1. Payment of all Italian civilians employed by Headquarters Allied Commission to include travel allowances for Italian civilian drivers of military vehicles employed in connection with Allied Commission.
2. Payment of Italian civilians employed at the American and British Garages where vehicles utilized by Allied Commission are garaged, serviced and repaired.
3. Payment of Italian civilians employed at the following approved messes: (a) Chief Commissioner, Allied Commission, (b) Executive Commissioner, Allied Commission, (c) Director, Air Forces Sub-Commission, Allied Commission.
4. Official Entertainment expenses for the Chief Commissioner and Chief of MMIA.
5. Purchase of materials and supplies necessary for the maintenance, repair and heating of Buildings occupied by Headquarters Allied Commission and its affiliated Agencies.
6. Purchase of Stationery supplies necessary to Allied Commission administration and not available through regular Army Supply sources.

Since amplified

5. (b) At the present time there is no real estate occupied by the Commission or its agencies or personnel which is held by other than national requisition executed through the normal requisitioning agencies. (See List attached).

3756

58
It is recommended:

1. That AFA Funds be made available to the Allied Commission Purchasing/Contracting Office and Civilian Personnel Office for the necessary services and payrolls resulting from the continuing activities and operations of this Headquarters.
2. Purely British and/or purely American services and payrolls to be met by the proper British Army and/or American Army authorities.
3. Where any questions are raised as to whether an expenditure for a service or payroll should be classified as Allied Commission - British - or American; that Afa Auditors, in the 1st Instance, and AFHQ (if transaction still remains in dispute) render a clarifying decision.
4. In connection with expenditures for services, other than payrolls, for proper Allied Commission activities it is requested that a monthly imprest fund in the amount 135,000 lire be established as a credit for Headquarters Allied Commission. This Fund to be under the control of the Allied Commission Purchasing and Contracting Officer as the Disbursing Agent for AFA. AFA and AFHQ to make periodic audits of all transactions and establish the procedure for vouchering.
5. In connection with projects calling for major repairs, installations, or major renovations it is requested that the Chief Commissioner be authorized to approve expenditures for any project costing more than 45,000 lire.
6. That the Allied Commission Purchasing and Contracting Officer as an Agent for AFA be authorized to approve expenditures for any project costing less than 45,000 lire so long as the proposed monthly imprest fund of 135,000 lire is not exceeded in any one month.

5. (d). Billeting for American Personnel assigned to or connected with Headquarters Allied Commission is the direct responsibility of Hq RAI MTOUSA. Billeting for British Personnel assigned to or connected with Headquarters Allied Commission is the direct responsibility of Hq RAC (British)

Hq MTOUSA Circulars 97,128 and 139 of 1946 are being complied with in connection with all U.S. Military Personnel assigned to or attached to this Headquarters or any of its affiliated agencies.

785017

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Ex Com

311

SEP 21 1946

19 September 46

My dear Mr. Key:

Reinstatement of Messrs. Sulfina and Frigessi

I received late yesterday several communications from the office of the Presidency of the Council of Ministers dealing with the question of the reinstatement in their offices at Trieste of Messrs. Sulfina and Frigessi, rough translations of which are attached.

These documents comprise:-

- a. A forwarding letter from Under-Secretary Cappa, dated September 18th, with which are enclosed a letter from the National Association of Insurance Companies, dated 16 September; a letter from the Inspector General of the Ministry of Foreign Commerce, dated 16 September; a letter from the Inspector General of the Treasury, Dr. Del Vecchio, dated 16 September.
- b. A letter from Under-Secretary Cappa enclosing a memorandum of Major Pavoni, secretary to the Under-Secretary, dated 16 September.

On August 9th, this Commission received a telegram from SACMED with reference to my signal 4325 of 25 July on the above subject. Specifically, AFHQ asked if the interest of the U.S. Treasury representative at the American Embassy, Rome, in these men had now terminated and objections to them withdrawn. In my absence that week on leave, this question was submitted to the American Embassy in the Executive Commissioner's letter dated 10 August to which you replied in your letter of August 13th. You will recall that your reply did not refer to the views of the U.S. Treasury representative specifically but gave the position of the Embassy and that of individual members of the Embassy staff.

The Honorable David McK. Key
Charge d'affaires a.i.
American Embassy
Rome

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2610/10

See 7-320

(Capt. L)

284 310

In view of the enclosed letters and documents received from Dr. Cappa, I should be grateful if you would advise me, in order that I may so inform SACMED, if the position of the American Embassy and that of the Treasury representative on the Embassy staff are now altered from that set forth in your reply of August 13, 1946, to the Executive Commissioner.

304

With reference to Major Pavoni's memorandum, I should point out that all the documentation on this case received from the Under-Secretary's office was submitted to Mr. Jones and I have always assumed that it had been made available by him to all members of the Embassy staff who have dealt with this case.

Sincerely yours,

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

3755

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SEP 21 1946

TRANSLATION

THE UNDERSECRETARY OF STATE
TO THE PRESIDENCY OF THE COUNCIL OF MINISTERS

Rome, 18.9.46

99/S.P.V.

Dear Admiral,

Mr Sulfina and Mr De Frigesci have submitted a further documentation certifying their behavior during the war.

I enclose herewith:

- A letter from the National Association of Insurance Companies,
- A letter from the Inspector General of the Ministry of Foreign Commerce
- A letter from the Inspector General of the Treasury Dr Del Vecchio.

These statements confirm:

that during the war Mr Sulfina and Mr De Frigesci did not participate either in the preliminary conferences which preceded the conclusion of German-Italian agreements on insurance matters, or in the conclusion itself of said agreements;

that they were always kept off any connection with German authorities and insurance people;

that during the war they did not carry out any transfers of currency abroad on their own account and did not request any transfers of the kind on account of their companies.

I believe that these further documentations should remove the last eventual doubts which might still exist with regard to the loyalty of the abovenamed gentlemen; and, since I have reasons to believe that now also the American Embassy will not put any further obstacles in the way of the reinstatement of said gentlemen, I shall be truly grateful to you, dear Admiral, if you will kindly do your best so that the reply to the request made several times by the Italian Government may reach us without delay and in the sense desired by said Government.

I send you, dear Admiral, with my most sincere thanks the expression of my highest consideration.

Affectionately yours,

/s/ Paolo Cappa

Admiral Ellery S. Stone
Chief Commissioner
Allied Commission
ROME.

SPARC

2610/a

See 7-311-320

785017

308

TRANSLATION

NATIONAL ASSOCIATION BETWEEN INSURANCE FIRMS
Via della Frea 70 - ROME

1514

Rome, 16 September 1946.

To the PRESIDENCY OF THE COUNCIL OF MINISTERS

R O M E

As results from the minutes of the German-Italian meetings which were held during the war on insurance matters, minutes which have already been handed over to the Presidency, it is confirmed that Mr Frigessi and Mr Sulfina, General Managers of the "Riunione Adriatica di Sicurtà" and of the "Assicurazioni Generali" respectively, have not participated either in the preliminary conferences which preceded the conclusion of the abovesaid agreements or in the conclusion itself of same agreements.

It is known to this Association that, owing to their particular racial situation, they were always kept off any connection with German Authorities and insurance people concerned with these negotiations, that they were not present in the localities where these meetings and these negotiations took place, and that they had no part either directly nor indirectly in the agreements made.

We beg the Presidency to take note of this statement of ours.

THE PRESIDENT
(Avv. R. Babboni)

/s/ R. Babboni

3753

See 7-311-307

Spare
2610/4

307

TRANSLATION

MINISTRY OF FOREIGN COMMERCE

Rome, 16 September 1946.

General Direction for Currencies

The Inspector General

TO the PRESIDENCY OF THE COUNCIL
OF MINISTERS
R O M E

In compliance with the request made by the persons concerned, I certify that from the entries made at the Currencies Direction it does not result that either Dr Frigessi - General Manager of the "Riunione Adriatica di Sicurtà", or Dr Sulfina, General Manager of the "Assicurazioni Generali", have made during the war transfers of currencies abroad on their own account, or requested any transfers of that kind on the account of their Companies.

In witness whereof I sign myself

(Luigi Attilio Inaschi)

/s/ Luigi A. Inaschi

3752

See 311-309

Spares

2610/4

306

TRANSLATION

THE INSPECTOR GENERAL
OF TREASURY

Rome, 16 September 1946.

To the Presidency of the Council
of Ministers

R O M E

In compliance with the request made by the persons concerned, I can confirm that Mr Frigessi and Mr Sulfina, General Managers of the "Unione Adriatica di Sicurtà" and of the "Assicurazioni Generali" respectively, did not participate either directly or indirectly in the agreements on matters of insurance made during the war between Italy and Germany.

In witness whereof I sign myself

/s/ G. Del Vecchio

3751

See 7-311-309

4608 90

305

SEP 21 1946

THE UNDERSECRETARY OF STATE
TO THE PRESIDENCY OF THE COUNCIL OF MINISTERS

100/S.P.V.

Rome, 18.9.1946

Dear Admiral,

I have been informed of your wish to see the report made
by Major Pavoni about the contacts he had with Dr La Piella with regard
to the Sulfina and De Frigessi case.

For a particular deference towards you I enclose herewith
a copy.

Believe me, dear Admiral, with the expression of my best
consideration

Affectionately yours,

/s/ Cappa

Admiral Elery W. Stone
Chief Commissioner
Allied Commission
Rome.

3750

(Capt K)

Spare
2610/a

TRANSLATION

MEMORANDUM FOR H.E. PAOLO CAFFA
Undersecretary of State to the
Presidency of the Council of
Ministers

R O M E

In the beginning of this month Mr Sulfina and Mr De Frigessi informed me that, at the request of Minister Corbino and of his secretary Avv. Imbruglia, Dr Tasca of the American Embassy had consented to re-examine their file and had given them an appointment.

In fact, I learned that they had met: with Mr De Frigessi on 7 September and with Mr Sulfina on 9 September.

Later Mr Sulfina and Mr De Frigessi came to see me together with Avv. Imbruglia and informed me that Dr La Piella, Dr Tasca's secretary, wanted to talk with me.

The appointment took place on 11 September in my office.

Dr La Piella said to me in Mr Imbruglia's presence that Dr Tasca had vetoed the reinstatement of Mr Sulfina and Mr De Frigessi inasmuch as the documentation submitted by the Italian Government was considered insufficient: in this respect, he specified that the letter dated 11 July, sent by the Allied Commission to the Italian Government and containing precise accusations against the said gentlemen, had remained without reply or that at least Dr Tasca had never been informed of the submitted documentation.

I replied that the Presidency of the Council had amply refuted the charges made in the abovementioned letter and had besides submitted a complete documentation, from which resulted that Sulfina and De Frigessi had never participated in the meetings which preceded the insurance agreements concluded between the Italian and the German Government during the war, and that I was surprised that the American Embassy had not been informed of this.

Dr La Piella asked me whether I believed that the Presidency of the Council would be willing to re-examine again the ³⁷⁴⁸files.

I replied that it seemed impossible to me that after 6 months of study by the Italian Government and the Allied Commission, the whole thing could be started again from the beginning.

Dr La Piella told me then that he had not expressed himself well and that he only meant to ask whether I thought that there would be any objections to Dr Tasca's examination of the documentation I had mentioned, requesting eventually further clarifications in the matter.

Spare
2610/10

I replied that I would ask the Undersecretary of State and, if he agreed, the Allied Commission for the permission of submitting the requested documentation to Dr Tasca.

I did so at once and, having got the two authorizations, went on 13 September with Mr Imbruglia to see Dr La Piella in his office at the American Embassy.

Dr La Piella asked me to keep the documentation in order to be able to show it to Dr Tasca, promising to return it within Sunday morning 15 September.

Saturday evening Dr Piella came to my office with Mr Imbruglia and returned the documentation informing me confidentially that he believed that, should the opinion of the American Embassy be asked again, the veto would be lifted. It was however desired that the documentation were completed with:

1) - A letter from the Association of Insurance Companies certifying that Sulfina and De Frigessi had neither directly nor indirectly influenced the agreements on insurance matters stipulated during the war, and that they had had no contacts with the German insurance men who belonged to the German delegation.

2) - A letter of the same tenor from Dr Del Vecchio, Director General of the Treasury;

3) - A letter from Dr Jaschi, Inspector General of the Currencies Department at the Ministry of Foreign Commerce, stating that during the war Sulfina and De Frigessi had not carried out transfers of currency abroad, either for their own or for their company's account.

He added that the requested letters should be sent by the Presidency of the Council to the Allied Commission, which would in its turn ask the American Embassy's advice and after that the veto would be lifted.

He also added that in the beginning of the following week Dr Tasca wished to meet me, but this did not happen to this day.

/s/ Maj. MARCELLO PAVONI

Rome, 16/9/1946

3748

Lu 7 - 3/10 - 305

785017

SEP 10 1946

HEADQUARTERS ALLIED COM SION

A P O 794

Office of the Executive Commissioner

300

E.C.

Returned

18/11/46

Ref: 1608/EC

10th September 1946

Subject: Payment for Services

To: Chief Commissioner

Reference attached. G S 972.23 of 28/8.

1. The principle of differentiation between U.S. and British payments on behalf of services rendered to the Allied Commission and relation of this differentiation to the proposed civil affairs agreement, appears to be unsound.

2. In the first place, the Allied Commission is an integrated organization, with French and Russian representatives, set up under the Long Armistice Terms. Until those terms are replaced by the Revised Armistice terms, the Allied Commission must continue as an integrated organization and the financial machinery evolved must continue on an integrated basis. Nothing in FAN 650 can be construed to disintegrate the Commission and I see no reason by the retroactive implications of the U.S. Civil Affairs agreement, which are dependent on the hypothetical signing of the Revised Armistice, should alter this.

3. Secondly, the Chief Civil Affairs Officer is Commander of AMB, Udine, and responsible for the technical control of AMB, XIII Corps. He uses the staff of the Allied Commission for much Military Government functions e.g. Economic Section, Legal Sub-Commission, Public Safety Sub-Commission, Communications, etc. It is, as has been consistently pointed out, impossible to form a clear cut line between the two functions of A.C. and so long as it exists in its present form there seems every reason to treat the whole of the services provided for the A.C. in the same way as the services provided for AMB, Udine and AMB, XIII Corps, which are excluded from the dollar credit scheme.

3747

4. I do not think that to continue to bill the Italian Government for services rendered to the Allied Commission is contrary to the spirit of the two agreements, and I believe that this could be satisfactorily explained to the Italian Government by pointing out that as in any case the Allied Commission will be abolished under the Revised Armistice terms the retroactive application of the U.S. financial clause will not apply to A.C.

5. I recommend that the case as expressed above be submitted to C-5.

No action
EWS
ccMSL
Executive CommissionerP.A. 9/9/46
P.

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

~~4408~~ *7-11* ~~2~~
299

Received from the Office of the Executive Commissioner all
papers in request of the SULTANA / FRIGESSI case.

Rome, 12.IX.46.

Signed:

Ruggia

*Handed over
in my function
on instruction*

FOREIGN OFFICE. L.O.

Alf

12/14

12/9

3743

4608 40
ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

AUG 31 1946

G-5: 972.23

SUBJECT: Payment for Services.

TO : Chief Commissioner, (6)
Allied Commission,
APO 794.

28 August 1946

1. It is understood that funds are procured directly by a representative of the Allied Commission, from the Allied Finance Agency (AFA) for the payment of wages to Italians working for the Commission or its agencies. These funds are possibly being procured for ~~any~~ other purposes.

2. Due to the financial clauses of the pending American and British Military and Civil Affairs agreements it appears that such direct methods of procuring funds is no longer proper. Not only does this procedure tend to evade the spirit of the two agreements but appears to permit the receipt of services by military personnel which are not authorized.

3. It is therefore proposed that effective at the earliest practicable date that the AFA shall cease to make funds available for Allied Commission use except thru either American or British finance channels or thru AMG XIII Corps. To implement this procedure, immediate steps are being taken jointly by British and American fiscal officers to determine the new procedures required to continue the necessary payments for authorized and essential allied services to Commission.

