

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

ACC

10000/109/884

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

10000/109/884

FINANCE, VENEZIA GIULIA
MAY 1945 - JAN. 1947

Declassified E.O. 12356 Section 3.3/NND

No.

785017

4103

CSO

When is the action?

MS 12/14

MS 12/14

112

C.S.O. Reference Min. 113, p. 114 is reply

to p. 111,

SP 15/14.

785017

JH. 613 9B
CSO. Your attention is invited to 590 which was sent to
us for info.

stet
5/3/46

Ex Comm: 9B
CSO. Folio 94 is 13 Corp reply to Samuel signed at 90 on status
of Yugoslav currency in Venezia Giulia.

stet JH. 1113
5/3/46

Ex Comm: 99
CSO. Please see Folios 96-98 re finance branch views
of our position on the banking situation in Venezia Giulia.
Also min 95 above.

stet JH. 1113
5/3/46

Ex Comm: 102
CSO. Folio 101 for signature
Please see also 100 for info.

stet JH. 1213
12/3/46

CSO. 103
Please retype omitting Ex C.C. 102
cannot include that in - DO better!
12/13/46
JH. 1213

Ex Comm: 108
A/C-S.O. Folio 107 re V.G. Commercial Co. for info.
Folio 90⁹¹ re V.G. Commercial Co. for info.
1/4

1/4

110

Ex Comm: 99.
 cos. Please see Folios 96-98 on finance branch views
 of our position on the banking situation in Venezuela - Bolivia.
 Also min 95 above.

sent HS. 1113
 8/9/42

Ex Comm: 102
 cos. Folio 101 for signature
 Please see also 100 for info.

sent HS. 1213
 12/3/42

4102

C.S.O. 103
 Please retype emitting Bu C.C. we
 cannot include that in - D.O. letter!
 12/13/43

sent HS. 1413
 10/1/43

Ex Comm: 108.
 A/C.S.O. Folio 107 re V.G. Commercial Co. for info.
 Folio 90²⁹ ^{refused}
 1/4

HS. 114.
 C.S.O. Herewith folio 109 which has further
 information on folio 100 & 105. Action is
 Finance S/C.
 114

114/34

HS. 112
 A/C.S.O. for D.M.G. is folio 111. I will follow-up with
 Gen Sec. 11/4.
 HS. 12/4

785017

Ex Comm.

64

63 submitted to signature in answer to 60 online
suggested by Finance Sec's minutes at 63

ELB 28/11

6. 2/11.

65

Ex Comm.

Letter resubmitted for signature answered
as instructed by Gov.

ELB 24/11

signed

Ex Comm.

69

68 submitted to signature per 65

68. 29/11.

Ex Comm.

71

69: For info on financial status in Venezuela Guinea
see 70

SPH 4/12/45

4101

73

C50. 5/72 for info.

SPH 28/12/45

Ex Comm.

77

C50. 5/76 for info.

79

C50. 5/78 for signature. We have received no reply
as yet.

SPH 20/1/46

85

C50. Reference to 84. This is a reply to our inquiries at 85 & 78.
Since there is not much info in it, I suggest that King looks
to take 76

785017

signed

69.

68 submitted to signature re. d.c.s.

68. 19/11.

T.M. 20/11

T.M. 20/11

71

The info on financial status in Venezuela similar see to.

SPK 4/12/45

4701

73

cso. 572 for info.

SPK 28/12/45

77

cso. 576 for info.

79

cso. 578 for signature. We have received no reply as yet.

SPK

20/1/46

85.

cso. Reference folio 84. This is a reply to our inquiries at 875-25. Since there is not much info in it, I suggest that Brig Lado's letter to De Gasperi (folio 83) remain as a reply to folio 86.

SPK

13/2/46

86.

C.F.A.

Ref 4 84. Do you consider that we should adopt the course suggested in para 4, or is your letter at 4 83 a sufficient answer.