4. Due to the variances between the American and British agreements it is believed to be desirable that so far as practicable, there shall not be joint occupancy of real estate or joint usage of services. While it is recognized that the Commission as an Allied agency must occupy its offices jointly and that the certain services in connection with the operation of the Commission must be provided on an allied basis, no necessity remains for the allied occupancy of billets and quarters or for the allied payment of personnel or personal servants or attendants who serve ~~the~~ nationality only.

5. It is desired therefore that you give this matter early consideration and report:

- The purposes in itemized form for which funds drawn by you from AFA are expended.
- Whether any real estate occupied by the commission or its agencies or personnel is held by other than national requisition executed thru the normal requisitioning agencies.
- Your recommendations as to procedures whereby real estate and services which must continue to be used on an allied basis may be properly accounted for within the letter and spirit of the two civil affairs agreements. In this connection it may be

A.C. Incl.

Action Encl (A)

295
1208

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5. It is desired therefore that you give this matter early consideration and report:

- The purposes in itemized form for which funds drawn by you from AFA are expended.
- Whether any real estate occupied by the Commission or its agencies or personnel is held by other than national requisition executed thru the normal requisitioning agencies.
- Your recommendations as to procedures whereby real estate and services which must continue to be used on an allied basis may be properly accounted for within the letter and spirit of the two civil affairs agreements. In this connection it may be practicable to procure funds from AMG XIII Corps to cover authorized and essential allied official requirements, where it is improper to make a charge against either the British or US governments.
- Your recommendations as to adjustments in billeting and messing arrangements whereby British and American personnel on duty with the Commission may be segregated in order that they may comply with the provisions of instructions issued by their respective Theater Commanders. In this connection,

A.C. Sec.

Action Encl (A)

" (B)

Info. C.C.

Encl (2)

Spec.

Ans

See M-296/7, 2-200

/over

785017

attention is invited to Circular 97, Hq MTOUSA, 21 June 46; Circular 128, Hq MTOUSA, 31 July 1946; and Circular 139, Hq MTOUSA, 19 August 1946, which govern all U.S. military personnel.

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

A. L. HAMLEN
Colonel GSC

Assistant Chief of Staff, G-5.

Copies to :-

RAAC (4)
AFA (2)
ASAA (2)
G-4 MTO (2)
G-3 AFHQ (2)
Fisc Dir. (2)
FA (Br) (2)
Brig i/c (3)
Admin (2)
DPIC (2)
DONG (2)
AMG XIII Corps (4)

3742

785017

File 293

Ref: 4806/293/95

27

August 1946

SUBJECT: Issue of Italian live in the Angolan Islands.

TO : D.M.A.
RECEIVED.

292

The attached memorandum No 6/2975/1156 dated 23 August 46, from the Italian Ministry of Foreign Affairs is forwarded to you for your comments please.

FOR THE CHIEF COMMISSIONER:

A. W. Kneisz.

See 4.343, 344

Brigadier
Executive Commissioner

See 4.343

3743

P.A. 27/8/46

15



Ministero degli Affari Esteri

AUG 22 1946

MEMORANDUM FOR THE ALLIED COMMISSION

Subject: Issue of Italian lire in the Aegean Islands.

1. The Italian Ministry of Treasury have informed that the Central Administration of the Banca d'Italia, in force of the Governmental Acts n° 36 and n° 38 dated 15 and 21 April, respectively, with the purpose of meeting the serious deficiency of currency which took place during the German occupation in the Aegean Islands, proceeded to the issue of 10 million lire notes to be accepted as legal tender.

2. This issue had been guaranteed by a deposit of an equivalent value in lire through the opening of an account on the Branch of the Banca d'Italia in Rhodes, registered to the "Comando delle Isole Italiane nell'Egeo."

3. The a/m Central Administration has made known that presently the above account has been frozen by the Allied Command in Rhodes, and that the Italian lire are not accepted by civilians, although the B.M.A. raise no objections to receiving any amount of lire through the British Treasury offices.

4. The Italian Ministry of Treasury believe it would be advisable that the Italian currency in Rhodes be withdrawn, suggesting that the operation may be guaranteed by the existing account.

5. The Ministry for Foreign Affairs would be much obliged to the Allied Commission if they could contact the competent Authorities in Rhodes in order to examine the Command of the Aegean Islands could comply with the stated above suggestion. A

3742

CGI 12

MEMORANDUM FOR THE ALLIED COMMISSION

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1. The Italian Ministry of Treasury have informed that the Central Administration of the Banca d'Italia, in force of the Governmental Acts no 36 and no 38 dated 15 and 21 April, respectively, with the purpose of meeting the serious deficiency of currency which took place during the German occupation in the Aegean Islands, proceeded to the issue of 10 million lire notes to be accepted as legal tender.
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5. The Ministry for Foreign Affairs would be much obliged to the Allied Commission if they could contact the competent Authorities in Rhodes in order to examine whether the Allied Command of the Aegean Islands could comply with the stated above suggestion. **A**

Rome, August 23rd, 1946



rel 293

PA 27/8/46

(part 2)

785017

INCOMING MESSAGE

HEADQUARTERS ALLIED COMMISSION

Originator's Reference: FI 70726
 Date/Time of Origin: AUG 20 1840B
 Message Centre No.: H/5841
 Date Time Rec'd: AUG 21 0900Z
 Precedence: ROUTINE

FROM: AFHQ SIGNED SACRED CITE AFCEG
 TO: ACHAF WASHINGTON FOR CCS FOR CCAC
 INFO: CABINET OFFICES WHITEHALL FOR DCS, ALCON ROME AND ANG
 13 CORPS

SECRET

SECRET

Reur Tam 665. Subject is suspension of Italian Insurance Officials Sulfini and Frigessi. This is Mat 1038.

1. Both these men have now been cleared by Italian epuration proceedings.
2. From point of military security there are no objections by this theatre to reinstatement of these men.
3. It appears from Tam 665 para one that there is information not in our possession which relates to the case and has bearing on their continued suspension despite formal clearance by Italian epuration proceedings.
4. As Italian Government are continually pressing for their reinstatement in view of para three will you please give early decision as to whether suspension of either or both men is to be continued.

AC DIST

CIPHER TELEGRAM

Action: Ex. Commissioner
 Info: Chief Commissioner

Econ. Sec.

C.A. Sec.

Polad(A)

Polad(B)

File

ACTION

This message will not be distributed outside British or U.S. Government Departments or Headquarters or retransmitted even in Cipher without being paraphrased (Messages marked O.T.P. need not be paraphrased).

HEADQUARTERS

3744 AUG 1946

A.

C.

INFO: CABINET OFFICES WHITEHALL FOR BCS, ALCOM ROME AND AMG

13 CORPS

SECRET

SECRET

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CIPHER TELEGRAM

This message will not be distributed outside British or U.S. Government Departments or Headquarters or transmitted even in Cipher without being paraphrased (Messages marked O.T.P. need not be paraphrased).

AC DIST

Action: Ex. Commissioner
Info: Chief Commissioner
Econ. Sec.

C.A. Sec.

Polad(A)

Polad(B)

File

Skeleton

HEADQUARTERS

37424 AUG 1946

Polad(B)

File

Skeleton

ACTION

SECRET

7-320

287B

Ref. : 4608/EC

17 August 1946.

SUBJECT: Confiscated and Impounded Enemy Funds.

Dear

I am enclosing a letter addressed to you from the Allied Financial Agency concerning valuables to the value of Lire 368,821,154.

The Allied Financial Agency have requested our assistance in this matter and any help that you can give them would be much appreciated by us.

The package need not necessarily be brought down by one of your officers but by any officer that you know is passing through Rome.

With many thanks,

Yours

A. W. Kalscy.

Lt. Col. H.N. Bright M.B.E.
Provincial Commissioner,
Allied Military Government,
Udine

3743

19/8/46
P.A.
J.S.

4608 7d 2871A

ALLIED FINANCIAL AGENCY

Branch of
Allied Force HQ
G-5 Section CMF

Postal Address:
APO 794 US Army

FA/4.85

15 Aug 1946

AUG 16 1946

SUBJECT: Confiscated and Impounded Enemy Funds.

TO : Headquarters Allied Commission,
Executive Commissioner Office.

1. Reference is made to telephone conversation (Lt Col Hinde Smith - Lt Col Fletcher Randall).

2. Herewith, for onward transmission, please find a communication addressed to Provincial Commissioner AMG UDINE enclosing letter addressed to Banca d'Italia UDINE.

3. Your assistance in arranging for an officer to convey the subject vaglia etc. to Allied Financial Agency would be greatly appreciated. As explained during the course of our telephonic conversation we are reluctant to trust this package to the vagaries of the post.


L.R. BATTENSBY, Col.
Colonel, G.L.,
Director,
Allied Financial Agency.

CFR/lit

Encl: as stated.

3733 2

(csc)

⁴⁶⁰⁸
~~SECRET~~

ALCOM ACSEC FROM ADMIRAL STONE

151315Z AUGUST 1946

AFHQ FOR GEORGE FIVE

16 16 1946

4598

SECRET

290
FOUR FOX SEVEN ZERO TWO ONE EIGHT OF EIGHT AUGUST REFERS PD
PARA TWO PD AXLE CHARLIE POSITION WITH RESPECT BOTH THESE ARE BASED ON INSTRUCTIONS
FROM CHARLIE CHARLIE SIGAN THROUGH AFHQ CMA NAMELY TAN SIX SIX FIVE PD IT IS AXLE
CHARLIE'S VIEW CMA AS REPORTED IN MY FOUR THREE TWO FIVE OF TWO FIVE JULY CMA THAT
COMPLIANCE WITH TAN SIX SIX FIVE APPARENTLY HAD BEEN EFFECTED PD MR JONES OF THE AMERICAN
EMBASSY ASSISTED IN THE PREPARATION OF MY FOUR THREE TWO FIVE AND CONCURRED PD MR
JONES HAS BEEN IN PARIS SINCE THE FIRST OF AUGUST PD 290
PARA TWO PD IN RESPONSE TO FOX SEVEN ZERO TWO ONE EIGHT AMERICAN EMBASSY'S POSITION
NOTE AND THAT OF INDIVIDUAL MEMBERS OF THE EMBASSY STAFF UNQUOTE PARAGRAPH THIS INCLUDES
TREASURY REPRESENTATIVE PARAGRAPH IS TO SUPPORT AN EARLIER POSITION OF MR JONES THAT
REGARDLESS OF AC UITAL BY ITALIAN REPUTATION PROCEEDINGS CMA AND SHOULD NOT REINSTATE
IN VIEW OF ALLIED OBJECTION TO THESE TWO MEN PD MR GREENE WHO HAS TEMPORARILY TAKEN
OVER MR JONES' ADVISORY FUNCTIONS HOLDS THAT TAN SIX SIX FIVE NOT FULLY COMPLIED WITH
BECAUSE ITALIAN GOVERNMENT HAS NOT TAKEN OFFICIAL JURISDICTION OVER GENERAL OFFICES OF
THE INSURANCE COMPANIES INVOLVED PD AXLE CHARLIE POSITION IS THAT JURISDICTION EXTENDED
TO INDIVIDUALS AGAINST WHOM REPUTATION PROCEEDINGS SHOULD BE LAUNCHED BY ITALIAN GOVERNMENT
PD IF MR GREENE'S VIEW IS CORRECT CMA NO PERSON CONNECTED WITH TRIESTE COMPANIES CAN

PAGE 1 OF 2 PAGES

3738

See in 268
See 7-320
~~SECRET~~

SECRET

286

PAGE 2 OF 2 PAGES

1598

SECRET

BE GIVEN OPPORTUNITY TO PROVE INNOCENCE UNDER TERMS OF TAM SIX SIX FIVE WHICH LEFT
EPURATION E. ITALIAN GOVERNMENT NOTWITHSTANDING LOCATION OF THEIR COMPANIES PD
PARA THREE PD ABLE CHARLIE DOES NOT QUARREL WITH AMERICAN EMBASSY OPPOSITION TO
THESE MEN PER SE NOT IN VIEW OF TAM SIX SIX FIVE ABLE CHARLIE FEELS ADDITIONAL
AUTHORITY SHOULD BE SECURED FOR CONTINUING THEIR SUSPENSION IN ANG TERRITORY PD
PARA FOUR PD BRITISH EMBASSY FEELS THAT IN FACE OF THE REPUBLICAN GOVERNMENTS
DECLARATION OF SATISFACTION WITH THE RECORD OF THESE TWO MEN CMA THE EMBASSY WOULD
NOT RECOMMEND INTERVENTION AGAINST ITALIAN GOVERNMENTS WISH TO REINSTATE THEM NOW PD
PARA FIVE PD IF MY RECOMMENDATION IS DESIRED CMA SUGGEST THAT CHARLIE CHARLIE
SUGAR BE ASKED WHETHER SUSPENSION OF BOTH MEN IN ANG TERRITORY SHOULD BE CONTINUED
IN FACE OF THEIR CLEARANCE AFTER EPURATION PROCEEDINGS BY ITALIAN GOVERNMENT

DISTRIBUTION:

US Ambassador
BR Ambassador
US Polad
BR Polad
Econ Sec
CA Section
Ex Comar
CCFiler

PRIORITY

Chief Commissioner

222

MILROY W. STONE
Rear Admiral, USN
Chief Commissioner

3737

SECRET



4608
284
THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

SECRET

AMERICAN EMBASSY

Rome, August 13, 1946

AUG 13 1946

283
Dear Brigadier Lush,

Thank you for your letter of August 10, referring to the cases of Messrs. Frigessi and Sulfina, on which discussions have taken place between the Chief Commissioner, Mr. J. Wesley Jones, and Dr. Arpesani. m 263

The Embassy's position, and that of individual members of the Embassy staff, remains as set out in Mr. Jones' memorandum to you of July 15. Accordingly, I too am loath to recommend any Allied action which will have the effect of reinstating the two men in their former positions.

I note that you say the Italian Government is pressing for their reinstatement, as it is intended to include them in the Italian Delegation at Paris. I do not feel, however, that their possible inclusion in this Delegation should influence our action with regard to their reinstatement at Trieste.

Sincerely,

David McK. Key

David McK. Key
Charge d'Affaires ad interim

Brigadier M. S. Lush,
Executive Commissioner,
Headquarters, Allied Commission,
ROME.

see 17285
see 3738
AS. R. J. 2

see 7-311

9/
(CSA)

785017

SECRET.

283

Ref: 4608/283/EO.10 August 1946.

It will be within your recollection that discussions have taken place between the Chief Commissioner, Mr. Wealey Jones and Dr. Arpesand on the question of the reinstatement in their offices at TRIESTE of Messrs. Frigessi and Sulfina. As a result of these discussions the Chief Commissioner sent the attached telegram to AFHQ and at the same time informed the Under Secretary of the Presidency of the Council of Ministers of his action.

AFHQ have now asked whether the interest in these men of the Treasury Representative at your Embassy has now terminated and whether his objections to them are now withdrawn.

I should be glad if you would enable me to reply to this query as soon as possible. I should add that the Italian Government are pressing for the reinstatement of these two men as they intend to include them in the Italian Delegation at PARIS.

M. S. CUSH

David McK. Key, Esq.,
US Charge d'Affaires A.I.,
US Embassy,
ROME.

Copy to: Chief Commissioner
POLAD (B)
Econ Sec.

3735

BRL/JG.

JH. 128

See 7-284-311

PA. 12/21/46
RS 4

INCOMING MESSAGE

HEADQUARTERS ALLIED MISSION

Originator's Reference: F 70255
Date/Time of Origin: 081851 Z

Message Centre No: H/5491
Date Time Rec'd: 091530

FROM: AFHQ SIGNED SACRED CITE RHGEC
TO: ALCOM ROME

Precedence: PRIORITY

AUG 9 1946

SECRET

REFERENCE CONVASATION BRIG. LUSH/COL HAMBLEN AND OUR
REF F 70218 OF 8 AUGUST SAME SUBJECT.
UNABLE TO REMOVE SUSPENSION TWO INSURANCE HEADS IN VENEZIA
GIULIA. AT THIS TIME.

AC DIST

Action: Ex. Comm §2)

Info: C Comm

Polad (A)

Polad (B)

Pile

Skeleton

ACTION



AUG 1946

SECRET

780

REFERENCE CONVASATION ERIG. LUSH/CCL HAMLEN AND OUR

REF 3 70218 OF 8 AUGUST SAME SUBJECT.

UNABLE TO REMOVE SUSPENSION TWO INSURANCE HEADS IN VENEZIA
GIULIA. AT THIS TIME.

AC DIST

Action: Ex. Comm (2)

Info: C Comm

Polad (A)

Polad (B)

File

Skeleton

ACTION

See 782
783



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

785017

INCOMING MESSAGE

HEADQUARTERS ALLIED COMMISSION CIPHER TELEGRAM

Originator's Reference: F 70218

Message Centre No: H/5471

Date/Time of Origin: AUG. 081025B

Date Time Rec'd: AUG. 090900

Precedence: ROUTINE

FROM: AFHQ SIGNED SACRED CITE FHC23

TO: ALCON ROLLE

AUG 9 1946

SECRET

SECRET:

Ref your 4325, 25 July 1945 CITE AC EXC see also SC40 letter to Admiral Stone 130/ALG/FIN/L/31 dated 27 May 1946.

1. Is it to be assumed from your above quoted signal that the objections raised to these 2 persons and especially SULFINA in your 13191/F, of 14 August 1945

Finance Sub Commission to SC40 Venezia Giulia have now been withdrawn.

2. Is interest of treasury representative US Embassy Rome in these men now terminated and objections to them withdrawn.

ACTION

AC DIST

CIPHER TELEGRAM

ACTION - EX COLM 2

This message will not be distributed outside British or U.S. Government Departments or Headquarters of the armed forces in Italy without the approval of the appropriate C.I.P. and will be not be released.

INFO - CHIEF COMMISSIONER

FILE

SIGNATURE

HEADQUARTERS
9 AUG 1946 735

ACTION

AUG 9 1946

SECRET

SECRET:

Ref your 4925, 25 July 1945 CITE AC EXC see also SC40 letter to Admiral Stone
150/ALG/FTN/L/31 dated 27 May 1946. — 90461371F

117 461371F

1. Is it to be assumed from your above quoted signal that the objections raised to these 2 persons and especially SULFINA in your 13191/F, of 14 August 1945 Finance Sub Commission to SC40 Venezia Giulia have now been withdrawn.
2. Is interest of treasury representative US Embassy Rome in these men now terminated and objections to them withdrawn.

ACTION

AC DIST

CIPHER TELEGRAM

ACTION - EX COM 2

This message will not be distributed outside
British or U.S. or allied Headquarters or
Headquarters of the United Nations
Without the approval of the U.S. (Messages must be
C.T.P. need to be approved).

INFO - CHIEF COMMISSIONER

FILE

SKETCH

SECRET

See 4 281, 283

See 4 311

See 4 287

(130)

279

COPY

COPY

HQ ALCOM
ACLO PIEMONTE
CHIEF COMMISSIONER A.C.

2 1630 AUG 46 "B"

4459

UNCLASSIFIED

REFERENCE SIGNAL TWO NINE JULY SUM OF FIVE HUNDRED THOUSAND LIRE
IS BEING ARRANGED PD ANY SUMS REMAINING AFTER CLOSING OF PIEMONTE
MAY BE TRANSFERRED TO CLO TENDA PD EXISTING ACCOUNTS AT PIEMONTE
WILL BE COMPLETELY CLOSED AND NEW ACCOUNT WILL BE OPENED FOR TENDA LIAISON
GROUP PD

ROUTINE

ALLIED FINANCIAL AGENCY

NICHOLAS PIOMBINO
CWO USA
ASST ADJUTANT

478636

AW
g

see file - 277.278

3732

P.A. 4/8/46
R. J.

Exec Sec 278
Finance

ALLIED FINANCIAL AGENCY

Branch of
Allied Force HQ
G-5 Division CMF

Postal Address:
APO 794 US Army

Ref: 20071/F/A/32

24 July 1946
JUL 25 1946

SUBJECT: Accounts Piemonte Liaison Group.

TO : Executive Commissioner,
HQ Allied Commission.

- 277
1. Enclosed signed copy of letter received by this office, forwarded for necessary action.
 2. Advice of action taken is respectfully requested.

L. R. Battensby

L. R. BATTENSBY,
Colonel, G.L.,
Director,
Allied Financial Agency.

HAM/lt

1 - Incl.

see 279

3731

AW3

PA 6/8/46

272

ALLIED COMMISSION
FINANCIAL REGION
LIAISON GROUP

10th July 1946

REF : PR/ADV/100

SUBJECT: Accounts Piemonte Liaison Group

TO : Allied Financial Agency, APO 794

With the closing down of this Group we shall be obliged if you let us have guidance as to the future of the above accounts.

Although the Liaison Group HQ at Turin is closing down, there will still remain a Liaison Detachment at Torino, under Major W. ROMIE, who will require money for payment of civilian employees and general maintenance.

Please inform us as soon as possible whether it is intended that Major Romie shall take over the existing account or whether the same unit is to be closed and other arrangements made for the Torino Detachment.

For the Chief Liaison Officer:

W. Romie
W. ROMIE
Capt. J. J. J.
Admin Officer

see 2703733

785017

1608

281

276

26 July 1946.

SUBJECT: Signori SULTINA and DE FRIGESSI

Dear Sir:

Supplementing my letter of 18 July to Dr. Arpesani on the above subject, please be informed that these men were originally suspended from their insurance company posts upon orders of the Combined Chiefs of Staff, transmitted to this Commission by Allied Force Headquarters.

Yesterday, I telegraphed Allied Force Headquarters stating that in view of their clearance or acquittal in epuration proceedings, it did not appear that there was any further basis for not complying with the request of the Italian Government that their suspension be cancelled, and accordingly requested that appropriate instructions be issued to Allied Military Government, 13 Corps, at Trieste, which is now under the direct command of AFHQ.

I requested that a copy of such instructions be furnished to the Allied Commission and upon their receipt I shall be glad to so advise you.

Very truly yours,

Is/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

On. Paolo Cappa,
The Undersecretary of State,
Presidence of the Council of Ministers,
Rome.

DISTRIBUTION:

Ex Com ✓
Polad A
Polad B
VP CA Sec
Econ Sec
CC

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27/7/46
CA. 1

3723
CSA
See that copies
of this go in
all appropriate
files MC

275.
PRELIMINARY REPORT ON THE CONDITIONS UNDER
WHICH THE ORDER SUSPENDING DE PRIGESSI AND
SULFINA WAS FIRST MADE.

1. Early in the correspondence reference is made to MAT 655 which was apparently addressed to the Combined Chiefs of Staff and advised them of the lack of progress made by the Italian Government in eliminating undesirable personnel from Italian Insurance Companies.

Reference is also made to MAT 821 of 16th July 1945 in which special problems of controlling the Assicurazioni Generali de Venezia and the Riunione Adriatica were brought to the attention of the CCS.

2. Then came TAM 665 of 16th August 1945 of which a paraphrase was sent to this Headquarters from G.5 AFHQ. This stated that Sulfina had been suspended but apparently not informed of his suspension and which directed that steps should be taken at once to insure cancellation and public retraction of any powers held by Sulfina.

There followed some general instructions about obtaining special controllers for these insurance companies.

According to Sulfina's deference before the Expiration Commission, he stated he returned to Trieste from Rome after the liberation of Trieste in June 1945 having got the necessary permission from AMG. He returned to Rome from Trieste on account of the death of his wife and he there received notice from the Central Direction of the Company that AMG had informed the Company and himself of his suspension in a letter dated 5th June 1945. On the 11th June 1945, without any

in eliminating undesirable personnel from Italian Insurance Companies.

Reference is also made to MAT 321 of 16th July 1945 in which special problems of controlling the Assicurazioni Generali de Venezia and the Riunione Adriatica were brought to the attention of the CCS.

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There followed some general instructions about obtaining special controllers for these insurance companies.

According to Sulfira's defence before the Expiration Commission, he stated he returned to Trieste from Rome after the liberation of Trieste in June 1945 having got the necessary permission from AMG.

He returned to Rome from Trieste on account of the death of his wife and he there received notice from the Central Direction of the Company that AMG had informed the Company and himself of his suspension in a letter dated 5th June 1945. On the 11th June 1945, without any reference to the preceding suspension, he received information from the Assicurazioni Generali that he had been relieved of his functions as Director General and was forbidden to occupy any other post in the Society. He heard of this later suspension through a letter sent to him by the Ministry of Industry and Commerce.

- 2 -

274

3. As regards De Frigessi, AFHQ wrote a letter dated 18th August 1945 and drew our attention to TAM 665. The letter directed that this Headquarters should provide the AME V.G. with such information concerning Frigessi as in our judgement would provide justification for taking appropriate action to prevent him from continuing to exercise his powers as an official of the Riunione Adriatica di Sicurtà in Venezia Giulia.

e.2.2.3.

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7.6 273

NO ALCOH CITE ALCOH

251750 JULY 1946

ALCOH FOR G-5 SECTION

A325

SECRET

SUBJECT IS SULFIRA AND PRIGORZI OF TRUSTE LINDRANDE COMPANIES PD
 YOUR CIGAR DASH FIVE BLANT ZERO ONE NINE POINT ONE ONE OF AUGUST EIGHTEEN ONE NINE FOUR
 FIVE REGARDING SULFIRA AND FORWARDING PARAGRAPH OF THE SIX SIX FIVE OF SIXTEEN AUGUST
 ONE NINE FOUR FIVE AND FURTHER LETTER SAME DATE AND REFERENCE REGARDING PRIGORZI REFER PD
 BOTH THESE PERSONS HAVE BEEN CLEARED BY ITALIAN EMERGENCY PROCEEDINGS AND ARE FREE TO
 OPERATE IN ITALIAN GOVERNMENT TERRITORY PD ITALIAN GOVERNMENT HAVE COMMENTED THAT
 SULFIRA AND PRIGORZI BE ADMITTED TO RESIDE BOTH IN TRUSTAL OFFICES OF COMPANIES IN
 TRUSTE PD IN VIEW OF EMERGENCY CLEARANCE THE SIX SIX FIVE APPEARS TO HAVE BEEN COMPLETED
 WITH AND THERE SEEMS TO BE NO FURTHER BASIS FOR MAINTENANCE OF THEIR SUSPENSION PD IF
 YOU CONCUR WITH ABOVE VIEW REQUEST YOU ISSUE APPROPRIATE INSTRUCTIONS TO THE TRUSTE COI
 WITH COPY TO ALCOH. PD

COPY TO: 4

POLOD 'A'
 POLOD 'B'
 C. A. Sec.
 Econ. Sec.

see 280

3726

PRIORITY

Office of the Executive Commissioner

300

N. W. HIND-SMITH

WILLIAM L. PICKENS
 CWO
 A-1
 WSA
 Mjt

see 7-287-311

4608 81

272

COPY

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

G-5/974.31

17 July 1946

JUL 22 1946

SUBJECT: Payment in Italian currency of remittances from Austria.

TO : Chief Commissioner,
Allied Commission, APO 794.

1. Reference your 13025/P dated 30 April 46.
2. It is regretted that it is not yet possible to give a reply to your above quoted letter.
3. Will you please inform the British Embassy that every endeavor is being made to provide a reply at an early date.

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

1/1 ?

For A.L. HAMBLIN
Colonel, G.S.C.
Assistant Chief of Staff, G-5.

EC DIST - 22 July

ACTION - ECON SF 3725

INFO - CC

EC

(50) 88.2672

271

COPY

HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION
FINANCE BRANCH
APO 394

13035/F

30 April 1946

SUBJECT: Payment in Italian currency of remittances of
Italian workers employed in American Army Zone
in Austria.

TO : G-5 (financial Adviser)
AFHQ.

202

1. I refer to our 13012/F of 25 and 26 April, 1946.
2. We should be grateful for your views on the problems raised in the attached copy letter from the British Embassy, which gives rise to questions bearing on the same subject as that dealt with in our above-quoted letters.

For the Chief Commissioner

Signed: B.E. L. TIMMONS

B.E.L. TIMMONS, Lt.Col.
Director, Finance Branch
Economic Section

3723

785017

COPY-EX-104

270

TRANSLATION

THE UNDERSECRETARY OF STATE
TO THE PRESIDENCY OF THE COUNCIL OF MINISTERS

1943/S.P.

Rome, 13 July 1946.

Dear Admiral,

With reference to your letter of the 11th instant, I wish first of all to assure you that, when on 20 April 1946 the Commission presided by me examined the possibility of reinstating in the old position Mr Sulfina and Mr De Frigessi, respectively as general managers of the Assicurazioni Generali of Venice and of the "Riunione Adriatica di Sicurtà", also their activity abroad was examined very carefully.

Such declaration could therefore be sufficient in reply to what you are asking me in the abovementioned letter, but I wish that there should be no doubts left about the complete loyalty of the two abovesaid gentlemen and therefore I shall illustrate the inexactness of the collaboration charges made against them with reference to the agreements stipulated between Italy and Germany on matters of insurance during the war. I make the reservation of proving to you in the end that, even if these agreements could in some way prejudice the Anglo-American Insurance Companies, Mr Sulfina and Mr De Frigessi had absolutely nothing to do with them.

As to the agreements made between Italy and Germany on 26 February 1941 on matters of insurance and reinsurance, as mentioned in paragraph 1, I must remind you that art. 36 of the confidential minutes determined that the German Government would do its best so that the Italian Insurance Companies might continue their normal activity in the territories occupied by German troops (and this fact can certainly not be a reason for charges) and besides that the Italian Companies be granted an adequate participation in the subdivision of the insurance portfolios which could eventually become available in occupied zones.

I must inform you, Admiral, that the vast participation of said Companies in such subdivision amounted to a maximum of 5% of the obtained portfolios. And since in paragraph 3 of the memorandum (attached to your abovementioned letter) the participations obtained in France, in Carinthia and in Southern Syria by the "Generali" of Venice and by the "Riunione Adriatica di Sicurtà" are being contended, in order to reveal the activity of the Italian Companies which, already at that time, was not against, but in the interest of the Allied, it is well that it should be known that - as far as the "Generali" of Venice are concerned - in France they had only the portfolio of the Commercial Union Assurance Company for REASSURANCE. This certainly did not cause any damage to the London Company, inasmuch as if this had not happened, the persons in France who were insured would have without any doubt been obliged to abandon said Company to cover their risks with some German companies. The fact of having assumed only the reassurance of

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said portfolio has to-day enabled the Commercial Union of London to recuperate all the holders of insurance policies it had before the war. Therefore it can be logically affirmed that the action taken in France during that period by the "Assicurazioni Generali" of Venice resulted to the advantage and certainly not to the damage of the Allies. It is to be noted that in that same France during the same period the German Companies assumed, mostly as direct assurance and not reinsurance, more than 20 portfolios of Allied Companies.

As to the charges made against the "Riunione Adriatica di Sicurtà", I must remind you that the same formulated charges only mention declarations made by the Company of having an interest in the Lesseleuc Group, but such declaration was not followed by any concrete action, so that no agreement was made in this regard and the Company had no direct or indirect profit from it.

There is still the question of Syria and Carinthia to be clarified now. Here too the inconsistency of the charges is made evident by the facts. In those regions, the "Generali" of Venice and the "Riunione Adriatica di Sicurtà", either directly or through affiliated companies, had constituted insurance portfolios since more than a century. When the German troops occupied the abovesaid regions, they issued through German insurance companies German policies instead of those which existed previously, issued by the various insurance companies operating there; among others also the Italian insurance policies were substituted. The "Generali" of Venice and the "Riunione Adriatica di Sicurtà" limited themselves to ask for the respect of their pre-existing portfolios, but did not succeed to obtain this completely but only in a measure of 80%.

As to the charges made in paragraph 4 of the memorandum attached to your letter, allow me - Admiral - to transcribe the Italian text, which says in paragraph 2:

"The Italian Governmental Committee has besides pointed out that the Central Management of the "Assicurazioni Generali" of Trieste owns, at the Handlowy Bank of Warsaw, old frozen credits of a total amount of Zloty 397.980, whose liberation is necessary for the continuation of its work.