H.S. 14/12

87.

H.S. 14/12

Office of Ex. Com.

1. I think no further reply is necessary.
2. I understand Stalin's letter is through this matter through diplomatic channels.

B.R. 14/12

55

1810.

CSO. July 54 j r info

Encl 18/10

6.

Finance Sec.

Please see 60 - would be grateful for your comment.

H. 19/11.

62

Executive Commissioner's Office:

1. It is impossible for us to determine from the Yugoslav's letter what information is wanted. There has been no general agreement between the U.S. and Italian⁴¹⁰³ Government regarding occupation of the or. line. ~~at the~~ - The Committee from still stand (modified in practice by the Food Pay Account) if on the other hand, Dr. Smolke in speaking of the sale of U.S. surplus property to the Italian Gov't, that is a straight forward financial procedure. I suggest that

Clarification be requested.

2. The official note between the dollar and the lira

H. 19/4.

62

Executive Commissioner's Office:

1. It is impossible for us to determine from the Yugoslav's letter what information is wanted. There has been no general agreement between the U.S. and Italian⁴¹⁰³ Government regarding occupation of the or. line ~~settlement~~ — the Committee from still stands (modified in practice by the Troop Pay Account) of the other hand, Dr. Smolke in speaking of the sale of U.S. surplus property to the Italian Gov't, ~~there is a straightforward financial procedure.~~ I suggest that ~~clarification~~ be requested.

2. The official rate between the dollar and the lire is: 100 lire equal 1 U.S. dollar.

19 Nov. 1945

BLF
F.S. Ch.
Acting Director
Finance S/C

Exline

10/24/79 for information. No action
appears necessary. Fair and
honest a copy.

51

10/24/79

CFA. I should like to discuss at your convenience

10/24/79

52

CFA

We spoke

Will you signal AFHQ that we intend
to leave pit or shall probably leave at 4000
if it until the 17000 after begin to follow
over W. of the Dragon line when we should
see the results - exchange ch.

We should ask Belgrade to that in
fully informed of progress & if possible
send us a nice new note.

10/24/79

51. 4.24/9.

CFA. I should like to discuss at your convenience

10/24/5

52

CFA.

10c 5/50x

Will you signal AT-40 that one should
not use oil & shall probably have a 40003
if it until the 1940s after began to filter
over W. of the Dungen line when we shall
see the results - exchange ch.
We should ask for Belgrade to that in
fully informed of progress & if possible
send us a nice new note.

10/28/5

10.54 52

Ex. Comm. Reference minute 5. Please see enclosure #53

Finance Jc. 500
1 Oct. 45.

10/28/5
might

10/28/5

660

In info Sec 36.

(34)

(abw) 4/9

39

Exlun

M Sec 36. Re last sentence
sets a good precedent!

71.

Seen by T.S.L.
5/9.

4/9

4098

600

28

Please note for info file 27. Will follow up.

ABH 12/2/45

Staub

30

600

Refer min 27. Brig Griffith, Smith attending meeting today will follow up.

ABH 12/2/45

4097

31

600

Reference is made to files 27 & min 28. Brig Griffith Smith who attended meeting at ASHQ said it dealt solely with Claims & things & it was decided that things - requisition & rents will be paid for by Army. - Frings

ABH 20/2/45

PA

C.D.O.23

I have spoken to Col. Menapace & Brig Gaffley-Smith
 re folio 22. Col Menapace agrees that an interested situation
 exists & remains if he has taken steps to ease the situation
 by contacting ASWAG - who has given authority to Lt. &
 involve a clause in Proclamation 2 - which in effect allows
 certain commercial transactions if approved by Army.
 A signal was dispatched by ASWAG - yesterday - & Col.
 Montfort giving him authority to license certain commercial
 transactions but this signal was so ambiguously worded
 that Brig. Gaffley-Smith is preparing a new signal, clarifying
 ASWAG's signal referred to above. I have seen ASWAG's signal
 & a copy will be put into this folder as well as a copy
 of Jim G's signal as soon as received.