"The German Governmental Committee declares that the liberation of bank credits in the Governatorate General can only take place in the limits of the possibilities of the single banks; said Committee will contact the competent authorities of the General Government and will endeavor that the "Assicurazioni Generali" may obtain with regard to these credits the same treatment which is reserved to German titulers of banking credits in the Governatorate General."

It is therefore obvious that the Italian Governmental Committee has only requested the liberation of an old credit, which had existed before the war and had been accumulated through the work of many Italians, and I can see no crime in this.

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With regard to paragraph 2, the tenor of the agreement in its precise text proves that the Italian and German insurance companies, worried by the autarchic tendencies and the statal interventions favored by the war, were endeavoring in the interest of the freedom of private insurance to find the best means with which - through an agreement between the insuring enterprises of the various countries, including the neutrals like Switzerland - they could offer to cover sufficiently the markets of the various countries, with the usual system of international reinsurance, diffused as much as possible.

Having so replied to the various points of the enclosure to your letter of the 11th instant, I wish now to draw your attention to the specific question to be examined, i.e. the part Mr Sulfina and Mr De Frigessi played in the negotiation and in the stipulation of said agreement.

The attitude of the various Italian insurance companies during the period 1941-45 results perfectly clear from the above: it was an attitude which could not be called disloyal to the Anglo-American insurance companies. But, even admitting rather absurdly, that such attitude caused a damage to Allied Companies, in order to be able to take steps against Mr Sulfina and Mr De Frigessi it should be proved that they were responsible for such an attitude.

Now, since it is not possible to attribute to them the paternity of the agreements made between the Italian and the German Government on 21.2.1941 and 5.8.1941 (since these agreements were made between Governments and not between Companies) it would be necessary to prove that the abovesaid gentlemen at least inspired the spirit of such agreements. Instead, it is possible to prove exactly the contrary, i.e. that they had nothing to do with them and were even, by the express will of the competent Government departments, excluded - for racial reasons - from any negotiation or stipulation of agreements which could somehow have a political background.

The agreements made between the Italian and German Governments in 1941 were preceded by meetings of delegates of the two Nations. I submit to you the minutes of those meetings. The "Generali" of Venice and the R.A.S. were not represented by Sulfina and De Frigessi who were even definitely excluded from the Honorary Committee as well as from the technical one. The reasons are obvious: Fascism wanted to make use of their technical competence, but did not trust their political faith.

Also these last charges collapse therefore and, knowing your loyalty in defending Italian interests, I trust firmly that the examination of this sad episode may soon be closed. In this way we shall give full satisfaction to two Italians who since 13 months are only asking for the restitution of a right: to work honestly for their Country in a field in which they have achieved, also abroad, authority and prestige.

3721

With my best regards

/s/ G. Arpesani

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TRANSLATION

PRESIDENCY OF THE COUNCIL OF MINISTERS

The Undersecretary of State

No. 1968/S.P.

Rome, 18 July 1946.

JUL 19 1946

Dear Admiral,

With reference to your request of to-day, I wish to confirm to you that the answers to both questions contained in the last paragraph of your letter of 11 July must be considered in the affirmative sense. In fact:

1) the Epuration Commission presided by me on 20 April 1946 had already taken into careful consideration the agreements you mention in your abovesaid letter of 11 July 1946.

2) no alteration has to be made to the conclusions reached by the Commission on 20 April 1946.

I believe therefore that in relation with the explanations furnished in this letter as well as in my last, there will be no further difficulty in granting the request of the Italian Government to see fully reinstated in their functions Mr Sulfina and Mr De Frigessi.

Thanking you for your interest which I hope will bring the speedy definition of this matter, I renew to you, dear Admiral, the expression of my sincere cordiality.

Truly yours,

/s/ G. Arpesani

Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
Rome.

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L. X. Conner

Spec me / 18. 26/2

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18 July 1946.

JUL 18 1946

Dear Dr. Arpesani:

I have received your letter of 13 July which referred to my letter of the 11th instant.

I should be grateful if you would advise me if I am to assume that the answers to both of the questions contained in the last paragraph of my letter of 11 July are in the affirmative.

Very truly yours,

/s/ Ellery W. Stone
ELLELY W. STONE
Rear Admiral, USNR
Chief Commissioner

Dr. G. Arpesani,
Undersecretary of State,
Presidency of the Council of Ministers,
Italian Government,
Rome.

EX COM
POLAD (A)
POLAD (B)
VPCA SEC
ECON SEC
C.C.

3713

785017

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H6C9/2H/6C.

11 July 1946.

Dear Dr. Arpesani:

With reference to our conversation this morning regarding the activities of Messrs. Frigessi and Sulfina which might have been incompatible with their continued association with the Reunione Adriatica di Sicurtà and the Assicurazione Generale, I wish to bring to the attention of the Italian Government the wartime record of collaboration in the international field between German and Italian insurance companies. Evidence of collaboration between Germany and Italy in insurance matters is contained in a number of agreements between representatives of the two countries, copies of which are no doubt available to you. In this regard reference is made in the enclosure to certain of these agreements.

I would be grateful for a reply from the Italian Government indicating whether this record was considered by the Espionage Commission presided over by yourself on April 20, 1946, with respect to Messrs. Frigessi and Sulfina. And, if not, whether it alters the findings of your Commission with respect to the eligibility of these two men to return to their positions in their respective insurance companies.

Very truly yours,

261

/s/ Ellery W. Stone
ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Dr. G. Arpesani,
Undersecretary of State,
Presidency of the Council of Ministers,
Italian Government,
Rome.

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See h. 265 -
7 270

P.A. 7/11/46
4

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(1) Agreement of February 26, 1941, between Italy and Germany, providing for a close collaboration in matters of insurance and reinsurance. Article 36 of the Confidential Protocol of this date states that the German Government will do its best in order that the Italian insurance companies might preserve their normal activity in the territories occupied by German troops as well as an adequate participation in insurance holdings that might become free. The same principles in force with respect to German insurance activities were to be applied to Italian companies and the Italian companies were to communicate to the competent authorities the individual cases of importance to them.

(2) A supplementary agreement of February 26, 1941, providing that whenever in third countries in which the Italian and German insurance companies do business there should be indications of situations requiring insurance and reinsurance coverage, joint action should be taken to adopt any necessary measures to offer such market their greatest assistance, inviting if necessary, the insurance industry of other countries to collaborate. This action is stated to be in order to avoid the necessity of having recourse to extraordinary forms of State or quasi-statal intervention since they would be "likely to be harmful to the insurance industry of the two countries". In the event of plans for creation of institutions of the above-mentioned kind in a third country, representatives of the two countries are to immediately contact each other for the purpose of agreeing on a joint course of action.

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(3) A Confidential Protocol and Exchange of Notes between Italy and Germany dated August 5, 1941, creating a "permanent technical subcommittee" with the purposes of working jointly on all questions in the insurance field dependent upon regulation of insurance relations and of guaranteeing the carrying out of the principles established in point 36 of the Confidential Protocol of February 26, 1941. Among other points contained in this agreement were:

(a) Provisions for division of the "portfolio of English insurance" in France, to German and Italian companies, any necessary assistance to be furnished the Italian companies by the German military commandant in France. It is stated that Germany has no objection to the concession of the portfolio of the Commercial Union Assurance Co., Ltd. to the Assicurazioni Generali, which had expressed an interest therein. With regard to the Riunione Adriatica di Sicurtà which was interested in the Gruppo Lesclapart, the portfolio of which had already been assigned to a German pool, the Riunione was to contact this pool for a partition. The Italian insurance companies were to attempt to obtain direct from the French authorities the necessary authorizations for the repartition. It was further stated that the Italian and German insurance companies would proceed in mutual agreement in that which concerned the discipline of the French insurance market.

(b) Similar agreements were made with regard to the granting of insurance concessions to Assicurazioni Generali and Riunione Adriatica in "Carinzia Meridionale e Stiria Meridionale".

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(4) A letter from the President of the Italian Governmental Committee to the President of the German Governmental Committee, dated March 14, 1942, summarizing the proceedings of a meeting of the two Committees wherein it was decided that the German Committee would contact the appropriate authorities in order that Assicurazioni Generali might receive the same treatment as German holders of bank credits with regard to certain funds of the company which were blocked in Warsaw.

3715

HEADQUARTERS ALLIED COM. STON.
APO 394
CIVIL AFFAIRS SECTION

To: Executive Commissioner. 8th July, 1946

1. Two questions arise out of these papers:
- (a) Whether proceedings justify the re-instatement of De Frigessi and Sulfina in their previous posts.
 - (b) Whether proceedings were in accordance with Italian law and practice.

Attached to the proceedings are personal statements of the two individuals concerned. The statements are, in general, of the usual type, that the persons were never Fascist at heart.

None of the annexures or documents referred to in the two statements or proceedings are available and, therefore, no opinion can be formed on the Commission's findings.

It is presumed, however, that this aspect is not at the moment under consideration.

2. As regards the point under (b) above, as to whether proceedings were in accordance with Italian law and practice, the following comments are made:-

According to the third page of De Frigessi's statement, someone denounced him in September 1944. In June 1945 AMG Venezia Giulia removed both De Frigessi and Sulfina from their appointments.

The Italian Government took no epuration proceedings on their own initiative apparently. This may have been justifiable so far as suspension by AMG Venezia Giulia was concerned, because so far as is known no decision has yet been taken as to how and when epuration of persons suspended by AMG Venezia Giulia is to be carried out.

No proceedings were taken until 20th April 1946 in accordance with the attached documents and these were at

Two questions arise out of these papers:

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The Italian Government took no epuration proceedings on their own initiative apparently. This may have been justifiable so far as suspension by AMG Venezia Giulia was concerned, because so far as is known no decision has yet been taken as to how and when epuration of persons suspended by AMG Venezia Giulia is to be carried out.

No proceedings were taken until 20th April 1946 in accordance with the attached documents and these were at the request of the Allied Commission.

It is to be noted that the Special Commission is composed of the Under Secretary of State to the Presidency of the Council of Ministers, the Chief Legal Adviser to the President of the Council, and a representative from the Minister of the Interior. No members were provided by the Ministries which were presumably directly interested, i.e. Ministry of Finance and the Ministry of Industry and Commerce.

- 2 -

256

So far as is known in April 1946, each Ministry was and still is, responsible for the epuration of its own officials.

It would seem, therefore, that if anyone wished to question the validity of these epuration proceedings, they might have some grounds for so doing.

3. But supposing one did object on the above grounds, we should be in the position of saying to the Italian Government that the proceedings had been sufficient to reinstate the persons so far as Italian Government territory is concerned, but they are not good enough for Venezia Giulia, and even if the Italian Government, on their own initiative or at our request, appointed a Commission composed of representatives of the Ministries concerned, the findings of the Commission would undoubtedly be the same, and we should still be on the losing side.

4. It seems to me that epuration proceedings do not now affect this matter. The present issue seems quite clear.

We must either:

(a) Ignore the protest of SCAQV and adhere to our decision to allow these persons to reassume their positions at Trieste, or

(b) Reverse our previous decision and inform the Italian Government that we cannot allow them to re-enter Venezia Giulia.

La Corte
In doing ~~this~~, we should only be applying geographical sanctions since the persons concerned can operate and presumably are already doing so in Italian Government territory.

The question, therefore, narrows itself down as to whether we want to apply such sanctions.

If we do, the best reasons would appear to be that statements are being continuously made that Venezia Giulia is a hiding place for Ex-Fascists (as these persons undoubtedly were) despite what they say, and that strikes are taking place on account of this and that because of their antecedents, on reconsideration we regret that we cannot have them in Venezia Giulia.

13

McCan Biv

But supposing one did object on the above grounds, we should be in the position of saying to the Italian Government that the proceedings had been sufficient to reinstate the persons so far as Italian Government territory is concerned, but they are not good enough for Venezia Giulia, and even if the Italian Government, on their own initiative or at our request, appointed a Commission composed of representatives of the Ministries concerned, the findings of the Commission would undoubtedly be the same, and we should still be on the losing side.

4. It seems to me that expatriation proceedings do not now affect this matter. The present issue seems quite clear.

We must either:

- (a) Ignore the protest of SCAOMC, and adhere to our decision to allow these persons to reassume their positions at Trieste, or
- (b) Reverse our previous decision and inform the Italian Government that we cannot allow them to re-enter Venezia Giulia.

^{to Carr}
In doing ~~this~~, we should only be applying geographical sanctions since the persons concerned can operate and presumably are already doing so in Italian Government territory.

The question, therefore, narrows itself down as to whether we want to apply such sanctions.

If we do, the best reasons would appear to be that statements are being continuously made that Venezia Giulia is a hiding place for Ex-Fascists (as these persons undoubtedly were) despite what they say, and that strikes are taking place on account of this and that because of their antecedents, on reconsideration we regret that we cannot have them in Venezia Giulia.

McCarthy

M. CARR, Brigadier.
VP. CA. Section.

*Drop reply to Arpesani*255

My dear Dr. Arpesani:

Reference is made to my letter of June 5, 1946 and to your reply of June 8, with regard to the reinstatement of Arnaldo Frigessi and Michele Sulfina as General Managers of Riunione Adriatica di Sicurtà and Assicurazioni Generali, respectively.

With regard to the statement in your letter that the only documentation which could be furnished by the Italian Government would be the same as that furnished you by the Allied Commission, I should like to point out that what I desired was a copy of any proceedings which the Italian Government may have held in order to determine the future civil status of these two individuals. You will recall that my letter of April 2, 1946 suggested, if the Italian Government wished to take any action in these cases, that they be heard by an appropriate Italian epuration commission empowered to deal with cases of this nature. In view of the national importance to the Italian economy of these enterprises as stated by you, I had assumed that the Italian Government would have taken action of this type before reaching a decision with regard to the desirability of permitting these two persons to resume their former ~~positions~~ ³⁹⁷¹³ with the insurance companies. *See L. 244-245*

Since the two men were originally removed from their positions in the insurance companies mentioned above by Allied military authorities acting under instructions from CCS and are now requesting permission to resume their former

-2-

roles in Italian economic life within territory under AMG, you can understand that I wish to be assured, for the protection of the two governments which I represent, that the cases of Messrs. Frigessi and Sulfina have undergone whatever ~~past~~ ^{épuration} proceedings may be applicable under Italian law.

In connection with your request for additional information regarding activities of Messrs. Frigessi and Sulfina which would be incompatible with their continued association with the two companies, attention is directed to the war-time record of collaboration in the international field between German and Italian insurance companies. Evidence of collaboration between Germany and Italy in insurance matters is contained in a number of agreements between representatives of the two countries, copies of which are no doubt available to you. In this regard, reference is made below to certain of these agreements:

- a H (1) Agreement of February 26, 1941, between Italy and Germany, providing for a close collaboration in matters of insurance and reinsurance. Article 36 of the Confidential Protocol of this date states that the German Government will do its best in order that the Italian insurance companies might preserve their normal activity in the territories occupied by German troops as well as an adequate participation in insurance holdings that might become free. The same principles in force with respect to German insurance activities were to be applied to Italian companies and the Italian

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companies were to communicate to the competent authorities the individual cases of importance to them.

(2) A supplementary agreement of February 26, 1941, providing that whenever in third countries in which the Italian and German insurance companies do business there should be indications of situations requiring insurance and reinsurance coverage, joint action should be taken to adopt any necessary measures to offer such market their greatest assistance, inviting if necessary, the insurance industry of other countries to collaborate. This action is stated to be in order to avoid the necessity of having recourse to extraordinary forms of State or quasi-statal intervention since they would be "likely to be harmful to the insurance industry of the two countries". In the event of plans for creation of institutions of the above-mentioned kind in a third country, representatives of the two countries are to immediately contact each other for the purpose of agreeing on a joint course of action.

(3) A Confidential Protocol and Exchange of Notes between Italy and Germany dated August 5, 1941, creating a "permanent technical subcommittee" with the purposes of working jointly on all questions in the insurance field dependent upon regulation of insurance relations and of guaranteeing the carrying out of the principles established in point 36 of the Confidential Protocol of February 26, 1941. Among other points contained in this agreement were:

3713

(a) Provisions for division of the "portfolio of English insurance" in France, to German and

-4-

Italian companies, any necessary assistance to be furnished the Italian companies by the German military commandant in France. It is stated that Germany has no objection to the concession of the portfolio of the Commercial Union Assurance Co., Ltd. to the Assicurazioni Generali, which had expressed an interest therein. With regard to the Riunione Adriatica di Sicurtà which was interested in the Gruppo Leseleuc, the portfolio of which had already been assigned to a German pool, the Riunione was to contact this pool for a partition. The Italian insurance companies were to attempt to obtain direct from the French authorities the necessary authorizations for the repartition. It was further stated that the Italian and German insurance companies would proceed in mutual agreement in that which concerned the discipline of the French insurance market.

(b) Similar agreements were made with regard to the granting of insurance concessions to Assicurazioni Generali and Riunione Adriatica in "Carinzia Meridionale e Stiria Meridionale".

(4) A letter from the President of the Italian Governmental Committee to the President of the German Governmental Committee, dated March 14, 1942, summarizing the proceedings of a meeting of the two Committees wherein it was decided that the German Committee would contact the appropriate

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authorities in order that Assicurazioni Generali might receive the same treatment as German holders of bank credits with regard to certain funds of the company which were blocked in Warsaw.

In view of the above, public opinion in Allied countries might be considerably disturbed if all measures were not taken to assure the thorough defascistization of these companies.

The past activities of the two former general managers in connection with the direction of insurance companies which collaborated closely with the Fascist and German authorities during the war, ~~as well as the adverse information available on these two men personally~~, would create serious doubt in the Allied countries as to the advisability of resuming international contacts with these two organizations in the event that these general managers return to their former positions.

After further careful consideration and in view of information contained in this letter, I feel that your letters of April 24 and June 8 are not ^{fully} responsive to my letter of April 2 with respect to the conditions under which I stated at that time I was prepared to permit the entry into AMG territory of Messrs. Frigessi and Sulfina.

Sincerely yours,

EILERY W. STONE

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EE/eh

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COPY

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
Finance Division
15 Corps

Telephone No. 29701/Ext. 108

Ref: 150/AMG/YTH/1/31

TO : H.Q. ALLIED COMMISSION
Economic Section, Finance Branch
APO 794 - U.S. Army

SUBJECT: Assicurazioni Generali and Riunione Adriatica.

JO/ra.

9 July 1946

JUL 16 1946

1. Reference is made to my letter number as above dated 2nd July.

2. I have now received the attached statement setting out the present position of Assicurazioni Generali interests throughout the world. I shall be obliged if you will pass this on to the Treasury Representative of the American Embassy to complete the report contained in my above-mentioned letter.

FOR THE SENIOR CIVIL AFFAIRS OFFICER:

(Signed)

N.T. BRAND, LT. COL.
CHIEF FINANCE OFFICER.

Copy to RL

Seen by CEO
LCH 8/7/46

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P.A. 18/7/46
P.

(CAPT K)

COPYWORLD-WIDE SITUATION OF THE "ASSICURAZIONI GENERALI"A. UNITED NATIONS

Great Britain : According to authority received from the Trading with the Enemy Department of the Board of Trade dated 7th May this year, the Company are authorized to resume reinsurance business and to enter into new contracts of reinsurance with British Reinsurers. The assets of the Company are however still vested in the Custodian of enemy property.

U.S.A. : A working scheme of voluntary partial liquidation was under way of execution since 1943 when, in July 1941, a general liquidation was entered under provisions of Proclaimed and Statutory Lists. The liquidator took possession of the assets and property of the Company and proceeded to wind up their business. As a result of these measures important assets belonging to the Company are still kept by the Custodian.

France : As far as continental France and Algeria are concerned, our Paris Head Office is carrying on regular business under the supervision of the Sequestre General, whilst restrictions are still in force in Tunisia and French Morocco, but negotiations are pending in order to obtain removal.

Belgium : "Generali" are fully reinstated in their former position, together with the subsidiary "Nederlander" (Dutch), "Union Suisse" (Swiss) and "Hercules" (Dutch) which are operating freely and quite satisfactorily. Our subsidiary Dutch Companies in Belgium were never submitted to any restrictions. The Viennese subsidiary "Karte Allgemeine Unfall- und Schadens-Versicherungs-Gesellschaft" is still subject to restrictions proclaimed against enemy Companies.

Holland : The Company is carrying on general business directly through a vast agencies network and indirectly through four subsidiary Companies: "De Nederlander" (life), "Algemeene Verzekering Maatschappij" (reinsurance all kinds), "Hercules" (general business) "Verzekering voor Ziekte" (illness and accident). The confiscation has been revoked in April this year and business activity is unrestricted. The subsidiary Dutch Companies have always been free. The Viennese subsidiary "Karte Allgemeine Unfall- und Schadens-Versicherungs-Gesellschaft" is still considered enemy company and under control of official administrator.

Yugoslavia : The assets and properties of the Assicurazioni Generali's Branch Office (operating all branches and reinsurance) and those of their subsidiary Company the "Sava" (general business) have been confiscated last December; by order of the Government issued last April the Branch Office as well as the "Sava" have been incorporated in the "National Insurance and Reinsurance Institute". See our letters to AEB 13 Corps - Finance Division - n.279 of 18th January, n.452 of 29th January and n.2458 of 10th June).

- Egypt : Activity of our Company still suspended under provisions of Statutory List. General business compulsorily transferred to British and Egyptian Companies, but Life policies managed by the Company's local Branch Office. The same applies to our Sudan Branch Office. The pre-war position of the Company in Egypt included investments in national Companies (Societe Miar d'Assurances Generales and Alexandria Insurance Company), but exact information as to the present position of said interests unknown.
- Greece : Are operating under the control of the Custodian, but owing to the dull market conditions, new business is confined to Marine insurance, whilst in other branches standstill is complete and activity practically confined to the administration of the existing portfolios.
- India : The activity both of our Company and "La Concorde" stopped since the outbreak of the war and business has been wound up by the Custodian of Enemy Property. Are expecting information concerning "Concorde's" assets and position of "Generali's" interests in local Ruby Ins.Co.
- Brazil : Since 1942, owing to war legislation, the license has been cancelled and the Company's important business transferred to the Instituto de Reaseguros do Brasil, in their capacity of liquidators. Substantial assets, including interests in local Companies were handed over to them and partially sold. Negotiations already opened by our representative for the recovery of property and resumption of activity.
- Columbia : Business carried on freely by Bogota Agency, after restrictions temporarily imposed by local authorities.
- Peru : Only association with peruvian Society "Atlas" of Lima and subsidiary Company "La Nacional" of Guayaquil (Ecuador). Reinsurance arrangements never black-listed.
- China : The activity of our Shanghai Branch Office ceased since the outbreak of the war.
- Philippines : Restrictions imposed upon our Manila Branch Office not yet removed.
- Cyprus : Restrictions not removed as yet.
- Malta : Restrictions still in force. No activity.
- Palestine : No business transactions allowed. Assets, including shares of "Migdal Insurance Co." kept by Custodian of Enemy Property, Jerusalem.
- Syria and Lebanon : "Generali's" activity confined to administration of Life portfolio under control of the "Sequestre General" of Beyrouth, in which also the whole property is vested. "La Concorde's" activity to be shortly resumed, after removal of the sequestration.
- Iraq : Restrictions still in force. Everything kept by the Controller of Enemy Property, Baghdad.

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Poland : Assicurazioni Generali and their group is "Generali-Port-Polonia", "Patria" and "Warsawienne" are forbidden to work. At present their business is managed by Government Officials. Capitals are under custody. Offices, archives and furniture destroyed or not to be found. Apparently the Polish Government proposes to wind up the whole of the private Insurance Companies with the exception of the P.Z.V.W., a kind of co-operative Society which will act on principles of public law but in accordance with the regulations of the State monopoly.

Czechoslovakia: No field any more for private insurance. Both the Offices of the Assicurazioni Generali and their subsidiary Company "Vojvodina-Generali-Sekuritas" are working under the supervision of the so-called "national managements" but without any interference on our part. Said conditions expected to continue until the nationalization is accomplished, which in accordance with the provisions of the decree of 28th October 1945 should materialize within the 30th October next.

B. NEUTRAL COUNTRIES

Spain : Business freely expanding after cancellation from Black List. Group's interests represented by Madrid Head Office and subsidiary Companies "Covadonga", "Anonima Accidentes" and "Caja de Prevision y Socorro". Besides reinsurance arrangements with Spanish Companies "Hispano Americana", "Pence Vitalicio de Espana" and "La Catalana".

Portugal : Marine business transacted freely, through Lisbon Agency. Assets unblocked. Cancelled from Black List.

Argentina : No direct business, only share interest in local Company "La Rural" of Buenos Aires. Never black-listed.

Turkey : Operations following a normal course for "Generali", the subsidiary Companies "Societe d'Assurances Generales d'Istanbul" and "La Concordia". Are altogether cancelled from Black List.

C. FORMERLY HOSTILE COUNTRIES

Germany : No commercial correspondence allowed. Consequently are unable to supply news as to the present state of affairs or particulars concerning the whole of our interest and that of our subsidiary Companies the "Deutscher Lloyd Versicherungs-A.G.", Berlin, and "Deutscher Lloyd Lebensversicherungs-Bank", Leipzig.

Austria : Assicurazioni Generali and their subsidiary Company "Erste Allgemeine Unfall- und Schadens-versicherungs-Gesellschaft", Vienna, are working as far as local conditions allow it, the "Erste Allgemeine Unfall- und Schadens-versicherungs-Gesellschaft" under the supervision of a Government Official.

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Hungary

: Both the Offices of the Assicurazioni Generali and their subsidiary Companies "Providentia" and "Minerva" are working freely but activity is seriously handicapped by the disastrous conditions of the Hungarian currency.

Romania

: Assicurazioni Generali are working solely through their subsidiary Companies "Generala" and "Dacia Romania" without being handicapped. The same applies to the "Steaua Romaniei" which however apparently is under the supervision of a Government Official.

Bulgaria

: Business carried on freely by Assicurazioni Generali and subsidiary "Vitocha" till 27th June, date of promulgation of new Insurance Law establishing State monopoly. Only Companies carrying on reinsurance business still admitted.

Trieste, 8th July 1946.

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HEADQUARTERS
ALLIED MILITARY GOVERNMENT
Finance Division
13 Corps

Tel: 29701/Ext. 108

JO/Fu.
2nd July 1946.

Ref : 13C/AMG/FIN/L/31
TO : H.Q. ALLIED COMMISSION
Economic Section, Finance Branch
SUBJECT : A.P.O. 794 - U.S. Army

JUL 11 1946

Assicurazioni Generali and Riunione Adriatica.

1. Reference is made to the request of the Treasury Representative of the American Embassy for information on the following points:

- (i) What action has been taken to purge the Head Offices in Trieste of these two Companies of their Fascist elements and
- (ii) whether the German interest reported in the press in 1941 and 1942 in one or both of these Companies has been blocked.

2. We have pursued a number of enquiries into this matter and have delayed our reply in order to furnish as complete a picture as possible. What follows may be regarded as the current position in both companies.

(a) EPURATION

RIUNIONE ADRIATICA DI SICURTÀ

STAFF

In May 1943 an Internal Committee of Epuration, appointed by the personnel and subsequently confirmed under General Order N° 8, suspended 14 employees including 2 officials (signatories). These cases were adjudicated upon by the Judging Commission and sentences awarded as follows:

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- 2 -

Dismissed	5
Suspended 1 month	2
" 3 months	3
" 6 "	1
" 9 "	1
" 10 "	1
Sub-Judice	1
Reprived	1

Thus it will be seen that 8 of these persons will be entitled to resume their employment with the Company within the 10 months.

BOARD OF DIRECTORS

EPURATED 5

de SUVICH Fulvio (Chairman)
 BENNI Antonio Stefano
 LARocca Antonio
 (a) WEYDENHAMMER Rudolf
 (a) OSTMAN v.d. LEYE Eberhard

RESIGNED 10

PIRELLI Alberto (Vice-Chairman)
 ASQUINI Alberto
 BRUZZO Lorenzo
 GASLINI Gerolamo
 (b) GUARNERI Felice
 MAZZINI Giuseppe
 MENEGGOZZI Emilio
 MIARI de' CUMANI Giacomo
 (b) MOSCONI Antonio
 POZZO Attilio

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DECEASED 4

PARISI Rodolfo
(b) PARISI di MESSINA Enrico
MORGAGNI Manlio
SLOCOVICH Ferruccio

DISMISSED

(b) FRIGESSI Arnaldo

PRESENT BOARD

ECONOMO Leo.....Chairman
(b) MARCHESANO Enrico.....Managing Director
CAVALIERE Arnaldo
CESONI Francesco
(c) COSULICH Guido
D'ANGERI Enrico Paolo
ORSI Carlo
PORTI Bruno
RALLI Pietro
SCALINI Enrico
RINGLER Guido
SOSPISIO Ernesto
VALLETTA Vittorio
AFENDULI Alessandro
GASLINI Gerolamo (re-elected)
MAZZINI Giuseppe (re-elected)
PARISI Pino
SEGRE' Sartorio Salvatore
SIGLIENTI Stefano
VANONI Ezio

3703

- 4 -

(b) GERMAN INTERESTS.

According to information supplied by the Company, German interests, on June 10, 1940, were represented by 531 shares of a nominal value of Lire 614,375 in possession of German nationals.

The share capital of the Company consisted of 80,000 shares and the German interests referred to amounted to 0.66%.

In compliance with instructions of this Division all the shares held by German have been blocked.

The Company's interests in Germany include the following:

R.M. 1,930.100 in "Munchener Lebensversicherungs-Anstalt A.G.", Munich

R.M. 1,930.100 in "Internationale Unfall- und Schadensversicherungs-Ges. A.G.", Vienna.

These interests represent a percentage of 48.25 in each Company making a total of 96.50%.

In addition the Company was conducting non-life business (mainly Marine & Fire) through its own Branch Offices in Berlin and Munich.

A detailed list showing the composition of the German interests is attached marked Appendix "A".

The present position of the Company's interests throughout the world is set out in appendix "B" to this letter.

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3. ASSICURAZIONI GENERALI.

The Provincial Epuration Committee proceeding in accordance with General Order No. 8 suspended 46 persons of various ranks. The judging Commission awarded the following sentences:

Dismissed	1	
Suspended 1 Year	3	(1 died subsequently)
" 6 Months	1	
" 5 "	1	
" 3 "	4	
" 2 "	1	
" 1 Months	6	
" 1 "	1	with basic wages
" 15 days	2	
Acquitted	23	
Awaiting trial and decision	3	

The majority of the persons whose cases have already been adjudicated have now served their sentences and have resumed their employment with the Company.

BOARD OF DIRECTORS

EPURATED

RESIGNED18 (b) VOLPI DI MISURATA
 Conte Giuseppe
 ARTELLI FILIPPO
 (d) DANELLI GIOVANNI
 BATTISTELLA Giacomo
 BOCCIARDO Arturo

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de CAPITANI D'ARZAGO G.
CINI Vittorio
COCEANI Bruno
DELLA CHERARDESCA Giuseppe
(e) FRIGNANI Giuseppe
(d) GALLI Carlo
GIUNTA Francesco
MONTESI Ilario
OBERTI di VALNERA Edmondo
PERRONE COMPAGNI Dino
ROSSINI Aldo
(a) THAON de REVEL Ignazio
(b) VEROI Giuseppe Pietro
(b) GRANDI Dino
DECEASED3 (b) PITACCO Giorgio
CREMONESI Filippo
ORSI Giuseppe
DISMISSED1 (b) SULFINA Michele

PRESINT BOARD

(g) COSULICH Antonio N.
BALDISSERA Giacomo
BONACCOSI Taino
BORLETTI Senatore
(o) CAPPELLETTI Ugo
(b) CERRUTI Vittorio
CINGOLANI Mario
DALL'ARMI Antonio

3697

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- (e) ECONOMO Demetrio
FRASSATI Alfredo
GAVAZZI Giuseppe
- (f) JOHAM Giuseppe
LANGHEIM Paolo
LINDER Nicolò
- (e) MURATTI Giusto
- (c) SCARAMAGNA' de ALTOMONTE Giovanni
- (e) STAURO SANTAROSA Michele
TORNANI Emanuele
Tripcovich Mario

- (a) = appointed by the German Authorities;
- (b) = considered undesirable according to Rome records and/or local reports;
- (c) = no Security objection (FSS);
- (d) = probably undesirable;
- (e) = interned;
- (f) = dismissal recommended (FSS);
- (g) = special FSS Report-Appendix "D".