ASW
 7/2/45

Thank you

7/7

Act. Exec Comm.

Letter

26

Please see folio 24 which is the signal ASWAG sent
 to Lt. & Col. Montfort. Apparently Brig Gaffley-Smith changed his
 mind & sent a letter to the Chief Air Off (folios 25 & 26) instead
 of the signal mentioned in min. 23.

785017

commenced transactions if approved by Amb.

A signal was dispatched by ASWAG - yesterday - & Col. Montfort giving him authority to license certain commercial transactions but this signal was so ambiguously worded that Brig. Gaffley-Smith is preparing a new signal, clarifying ASWAG's signal referred to above. I have seen ASWAG's signal & a copy will be put into this folder as was as a copy of Fin Off's signal as soon as received.

ASW
9/2/45

Thank you

9/7/45

Act. Exce Comm.

Letter

26

Please see folio 24 which is the signal ASWAG sent to Ab. & Col. Montfort. Apparently Brig Gaffley-Smith changed his mind & sent a letter to the Chief Fin Off. (folios 25 & 26) instead of the signal mentioned in min. 23.

ASW
9/2/45

9/7 Noted. It would appear that 22 should more properly have been addressed to ASCOM rather than G-5 AFHQ (Spottard). Action by Fin Spc at 25. No action by EC.

7

ASW 11/1/45

c80

(14)

What action has been taken in p. 13

MS/s/o

~~EE~~ 17Spoke with Ex. Com. Sen. Venezuela
Judit Riera Llo. No action

4095

of 11/6 pg.

785017

Ex. Comr

81(5)

To see ³ ~~29~~ ⁸⁰ - Finance S/c letter to CC.
regarding The Governor of the Bank of Italy's
complaint on the situation in Trieste.

14th May.

82(6)

(3)

CFA.

Please signal Paul & Reinhold's messages
marked / / KAFHQ. DS/16/5

84(12)

Executive Commissioner.

Ref. jacket Min. 82.6.

Please see at enclosure ⁽¹¹⁾ copy of cable despatches

Finance S/c.

14/45.

7/17/5

Major
Finance S/c

4094

123.

Ref. : 4616/123/100

14 January 1947

SUBJECT: Maria BLANI, Refund of Hospital Expenses.

TO : The Yugoslav Delegation to A.C.I.
Rome.

122

Reference is made to your letter no. Br. 33/47 dated 9 January 47 on this subject.

It would be much appreciated if a copy of letter no. 4616/20 dated 6 Feb. 46 referred to in the first para could be forwarded to this office as we are unable to trace it in our records.

FOR THE CHIEF COMMISSIONER:

A. W. KILSEY.

Brigadier,
Executive Commissioner.

4093



DELEGATION OF THE FEDERAL PEOPLES
REPUBLIC OF JUGOSLAVIA
TO THE ADVISORY COUNCIL FOR ITALY

Br. 55/47

9 January 1947

SUBJECT : Maria BIASI, Refund of Hospital Expenses.
TO : Liaison Division,
H.Q.A.C.

Reference is made to your letter no.4616/EC of 6 February 1946.

We have been informed from the Yugoslav Government that the People's Committee of the town Porec (Parenzo) have not agreed to pay the Hospital Expenses for BIASI Maria, because she has left that town definitely on April 21, 1942, wherefrom, according to the information of the said Committee, she went to Trieste, where she was resident until 1944, when she was transferred to Padua. It is therefore considered that Trieste, being the common where she last was resident should refund the requested hospital expenses.

The memorandum of the Italian Ministry of Foreign Affairs is restituted to you under cover.

Encl.

FOR THE JUGOSLAV REPRESENTATIVE :

Cedomil Veljacio
Cedomil Veljacio, Secretary.