These names have been referred to FSS for screening and apart from petty police offences the only serious report is that relating to Antonio Consulich.

(b) GERMAN INTERESTS.

According to information supplied by the Company, German interests on June 10, 1940 were represented by an aggregate amount of 1000 shares with a nominal valued of Lt. 200,000 in possession of German nationals. This represented 0.16% of the capital of the Company.

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- 8 -

In 1941, 75 of this share-holding representing Lit.13.000 was acquired by Banca Commerciale Italiana, Trieste.

The present German holding remains blocked.

The Company's interests in Germany include the following:

1.333 Shares in "Deutscher Lloyd Leben", Leipzig, 57½% paid-up, equal to 2/3rds of the capital, the remainder being held by Deutscher Lloyd of Berlin.

663 Shares fully paid and 2.260 Shares 25% paid-up in "Deutscher Lloyd", Berlin, Equal to 23.25% of the capital.

In addition the Company was conducting Marine business through its own Branch Office in Berlin and providing for reinsurance.

A detailed list showing the composition of the German interests is attached marked Appendix "C".

In the meanwhile both these companies are being permitted to operate in Great Britain under License N°. T/E 12524 dated 33 February in the case of RIUNIONE ADRIATICA DI SICURTA' and N°. T/E 12523 Section 3A dated 7 May in the case of ASSICURAZIONI GENERALI. See Appendix "E" and "F".

We have written at length and in detail, giving names in order that the histories of the persons concerned can be further pursued at your end as it is known that considerable data relating to Italian Insurance Executives in possession of the American Embassy in Rome.

Please advise us of any further information you would like to have and we will endeavour to procure it.

FOR THE SENIOR CIVIL AFFAIRS OFFICER

3695

N.T. BEARD, LT. COL.
CHIEF FINANCE OFFICER

Copy to: Representative United States Polad
" British Polad.

APPENDIX "A"

RIUNIONE ADRIATICA DI SICURTÀ
LIST OF SHAREHOLDERS WHO HAVE DECLARED THEIR GERMAN NATIONALITY

State as at 10 June 1940, and subsequent changes.

SURNAME and NAME	LAST KNOWN ADDRESS	SHAREHOLDING SERIES "A"-"B"	TOTAL
<u>SHAREHOLDERS DOMICILED IN GERMANY</u>			
Geuder Gustav Eduard	Dresden A 46 Kyenstrasse 4	4	4
Kruche Nitsch Amelio	Munich Lenbachplatz 2	8	8
Ratjen Martina b. Schitzler Garmisch	c/o Deutsche Bank Gartenstrasse 6	3	3
Dresdner Bank-Branch Office Munich		4	4

These shares were ceded on 27 February 1943 to an Italian National

SHAREHOLDERS NOT DOMICILED IN GERMANY IN RESPECT OF WHOM THE COMPANY IS NOT IN A POSITION TO STATE WHETHER AT THE PRESENT TIME THEY ARE GERMAN OR AUSTRIAN.

Brasse Heinrich	Bordighera Villa Angela	60	40	100
Breit Faltis Martha	Geneva Petit Lancy Chemin du Blanc Bénit	-	10	10
Burkert Hanna	Prague Dejvice Alesova 3	8	2	10
Loza de Copelition-Gorup	Fiume Via Carducci 11	1	-	1
Ferenozik Berta	Teplitz-Schönau Zeidler Str. 2085	8	4	12
Ferner Eng. Walter	Teichen O.S. Lenastr. 28	3	-	3
Ferner Eng. Leonhard	Teichen O.S.	3	-	3

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SHAREHOLDERS DOMICILED INGERMANY

Geuder Gustav Eduard	Dresden A 4C	4	4	8
Kruche Nitsch Amalie	Kyewstrasse 4			
	Munich			
	Lenbachplatz 2			
Ratjen Martha b. Schitzler Gerdisch	c/o Deutsche Bank	8	-	8
	Gartenstrasse 6	4	3	7
Dresdner Bank-Branch Office Munich		4	-	4

These shares were ceded on 27 February 1943
to an Italian National

SHAREHOLDERS NOT DOMICILED IN GERMANY IN RESPECT OF WHOM THE COMPANY
IS NOT IN A POSITION TO STATE WHETHER AT THE PRESENT TIME THEY ARE

GERMAN OR AUSTRIAN.

Brasse Heinrich	Bordighera	60	40	100
Breit Faltis Martha	Villa Angela	-	10	10
	Geneva			
	Petit Lancy			
	Chemin du Blanc Bénit			
Durkert Hanna	Prague			
	Dejvice Alesova 3	8	2	10
Ioze de Copalitch-Gorup	Fiume			
	Via Carducci 11	1	-	1
Perenczik Berta	Teplitz-Schonen			
	Zeidler str. 2085	8	4	12
Ferner Eng. Walter	Teschchen O.S.			
	Lenaustr. 28	3	-	4
Ferner Eng. Leonhard	Teschchen O.S.			
	Lenaustr. 28	10	5	15

to be carried forward

110 69 179

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SURNAME and NAME	LAST KNOWN ADDRESS	SHARPCOLDING SERIES "A"-"B" TOTAL			
		brought forward	110	69	179
Forner Othman	Jaktar-Troppau Sackgasse 6		4	5	9
Ganzer Maria	Trieste Via Degli Apiani 1		24	16	40
Graf Wrentheill Anny	Nice 5, Avenue Borriglione		75	-	75
Knobel Berta	Volosca Corso Vitt.Em. 72		-	5	5
Konieczny Forner Edeltrude	Messeldorf N.351		3	5	3
Kostner Marie	Prague VIII Fünfthunderstr. 19		-	10	10
Kuhn Arch. Prof. Max	Reichenberg Hamerlingstr. 4		-	5	5
Langer Therese	Theresienstadt		-	2	2
Langer Julie	Theresienstadt		-	2	2
Lettspeich Amalie	Cilli Oblakova ulica 5		1	-	1
Weynier Renato	Fiume v. Mussolini 54		4	4	8
Pfeiffer Elsa	Rome Via Coroncini 52		-	10	10
Skene Cosulich bar. Marcella	Trieste Via Imbriani 6		3	1	4
Widter Gustl	Mussia S. Bartolomeo 225		-	10	10
German Reich represented by "Reichsprotector" for Bohemia and Moravia	Prague Draschitzplatz 7		-	10	10
Kolben Dr. Arthur	London W 9 Florence Court Meida Vole		-	3693	3693
			-	10	10

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Graf Ehrentheil Anna	Trieste Via Degli Apiani 1	24	16	40
Knobel Berta	Nice 5, Avenue Borriglione	75	-	75
Konieczny Ferner Edeltrude	Volosca Corso Vitt. Em. 72	-	5	5
Kostner Marie	Nesselcorff N. 351	3	5	3
Kuhn Arch. Prof. Max	Prague VIII Runkmunderstr. 19	-	10	10
Langer Therese	Reichenberg Hamerlingstr. 4	-	5	5
Langer Julie	Theresienstadt	-	2	2
Lettspeich Amalie	Theresienstadt	-	2	2
Meynier Renato	Gilli Oblakova ulica 5	1	-	1
Pfeiffer Elsa	Piume v. Mussolini 54	4	4	8
Skene Cosulich bar. Marcella	Rome Via Coroncini 52	-	10	10
Widter Gusti	Trieste Via Imbriani 6	3	1	4
German Reich represented by "Reichsprotector" for Bohemia and Moravia	Muggia S. Bartolomeo 225	-	10	10
Zolben Dr. Arthur	Prague Draschitzplatz 7	-	10	10
Kopf Anna Lidia	London W 9 Florence Court Maide Vale	-	3693	10
	Rome Via Danispena 70	-	10	10
to be carried forward		224	174	398

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- 3 -

SURNAME and NAME	LAST KNOWN ADDRESS	SERIES "A"-"B"	SHAREHOLDING	TOTAL
	brought forward	224	174	398
Mary Roth Clara	Bologna Viale Cappuccini 19/21	25	-	25
Mittenzwei Giorgio	Trieste Via F. Severo, 35	5	20	25
No. 5 shares of Series "B" were ceded on 6.3.1945 to an Italian National				
Neuberg Elisa b. Michelson	L'Aquila Albergo Italia	15	-	15
Neubaus Springer Elisabetta Depensar	(Bell Islanda) Indie Olandesi	4	-	4
Ornatein Rosa (Estate)	London W I Dryngstein Court	10	-	10
Rettig Isabella	Trieste Viale XX Settembre, 70	-	25	25
Sandrin Felix Melitta	Trieste V. S. Lazzaro, 17	12	7	19
Scarpa Mario	Merano Via Monteni, 2	10	-	10
State as at 10.6.1940		305	226	531
Decrease.....		4	5	9
Present state.....		301	236	532

Percentage on the 30.000 shares forming the
Company's Share capital:as at 10.6.40 0.66375 %
.....at present... 0.6525 %

785017

Mittenzwei Giorgio	Viale Cappuccini 19/21	25	-	25
Neuberg Elisa b. Michelson	Trieste Via P. Severo, 35	5	20	25
Neubaus Springer Elisabette Depensar	L'Aquila Albergo Italia	15	-	15
Ornstein Rosa (Estate)	(Bali Islands) Indie Olendesi	4	-	4
Rettig Isabella	London W I Dryngstein Court	10	-	10
Sandrin Felix Melitta	Trieste Viale XX Settembre, 70	-	25	25
Scarpa Mario	Trieste V.S. Tazzaro, 17 Merano Via Monteni, 2	12	7	19
		10	-	10

State as at 10.6.1940	305	226	531
Decrease.....	4	5	9
Present state.....	301	236	522

Percentage on the 30.000 shares forming the
Company's Share capital:as at 10.6.40 0.66375 %
.....at present... 0.6525 %

Trieste, February 1, 1946.

RIUNIONE ADRIATICA DI SICURTÀ + TRIESTE

=====

WORLD-WIDE SITUATION

=====

Situation in the Countries of the United Nations.

ENGLAND - Company recently authorized by Board of Trade to resume activity in full. Prohibition of using old funds still in force.

FRANCE - Although formally sequestration not yet withdrawn, Company continues normal activity, both insurance and reinsurance.

BELGIUM - Company authorized transact business freely.

NETHERLANDS - Italian Companies still considered as belonging to Enemy Power. Therefore resumption of activity still prohibited.

DENMARK - Reinsurance business carried on normally.

CZECHOSLOVAKIA - Pursuant to legislation enacting nationalization of commercial insurance, National Administration established also with Riunione Adriatica. Licence being based on international agreements, it is intended to insist on maintaining such rights.

YUGOSLAVIA - In consequence of a sentence awarded against certain employees of the Company's Branch Office for alleged political activity, Company itself was condemned to confiscation of all assets existing in Yugoslavia. (Position explained in separate memoranda).

CHINA - Relations interrupted for contingent reasons have not been resumed so far.

SOUTH AFRICA - The interests held by Riunione Adriatica in a South African Company are still controlled by the Guyanodian of Enemy Property.

POLAND - According to information received Administrative Authorities have deprived private insurance companies of any possibility of transacting business. Portfolios were transferred to parastatal Insurance Institute "Powszechny" delaga-

FRANCE - Although formally sequestration not yet withdrawn, Company continues normal activity, both insurance and reinsurance.

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CHINA - Relations interrupted for contingent reasons have not been resumed so far.

SOUTH AFRICA - The interests held by Riunione Adriatica in a South African Company are still controlled by the Guyanodian of Enemy Property.

POLAND - According to information received Administrative Authorities have deprived private insurance companies of any possibility of transacting business. Portfolios were transferred to parastatal Insurance Institute "Powszechny Wzajemnic". Riunione Adriatica intends to send a delegate to Poland to investigate actual position and safeguard interests.

TURKEY - Company operating freely. Cancelled from Proclaimed and Statutory Lists. The same applies to its Subsidiary Company.

GREECE - Company operating freely under supervision of Governmental Commission.

EGYPT - Controlled by Custodian of Enemy Property since 1940. For Non-life business renewal of policies prohibited, Life business administered by Custodian.

IRAQ - Company still under controller of Enemy Property who administers Life Portfolio only, Non-life insurances Having all been cancelled.

BRAZIL - By Decree of Brazilian Government licence was withdrawn from all Italian Companies. The Brazilian Reinsurance Institute was entrusted with final liquidation. Riunione Adriatica intends asking full reinstatement.

CYPRUS - Control exercised by Custodian of Enemy Property. Security deposit (L.10,000) blocked.

SYRIA & LEBANON - Riunione Adriatica still under sequestration.

ARGENTINA - Riunione Adriatica's Subsidiary Company cancelled from Proclaimed and Statutory Lists. Performs its activities freely.

Situation in Neutral Countries.

SWITZERLAND & LIECHTENSTEIN - Business carried on without any restriction.

SPAIN - Company cancelled from Proclaimed and Statutory Lists. Business carried on unrestricted.

PORTUGAL - Subsidiary Company cancelled from Proclaimed and Statutory Lists. Unrestricted activity.

ARGENTINA - Subsidiary Company cancelled from Proclaimed and Statutory Lists, working without restrictions.

3693

Situation in formerly Enemy Countries.

GERMANY - Riunione Adriatica has no information at all concerning the present position of its German interests, thus being unable to take any steps with a view to safeguarding the

BRAZIL - By Decree of Brazilian Government licence was withdrawn from all Italian Companies. The Brazilian Reinsurance Institute was entrusted with final liquidation. Riunione Adriatica intends asking full reinstatement.

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ARGENTINA - Subsidiary Company cancelled from Proclaimed and Statutory Lists, working without restrictions.

3693

Situation in formerly Enemy Countries.

GERMANY - Riunione Adriatica has no information at all concerning the present position of its German interests, thus being unable to take any steps with a view to safeguarding the same.

AUSTRIA - Both Riunione Adriatica and its Austrian Subsidiary Company "Internationale Unfall- u. Schadens-Versicherungs Gesellschaft, A.G.", Vienna, are carrying on business freely.

HUNGARY - Both Riunione Adriatica and its Hungarian Subsidiary Company "Foncière Altalanos Biztosito-Intézet, Budapest are carrying on business freely.

232
- 3 -

ROMANIA - Both Reuniune Adriatica and its Romanian Subsidiary Company "Agricola-Fonciera, Societate Anonima de Asigurari Generale, Bucarest are carrying on business freely.

BULGARIA - Both Reuniune Adriatica and its Bulgarian Subsidiary Company "Le Phénix Bulgare, Société Anonyme d'Assurance, Sofia" are carrying on business freely.

3683

APPENDIX "C"STATEMENT OF GERMAN INTERESTS IN
ASSICURAZIONI GENERALI AT 10th JUNE 1940.

Bruck prof. dott. Ernst	15	shares nom.val.Lit.	3000
Kraemer Hans (Bredt.)	15	" " " "	3000 sold
		on 15.2.1941 to the Banca Commerciale Italiana, Trieste	
Picht dott. Ella	50	shares nom.val.Lit.	10.000
Schaefer dott. Erwin	50	" " " "	10.000
Kruger Rodolfo	25	" " " "	5.000 sold
		on 16.9.1941 to Reichsminister der Finanzen, Berlin.	
Meyer Wilhelmine	50	Shares nom.val.Lit.	10.000 sold
		on 30.4.1941 to the Banca Commerciale Italiana, Trieste.	
Scheiner Maria	675	shares nom.val.Lit.	135.000
Meyer Max	90	" " " "	18.000
von Wallwitz casa Bug.	30	" " " "	6.000

1230
APPENDIX "D"

REPORT OF 429 F.S. OMP relating to

COSULICH Antonio R.
President Assicurazioni Generali

=====

" Used Fascism to bolster up his own business interests. Long and tortuous investigation would be necessary to establish his present position and activities from a security angle, as he is now involved in separatist movement of doubtful background".

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APPENDIX " E "

COPY

TRADING WITH THE ENEMY DEPARTMENT
(Treasury and Board of Trade)

Ref. T/E 12524

E.R. Peck, Esq.,
14, College Drive,
Ruislip, Middlesex.

24, Kingway
LONDON W.C. 2.

13th February 1946.

Sir,

I am to refer to your application concerning the resumption of the business of the Riunione Adriatica di Sicurtà of Trieste in this country and to say that this letter may be accepted as authority, given by the Board of Trade under proviso (1) to Section 1 (2) of the Trading with the Enemy Act 1939, for you to exercise such powers as you may hold of the Company to resume re-insurance business in this country and to enter into new contracts of reinsurance on their behalf with British Insurance.

It is a condition of this authority that no settlement in respect of business outstanding prior to the date of this authority shall be brought into account and that in the conduct of the business you will comply with all relevant Decence (Finance) Regulations.

This authority does not imply that any moneys paid or payable to the Custodian, or any moneys which have been deposited in the High Court by the "Riunione" will be made available for such business. If, therefore, the "Riunione" wish you to undertake new business on their behalf, they should remit sterling to you for this purpose. Any sterling so remitted will not be payable to the Custodian.

I am to ask for your undertaking that you will observe the terms of this authority.

I am, Sir

Your obedient servant,
(Signed) D. CARTER

3686

E.R. Peck, Esq.,
14, College Drive,
Ainslip, Middlesex.

Sir,

I am to refer to your application concerning the resumption of the business of the Riunione Adriatica di Sicurtà of Trieste in this country and to say that this letter may be accepted as authority, given by the Board of Trade under proviso (1) to Section 1 (2) of the Trading with the Enemy Act 1939, for you to exercise such powers as you may hold of the Company to resume re-insurance business in this country and to enter into new contracts of reinsurance on their behalf with British Insurance.

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I am to ask for your undertaking that you will observe the terms of this authority.

I am, Sir

Your obedient servant,
(Signed) D. CARTER

3688

COPY

APPENDIX "P"

TRADING WITH THE ENEMY DEPARTMENT
(Treasury and Board of Trade)

Ref. T/E/ 12523
Section 3A

24, Kingsway,
London, W.C. 2.

7 May 1946.

Sir,

Assicurazioni Generali of Trieste

With reference to your letter of the 24th April concerning the resumption of the business of the Assicurazioni Generali of Trieste in this country I am to say that this letter may be accepted as authority given by the Board of Trade under the proviso (1) to Section 1 (2) of the Trading with the Enemy Act, 1939, for you to exercise such powers as you may hold of the company to resume reinsurance business in this country and to enter into new contracts of reinsurance on their behalf with British insurers.

It is a condition of this authority that no settlement in respect of business outstanding prior to the date of this authority shall be brought into account and that in the conduct of the business you will comply with all the relevant Defence (Finance) Regulations.

This authority does not imply that any moneys which have been deposited in the High Court by the Assicurazioni Generali will be made available for such business. If therefore, the Assicurazioni wish you to undertake new business on their behalf, they should remit sterling to you for this purpose. Any sterling so remitted will not be payable to the Custodian.

I am to ask for your undertaking that you will observe the terms of this Authority.

I am, Sir

Your obedient Servant,

3685

Sgd.) D. Carter

7 May 1946.

Sir,

Assicurazioni Generali of Trieste

With reference to your letter of the 24th April concerning the resumption of the business of the Assicurazioni Generali of Trieste in this country I am to say that this letter may be accepted as authority given by the Board of Trade under the proviso (1) to Section 1 (2) of the Trading with the Enemy Act, 1939, for you to exercise such powers as you may hold of the company to resume reinsurance business in this country and to enter into new contracts of reinsurance on their behalf with British insurers.

It is a condition of this authority that no settlement in respect of business outstanding prior to the date of this authority shall be brought into account and that in the conduct of the business you will comply with all the relevant Defence (Finance) Regulations.

This authority does not imply that any moneys which have been deposited in the High Court by the Assicurazioni Generali will be made available for such business. If therefore, the Assicurazioni wish you to undertake new business on their behalf, they should remit sterling to you for this purpose. Any sterling so remitted will not be payable to the Custodian.

I am to ask for your undertaking that you will observe the terms of this Authority.

I am, Sir

Your obedient Servant,

3685

Sgd.) D. Carter

G.E. Johnson, Esq. F.C.I.I.,
C/O M.C. Fred Hunter,
34, Great St. Helens,
Bishopsgate, E.C. 3.

4608 71

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HEADQUARTERS ALLIED COMMISSION
APO 794
ECONOMIC SECTION

12 June 1946

MEMO to Exec.Comm.

JUN 14 1946

Re minute 1 g (5) Exec.Comm. meeting 12 June.
Reinstatement of Insurance Company Officials.

This case is not at present in the Econ.Sect.
As I understand it, the case is being handled by your office.

Charles W. Walton
CHARLES W. WALTON
Colonel, A.C.
Acting Vice President.

3682

h. J. 2

(J/COM)

785017

TRANSLATION

PRESIDENCE OF THE COUNCIL OF MINISTERS
The Undersecretary of State
1802/S.P.

Rome, 8 June 1946.

Dear Admiral,

I have received your letter of 5 June and cannot disguise the feeling of surprise it has aroused in me. I thought that the question of the reintegration of the two General Managers of the Insurance Companies was already decided and that the communication sent to you by the A.M.G. of Trieste was only a matter of office routine which could not alter what the Allied Commission had agreed upon with the Italian Government.

Instead, I find now that what has been done so far was to no purpose and that we are still at the point of departure, since the separation committee and the relative documentations are again being mentioned.

I must refer to my letter of 24 April 1946, with which I informed you that:

- having examined the documents existing at the Ministry of Industry and Commerce (kindly furnished by the Allied Commission);

- considering that said documents do not state any fact which could any longer justify the measures taken against the abovementioned gentlemen;

the Italian Government was giving instructions that Messrs Michele Sulfina and Aroldo De Frigessi should be fully reintegrated in the respective General Managements of the "Assicurazioni Generali di Venezia" and "Riunione Adriatica di Sicurtà".

In your letter of 17 May, you kindly informed me that you had already given instructions to A.M.G. Venezia Giulia to notify the General Managements of the Companies of the reintegration, and sent me a copy of your order. I was bound to suppose that your intervention had finally succeeded to clarify the position of two Italians whose activity is very necessary to the economic rehabilitation of an important sector of our national life. It was from this point of view that, right from the beginning, I explained to you the necessity of your intervention as in this case it is not a question of defending the cause of single persons, but of taking care of the interests of two big Companies.

Now you are asking me to submit the documentation regarding the above gentlemen.

I must first of all clarify that all the documentation was furnished by the Allied Commission to the Ministry of Industry and Commerce

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

785017

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and - as there were no unfavorable reports on the two functionaries in any other part - the documentation I can today present would be the same which some time ago was furnished by said Commission.

I suppose that there are no new charges arising at the Allied Commission as I think that in that case you would have informed me about it.

What is quite certain is that since several months two of the major Italian Insurance Companies are hindered in the rehabilitation of their activities by the lack of the two General Managers, against whom vague and nebulous charges are being formulated, mostly based upon "it is said", "It would seem", without bringing any concrete and precise proof of action, for which the two might be responsible and which could anyhow represent a crime causing their removal.

Considering the above one cannot help thinking that someone interested in the question - masking his true intentions behind an apparent, sound desire of epuration - is manœuvring against the two functionaries (and therefore against the two Companies) succeeding to maintain a state of alarm which perpetuates a situation devoid of any juridical and moral basis.

And such a manœuvring should neither be encouraged nor tolerated.

That is why, dear Admiral, I ask you in the name of justice and of true liberty that the case Sulfina and De Frigessi be finally solved. The Italian Government has already fully reinstated the two functionaries; I request that the Allied Commission confirm (for the zone of the A.M.G.) the decision of the Italian Government or - if it is in possession of documents seriously proving a present or past activity which would be incompatible with the task that has again been assigned to them - kindly submit them to the Italian Government which - you can rest assured - will take steps in consequence.

Yours very sincerely,

/s/ G. Arpesani

3682

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5 June 1946

My dear Dr. Arpesani:

I refer to my letter of 2 April and to your reply of 24 April, pertaining to the reinstatement of Messrs. De Frigessi and Sulfina as officers of the insurance companies with which they were formerly associated.

I deem it of primary importance that insurance companies have trained officials to enable them to resume and discharge their functions. However, certain activities of these two officials in the international insurance field were the subject of so much attention, both in this theater and in foreign quarters, that I am unable to agree to their reinstatement in AMG territory prior to a study of epuration proceedings accompanied by full documentation. You may recall that I suggested epuration proceedings in my letter of 2 April.

If the proceedings are immediately available, I would greatly appreciate being furnished with them for review. Reinstatement of the two officials by AMG XIII Corps will be withheld subject to such review.

Yours very truly,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Dr. G. Arpesani
Under Secretary of State
Presidency of the Council of Ministers
Rome.

cc: UK and US POLAD
AMG XIII Corps
V/P, Civil Affairs Section

See 274
3681

785017

4608

EC

221

Translation

PRESELENZA DEL GOVERNO DEI MINISTRI
Cabinetio

Roma, 31 May 1946

No. 69252/25049/25/1.6.1

TO : Console Bonasconi,
Allied Commission.

JUN 4 1946

Copy to : The Treasury,
General Direction of War Pensions,
(Ref Fl. 9350 dated 18.4.46)

SUBJECT : Settlement of civilian war victims claims for pensions in
Venetia Giulia

The Finance Sub-Commission of A.C. notified the Treasury some time back that all measures of a general character and particularly those concerning the liquidation of war pensions to civilian war victims belonging to Venetia Giulia (Provinces of Trieste, Gorizia and Pola) should be sent direct to the Central Administration - Lt. Col. Beard, A.C. Trieste.

The Treasury wrote the A/C officer on the 30 Jan and 6 March last requesting instructions on the administrative form to be adopted in the necessary liaison with the civilian authorities and regional military. But up to date the competent Italian organs have not succeeded in making any contact with the officer in question, and for lack of the requested instructions they are not in a position to fix any form for dealing with the claims involved.

As the consequent delay in the settlement of the pensions causes discontent in the persons concerned who are in need of a speedy economic assistance, we beg you to deal with the matter so that the information desired may be given to the Treasury with the shortest possible delay.

We should be grateful to receive a reply as soon as possible as to the results of your efforts.

IL CAPO DI CABINETTO

3680

E.C. DIST. 4 June

Action: Juana B.
Sup: E.C.
E.C.

(CAPT DE 9)

HEADQUARTERS ALLIED COMMISSIO

APO 794

Office of the Executive Commissioner

CONFIDENTIAL

Ref: 4608/219/EC.

31 May 1946.

SUBJECT: Outstanding Accounts.

TO : Allied Commission
Chief Liaison Officer,
NAPLES Liaison Group.

1. I fully agree with the comments made in paragraph 4 of your letter NLG/51/520 dated 25 May 1946. I have seen Lt.Col. Young who wrote the letter and who has apologized to me for the discourtesy shown by him. I have admonished him. He will write to you withdrawing the offending sentence in the last paragraph with full apologies to yourself. The strictures of course were intended for Capt. Ramsay.

2. I shall be grateful, however, if you will do your utmost locally, and if necessary through the Federazione, to investigate the matter and enable these accounts to be cleared. This I fear is one of the unpleasant duties of OLOs and I appreciate the difficulties caused by disappearance of staff. You did not attach copies of the transfer notes mentioned in your letter. They may provide a clue here.

BY COMMAND OF REAR ADMIRAL STONE:

M. S. LUSH

Brigadier,
Executive Commissioner.

3673

ALLIED SUPPLY ACCOUNTING AGENCY

APC 284
794

CMF.

218

Ref :

CONFIDENTIAL

Date

31 May 46

Subject :

To : Col: J.A.C. Peanyouick,
Chief Liaison Officer
A.C. Liaison, Naples.

Sir,

The Executive Commissioner of Allied Commission has directed my attention to this Agency's letter 13649/F of 20th May, addressed to you.

I wish to express my sincere apologies for the manner in which this letter was written and would hasten to assure you that no personal rudeness was intended and I deeply regret that such a letter should have borne my signature.

I am

Sir

Your obedient Servant.

John A. Peanyouick

JWY/PB.

3673

INCOMING MESSAGE

HEADQUARTERS ALLIED COMMISSION

Originator's Reference: 92A/68
 Date/Time of Origin: MAY. 29 1800B
 FROM: HQ AMM 13 CORPS
 TO: HQ ALCOM FOR LUSH
 Message Centre No: H/345b
 Date Time Rec'd: MAY. 30 0915
 Precedence: ROUTINE
 MAY 30 1946

RESTRICTED

RESTRICTED.

reference your 332b dated 28 May. Reinstatement held in obedience awaiting further instructions from you after your perusal of letter sent by Lt Col Beard CFA to Col Walton Chief Economic Section for delivery to Chief Commissioner.

AC DIST

ACTION EX COM 2
 INFO CHIEF COMMISSIONER
 FICAD 2
 FILE

RESTRICTED

HEADQUARTERS

30 MAY 1946

3677

Precedence: ROUTING

MAY 30 1946

RESTRICTED

912

RESTRICTED.

Reference your 3325 dated 28 May. Reinstatement held in obedience awaiting further instructions from you after your perusal of letter sent by Lt Col Beard CFA to Col Walton Chief Economic Section for delivery to Chief Commissioner.

AC DIST

ACTION EX COMM 2
INFO CHIEF COMMISSIONER
FLOAT 2
FILE

AC 11014

RESTRICTED

RECEIVED

30 MAY 1946

3677

TO : HQ ALCON FOR LUSH

13 CORPS

785017

HEADQUARTERS
NAPLES LIAISON GROUP
ALLIED COMMISSION
APO. 794.

25 May, 1946

Ref. : NLG/51/520
SUBJECT : Outstanding Accounts.
TO : A. C. HQ. ✓
(att.: Asst. Executive Commissioner).

1. With reference to 13649/FA of 20 May (a copy of which I attach), I return also the letter 13649/FA of 17 April addressed by the Chief accountant to Captain Ramsey by name which accompanied the second letter of 20 May addressed to me by name.
2. Captain Ramsey has left this HQ. for return to U.S.A. and his departure was at such short notice that he did not come to see me before he went. All files of his Section were closed and sent to A.C. HQ. Rome in accordance with instructions under our Files R/7635/28 of 15th March last. In consequence there is little material available locally to check on transfer notes of May 1945.
3. Enquires have, however, been made, and I attach for information copies of the transfer notes referred to in the letter to Captain Ramsey. They show that the issues were made to A.C. Administration on the authority of a Maj. Martin (who was at one time AC Warehouse officer in Naples), but there is no one here who can now say for what reason the issues were made or if repayment in cash or in kind has been made. An examination of the files may produce the desired information, or possibly the information may be available in A.C.HQ. Tpt.n files to whom Maj Martin reported direct.
4. I have attached a copy of the letter 13649/FA of 20 May from the Chief Accountant (signature indecipherable) as I must draw attention to the tone of the letter. Its receipt was the first intimation of the subject, it appears unnecessarily rude and is addressed to me personally by name. I can see no way in which a letter of abuse can be helpful and request that this correspondence be brought to the attention of the Chief Commissioner.

C/2594

J.A.C. PENNYQUICK, Colonel
C.L.O. Naples Liaison Group A.C.

785017

COPY

214

ALLIED SUPPLY ACCOUNTING AGENCY
APO 794 CMF.

Ref. : 13649/PA

20 May 1946

SUBJECT : Outstanding Accounts,
Federazione Italiana dei Consorzi AgrariTO : Col. J.A.C. Pennycuik
Liaison Officer
A.C. Liaison Naples.