F 123 refors

Br. 53/47

9 January 1947

SUBJECT : Maria BIASI, Refund of Hospital Expenses.

TO : Liaison Division,
H.Q.A.C.

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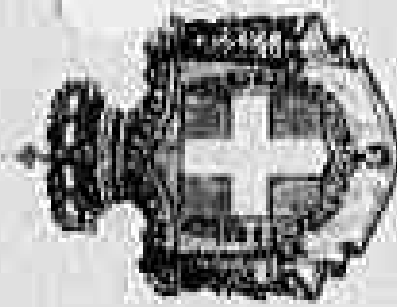
Encl.

FOR THE JUGOSLAV REPRESENTATIVE :

Cedomil Veljacic 4092
Cedomil Veljacic, Secretary.

F 123 infars

Capt V



Ministero degli Affari Esteri

MEMORANDUM FOR THE ALLIED COMMISSION

Subject: Maria BIASI - Refund of Hospital expenses.

1. Maria BIASI (daughter of the late Giacomo and of Giulia Travan), born in Parenzo on August 18th, 1901, and a potential rate-payer of said municipality, was admitted on July 12th, 1944, to the Configliaschi Institute for the Blind of Padova.
2. The Provincial Administration of Istria-Pola, which paid the Institute's bills for her up-keep up to July 1st, 1945, recently notified that it will no longer be responsible for same in consideration of the fact that Parenzo is within the Yugoslav zone occupation.
3. The Institute applied for payment to the Commissioner Allied Forces, Pola District, eliciting a negative reply dated November 21st, 1945, with the intimation that the request ought to be made directly to the Yugoslav Authorities.

4. No direct relations being as yet entertained by Italy with the said Authorities, the Ministry for Foreign Affairs should be grateful to the Allied Commission if they would kindly have the following claim for payment of arrears submitted to them:

Board and lodging from 1st to 31st July 1945 - 31 days at 50 lire:	Lire	1550,-
Board and lodging from 1st August to 30 November 1945 - 122 days at 85 lire:	"	10370,-
Total	Lire	11920,-

Rome, February 5th, 1946

MEMORANDUM FOR THE ALLIED COMMISSION

Subject: Maria BIASI - Refund of Hospital expenses.

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Total	Lire	11920,-	

Rome, February 5th, 1946

785017

4616 97

NOV 22 1946

120

ALCOM CITE ASSCC FROM ADMIRAL STONE

201215A NOVEMBER 1946

AMG VENEZIA GIULIA FOR SCAO

AFHQ FOR GEORGE FIVE

5577

RESTRICTED

NR

YOUR LETTER VICTOR GEORGE SLANT AMG SLANT NINE OF TWELVE NOVEMBER TO GEORGE FIVE

COPY TO ME-PETERS PD

PARA ONE PD PLEASE NOTE FIFTEENTH NOVEMBER GAZETTE GENERAL ORDER EIGHTY THREE

DEALING WITH QUOTE EXPROPRIATION IN FAVOR OF THE STATE UNQUOTE PD SUGGEST AS PART

OF GENERAL DISCUSSION WITH COLONIES BATTENSBY AND WEBER YOU CONSIDER IN WHOSE FAVOR/ACCOUNT

EXPROPRIATIONS UNDER GENERAL ORDER EIGHTY THREE WILL IN FACT BE MADE PD

PARA TWO PD PLEASE NOTE ALSO ORDER NUMBER TWO ZERO NINE SAME GAZETTE

DISTRIBUTION:

Ex Commr ✓

Chief Legal Adviser

Chief Financial Adviser

CC Files

4093

ROUTINE

Chief Commissioner

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

JOHN R HAYES
MAJOR ACD
ADJT

Capt K

785017

4616 50/

119

Ref: P.57./CS

2 August 1946.

SUBJECT: Currency Smuggling.