We enclose a letter which we addressed to your office on 17 April 1946. This letter has been returned to us by the Federazione Italiana dei Consorzi Agrari (Rome) and we gather from the remarks on the letter, that on receipt by your office the only action taken by you was to pass the letter on to the Federazione Italiana dei Consorzi Agrari (Naples).

As it is obvious that the enquiry originated from Federazione Italiana dei Consorzi Agrari, Naples in the first place this seems to be a singularly futile and ineffective action and as a result the accounts are still outstanding. The Combined Civil Affairs Committee at Washington are pressing us for the final figures of these accounts and we must ask to let us have your reply to this letter by return.

/sgd/

???

Chief Accountant
Allied Supply Accounting Agency

HRE/el

20 2/15

3675

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ALLIED SUPPLY ACCOUNTING AGENCY

APO 394

UNRRA

CMF.

23 APR 1946

17 April 1946

Ref : 13649/PA

Subject : Outstanding Accounts (F.C.A.)

To : Capt. Ramsey, A.C. Liaison, Naples.

*This is Capt. Ramsey's handwriting -**Federazione**Please reply*

The following items are outstanding in the books of Federazione Italian dei Consorzi Agrari and we will be obliged if you will inform us of the reasons for issue and if repayment in cash or in kind has been made.

<u>Date</u>	<u>Issue Made to</u>	<u>Issued by</u>	<u>No of Transfer Note</u>	<u>Commodity</u>	<u>Amount</u>
12/6	16 Port Dep. RASC	Dep. 676	01258	M. & V.	633.97
18/5	A.C. Admin.	"	01008	Dried Eggs	.25
	"	"	01021	Milk Evap.	.20
	"	"	0933	" Cond.	.20
13/5	"	"	01021	Green Beans	.09
18/5	"	"	01021	Choice Peas	.79
18/5	"	"	01024	"	.40
19/5	"	"	01021	Canned Peas	.14
18/5	"	"	01021	"	.14
21/5	"	"			

Edmund Cape, RASC

for Chief Accountant,
Allied Supply Accounting Agency.

3673

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HQ ALCOM CITE ACEXC SIGNED LUSH

28 MAY 1946

SCAO AMG VENEZIA GIULIA

3325

RESTRICTED

REFERENCE THIS HOW QUEEN LETTER ONE THREE ONE NINE ONE SLANT FOX DATED
SIX MAY FOUR SIX SUBJECT QUOTE EXPIRATION OF INSURANCE OFFICIALS UNQUOTE
PD I AM INFORMED THAT NO COMMUNICATION HAS YET BEEN SENT TO INSURANCE
COMPANIES CONCERNED AND THAT THEREFORE THE TWO GENERAL MANAGERS NOT YET
RETURNED TO THEIR POSTS PD PLEASE CONFIRM IMMEDIATELY BY SIGNAL
THAT INSTRUCTIONS CONTAINED IN PARA TWO OF OUR ABOVE QUOTED LETTER
HAVE NOW BEEN CARRIED OUT

COPY TO:

Econ Sec (For Finance S/C)

PRIORITY

Executive Commissioner

NICHOLAS PIOMBINO

CWO, USA

Asst Adjutant

73

PA
28/5
2

785017

TRANSLATION

PRESIDENCY OF THE COUNCIL OF MINISTERS
The Undersecretary of State
1701/S.P.

Rome, 23 May 1946.

Dear Admiral,

I have received your letter of 17 May with the attached copy of the letter which the Allied Commission has sent to the SCAC, AMG Venezia Giulia on the 6th instant, subject: Epuration of Insurance Officials.

I am very grateful to you for your kindness, but I am obliged to notify you that until this day AMG Venezia Giulia has not yet sent any communication to the Companies concerned and, therefore, the two General Managers have not yet had the opportunity of returning to their posts.

This - as I already brought to your attention through Mr Bombassei - causes a serious damage to the two Companies as in this period various Managers of the Branch Offices which the Companies have abroad, have come to Italy in order to explain the situation which has arisen in the various nations and to receive orders and instructions with regard to the same. Consequently, if AMG Venezia Giulia does not inform the two Companies without delay of the accomplished reintegration, the Managers of the Foreign Branch Offices will have to depart without having accomplished the mission for which they came.

I am sure that, as usual, you will once more show the great interest you have for all important Italian questions and, sure of your effective action, remain with thanks

yours respectfully,

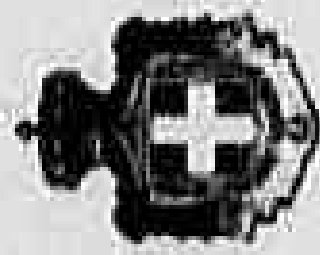
/s/ G. Arpesani.

Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
Rome.

3672

Cao P.C. 11/20/46

(150)



PRESIDENZA DEL CONSIGLIO DEI MINISTRI
IL SOTTOSEGRETARIO DI STATO

Roma,

1701/S.P.
Illustre Ammiraglio,

ho ricevuto la Sua lettera del 17 maggio con la quale mi trasmette copia della lettera che la Commissione Alleata ha inviata allo SCAO, AMG della Venezia Giulia in data 6 corrente all'oggetto: Epuration of Insurance Officials.

Le sono molto grato della cortesia usatami, ma sono co stretto a segnalarLe che a tutt'oggi l'AMG della Venezia Giulia non ha ancora data comunicazione alcuna alle Compagnie interessate e, pertanto, i due Direttori Generali non hanno ancora avuto l'opportunità di insediarsi al loro posto.

Questo, come ebbi a farLe segnalare dalla cortesia del Console Bombassei, produce un gravissimo danno alle due Compagnie poichè in questo periodo i diversi Direttori delle Filiali che le Compagnie hanno all'Esterò, sono venuti in Italia per rappresentare la situazione che si è verificata nelle diverse nazioni e avere ordini e direttive in proposito. Ne consegue che, qualora l'AMG della Venezia non informi sollecitamente dell'avvenuto reintegro le due Compagnie, i Direttori delle Filiali all'Esterò dovranno ripartire senza aver potuto condurre a termine la missione per la quale intrapresero il loro viaggio.

Sono certo che, come di consueto, Ella vorrà dimostrare ancora una volta il vivo interessamento che porta a tutte le importanti questioni italiane e, certo di una Sua efficace azione, Le invio, Illustre Ammiraglio, con il mio ringraziamento, l'espressione della mia più alta considerazione.

1701
Illustre Ammiraglio,

ho ricevuto la Sua lettera del 17 maggio con la quale mi trasmette copia della lettera che la Commissione Alleata ha inviata allo SCAO, AMG della Venezia Giulia in data 6 corrente all'oggetto: Epuration of Insurance Officials.

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Ammiraglio ELLERY STONE
Capo della Commissione Alleata

= R O M A =

Suo dev. P. Rupesanti.

211

209

Ref. : 4608/209/100

18 May 1946.

SUBJECT: Forwarding of Correspondence.

TO : Economic Section
(For Finance Sub-Commission)

308

The attached letter dated 15 May 1946, from the U.S. Treasury Representative, addressed to Admiral Stone, is passed to you for information and necessary action.

By Command of Rear Admiral Stone:

/s/ N.W. HIND. SMITH
MAT

Chief Staff Officer
to Executive Commissioner

28.245

3673

PA 18/5

785017

EC
to handle
of ENS

4608 *gd*

208

Rome, May 15, 1946

MAY 18 1946

Dear Admiral Stone:

There is transmitted below a paraphrase of a telegram received from the Department of State, repeated to Vienna and Caserta, with reference to the lire proceeds of sales by Tyrolese farmers:

"Under consideration here question as to whether lire funds which represent the proceeds of property sales by Tyrolese farmers are to be treated as Austrian or German assets in Italy. As it is desirable that these funds be held by a single custodial authority, such funds now blocked by the Bolzano CEM Section should be transferred to AFHQ No. 1 AC Rome, pending a decision as to the ultimate disposition of these accounts."

Sincerely yours,

Henry J. Tasca
U. S. Treasury Representative

Rear Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
Rome, Italy

rec 209

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207

17 May 1946

MAY 18 1946

My dear Dr. Arpesani:

With reference to your letter of 24 April concerning Signori Michele Sulfina and Arnaldo Di Frigessi, you will find attached a copy of the letter which I sent to SCAO, AMG Venezia Giulia, on 6 May 46.

Yours very truly,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Dr. Giustino Arpesani
Under-Secretary
Presidency of the Council of Ministers
Italian Government
Rome

CSO
3668

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

785017

4608

41

206

13012/P

15 May 1946

My dear Mr. Minister:

I write with reference to your letter 43/13018/24 of 17 April and our letter 13012/P of 25 April, 1946.

The problems presented in your letter were referred to Allied Force Headquarters and we have now received their reply. On both the U.S. and British sides, existing Army currency regulations preclude the exchange of schillings into lire except through officially established Army channels, and consequently, as far as U.S. troops are concerned, a dollar credit accrues to your Government as a result of such exchanges, through the established U.S. net troop expenditure dollar credit system. On the British side, it is the view of Allied Force Headquarters that the question of sterling credits for the lire expenditures of British troops from Austria is a relatively minor question which is inseparable from the larger question of sterling credits for the lire expenditures of British troops stationed in Italy, which your Government has from time to time discussed with the British Government, and I am directed to state that the smaller question cannot be discussed separately.

As regards the report that Allied personnel are exchanging schillings for lire through the Austria National Bank, in the view of Allied Force Headquarters this report may be unfounded, as a rate of 6.25 lire per schilling would hardly be accepted by Allied military personnel, who are able to obtain a rate of 22.5 lire per schilling by exchanging their schilling currency through Army channels. However, the U.S. and British Army financial authorities in Italy are bringing the matter to the attention of their opposite numbers in Austria, and it is hoped to suppress all future attempts by Allied military personnel to obtain lire currency through illegal channels.

Copy to: G. Com.
G. Com.

3667

W. J. K.
(APT K)

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With reference to the question of purchases of Italian fruit and vegetables by the Allied Forces in Austria, there have been certain new developments since our letter 13012/P of 25 April, 1946, to you, and Allied Force Headquarters have now ruled that a record will be maintained of all such purchases by the Allied Supply Accounting Agency. It is not intended that dollar or sterling credits for such purchases will accrue to your Government at the present time, but that the provision of such credits will be a matter for future discussion.

/s/ Henry W. Stone

HENRY W. STONE
Rear Admiral, USNR
Chief Commissioner.

Dott. Alcide De Gasperi
Minister for Foreign Affairs
Rome

BM/T/ml

3662

785017

13191/P

2 May 1946

MAY 7 1946

SUBJECT : Epuration of Insurance Officials
TO : SOAO, AEG Venezia Giulia

1. We have been informed by the Presidency of the Council of Ministers that the Italian Government has no reason to take any measures against Michele Sulfina and Arnaldo Di Frigensi, of Assicurazioni Generali and Riunione Adriatica di Sicurtà, respectively.

2. Inasmuch as the responsibility for Defascistization questions is that of the Italian Government, the AMI suspension order should now be revoked and the men in question reinstated in their companies.

Is/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USN
Chief Commissioner

copy to: to Com.
to Com.

3665

(CAPT K)

Translat. on

IL VOTEGREARIO DI STATO
ALLA PRESIDENZA DEL CONSIGLIO DEI MINISTRI

1427/S.F.

Rome, 24 April 1946.

Dear Admiral,

13191/F

APR 30 1946

I have noted your communication dated 2 April 1946 regarding the reinstatement of Messrs. CULFINA and DE FRIGESSI, who were General Directors of the Assurance Company of Venezia and Adriatico.

While I thank you for your kind help, I am happy to state that the Government,

- having examined existing documents at the Ministry of Industry and Commerce (kindly sent by the Allied Commission);
- taking into consideration that there are no facts justifying further measures against these gentlemen;
- on account of your statement of the 2 April, that the A.M.G. of the Venezia Giulia had nothing contrary to the reinstatement of position of the two General Directors;
- knowing that the Ministry of Industry and Commerce and the two interested companies have many times asked for this question to be settled, it being of vital importance;

I have decided that:

- 1) - Sig. Michele CULFINA shall be fully reinstated in his office of General Director of the General Insurance Company of Venice;
- 2) - Sig. Arnoldo DE FRIGESSI shall be fully reinstated in his office of General Director of the Assurance Company of the Regione Adriatica di Giuria.

I have to beg you, dear Admiral, to kindly inform the A.M.G. of the Venezia Giulia, of the decisions stated above, taken by your kind advice.

I now renew the expression of my deep gratitude for the intelligent solicitude with which you render yourselves interpreter

785017

I have noted your communication dated 2 April 1946 regarding the reinstatement of Messrs. GULFINA and DE FRIGASSI, who were General Directors of the Assurance Company of Venezia and Adriatic.

While I thank you for your kind help, I am happy to state that the Government,

- having examined existing documents at the Ministry of Industry and Commerce (kindly sent by the Allied Commission);
- taking into consideration that there are no facts justifying further measures against these gentlemen;
- on account of your statement of the 2 April, that the A.M.G. of the Venezia Giulia had nothing contrary to the reinstatement of position of the two General Directors;
- knowing that the Ministry of Industry and Commerce and the two interested companies have many times asked for this question to be settled, it being of vital importance;

I have decided that:

- 1) - Sig. Michele GULFINA shall be fully reinstated in his office of General Director of the General Insurance Company of Venice;
- 2) - Sig. Arnoldo DE FRIGASSI di RATTALIA shall be fully reinstated in his office of General Director of the Assurance Company of the Unione Adriatica di Sicurtà.

I have to beg you, dear Admiral, to kindly inform the A.M.G. of the Venezia Giulia, of the decisions stated above, taken by your kind advice.

I now renew the expression of my deep gratitude for the intelligent solicitude with which you render yourself interpreter of our many problems.

With my highest esteem

/s/ F. Arpesani

To: Admiral Ellery W. STONE
Chief Commissioner, A.C.

E.C. DIST-30 Apr.

Action: E.C. (2)

Info: C.C.

see 204

E.C.

(AB)

APR 20 1946

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

785017

13012/F

26 April 1946

SUBJECT : Exchange of Austrian Schillings.

APR 27 1946

TO : Assistant Chief of Staff,
G-5 Section, AMHQ

1. I write with reference to my letter 13012/F of 25 April, 1946, particularly para. 4 thereof.

2. From information we have just received it appears that a financial problem does arise regarding purchases in Italy by the U.S. forces in Germany and Austria. We had understood from Brig. Gen. W.M. Draper, of the Economics Division, Office of Military Government for Germany (U.S.), that the U.S. Military Government Authorities in Germany and Austria were prepared to pay Italy by means of a dollar credit for purchases made here. Brig. Gen. Draper indicated that arrangements for the crediting of an Italian account in the U.S. would be worked out and notified to us. However, we now learn that U.S. Army purchasing officers are coming to Italy with dollar checks which they are instructed to cash for lire with U.S. Army Finance Disbursing Officers in order to obtain the currency with which to effect purchases. You will appreciate that the effect of such a procedure will be to charge U.S. purchases for Germany and Austria as an occupation cost against the Italian Government and that there will be no current dollar accruals to the Italian Government. It is possible that arrangements have been made in Washington to segregate such transactions between U.S. Army Finance Officers, and to set up a credit to the Italian Government, but we have not heard of any such arrangements. This is the same problem raised in our 13091/F of 29 March, to which you replied in your F-10 of 6 April, 1946, indicating in para. 4 thereof that you were not aware of the actual mechanism of payment.

3. We know that the Italian Government are expecting current dollar payments for exports of fruits, vegetables, etc., and they may be reluctant to license such exportations if dollars are not forthcoming. The immediate difficulty seems to be a disparity between the policy intention expressed by Brig. Gen. Draper, and the lack of any procedure to implement the intention. We should therefore greatly appreciate a ruling from your HQ whether purchases may be effected with lire drawn from Finance Officers. If not, I assume that you will wish to consult OCS in order to obtain the establishment of a suitable procedure.

M. S. [Signature]
Brigadier
Acting Chief Commissioner

HELE/ml

See 7-272

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