AUG 3 1946

TO : Allied Force Headquarters.
(Attention: G-5 Section)

118

I refer to your letter G-5 974.12 of 25 July 1946.

1. There appears to have been some confusion in this case between channels of command and technical control.

2. Your letter of 17 April gave direction to AMG XIII Corps; your letter of 17 May gave direction to this HQ to take all necessary steps which under the AMG XIII Corps directive could only have been in the channel of technical control.

Communication
Lift
757

3. The letter from the Communications S/C of 5 June was written after consultation with AMG XIII Corps and the Civil Censorship Group, 86 Area, in the channel of technical control, and summarized certain technical difficulties which the Director thought right to bring to your attention. Having received confirmation from you that the difficulties were to be overcome, he communicated with the Civil Censorship Group, 86 Area who took the position that instructions regarding censorship must emanate from the G-2 Section of your HQ. This reply was communicated to your HQ.

4. It was not until your HQ by telephone instructed the Communications S/C to enter into the channel of command and issue directions to HQ XIII Corps under whom Civil Censorship Group 86 Area presumably came for command, that the censorship was put into operation.

5. Any delay in implementing SACMED's instructions is much regretted. Had the Civil Censorship Group 86 AREA or HQ XIII Corps been instructed (by G-2) simultaneously with your direction communicated to me on 17 May, I believe this delay might have been reduced.

4089

[s] Every V. Stone

ELERY W. STONE
Rear Admiral, USNR
Chief Commissionercopy to: C. Com.
C. Com. ✓Ask
(CMT K)

PA 42/106

785017

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

COPY

COPY

G-5: 974.12

25 July 1946.

SUBJECT: Currency Smuggling.

TO : Chief Commissioner
Allied Commission
APO 794

JUL 27 1946

1. On 17 May 46 by letter, subject: Black Market in Currency, file G-5: 973.30 you were directed in furtherance of the directive issued by G-5/123, 17 April 46 to take steps in conjunction with XIII Corps to prevent currency smuggling by post across the Zone A/B border. In spite of this clear directive your Communications Sub-Commission on 5 June by letter P 57.297/CS reported that no censorship was being imposed. The letter goes further to interpret the Morgan/Javonovic agreement, and desires confirmation of a simple clear directive. On 20 June 46 by letter G-5: 973.30, you were directed to take earliest possible steps to institute the necessary censorship. Instructions to do so were not issued until 16 July 46.

2. There is attached hereto a most unusual letter from AMG XIII Corps, dated 12 July 46, not only stating that no censorship had been imposed, but even requesting the validity of the directive issued by command of General Morgan. It is difficult to understand how such a condition of affairs can exist in a military organization. The matter of this letter has been taken up directly by this Headquarters with SCAO XIII Corps.

3. It appears however that the impetus for AMG XIII Corps' action came from your Communications Sub-Commission, whose letter File P57.31/CS 688 of 11 July is quite out of keeping with the directives originally issued. It is requested therefore that you will take steps to rectify what appears to be a lack of coordination within the Allied Commission and a failure to comply with instructions issued by this Headquarters.

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

A.L. HAMBLEN
Colonel, G.S.O.
Assistant Chief of Staff, G-5

Incl:
as above

A.C. Dist.

Action: Communications S/O.
Info : Chief Commissioner,
Executive Commissioner, Econ. Sect.

See 2-119

23/7/46

785017

COPY

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
FINANCE DIVISION
13 CORPS

COPY

130/AMG/FIN/J/24/NTB

12 July 1946.

TO : AFHQ
G-5 Section
APO 512

SUBJECT: Censorship of correspondence between Zone "A"
and Zone "B" and Yugoslavia.

I refer to your letter of the 20th of June addressed
to the Chief Commissioner A.G.

This letter has been passed to me by the Communications
Officer of this H.Q., who makes the following comments:

(1) "The Communications Sub-Commission at A.G.H.Q. is
now without officers, will you please deal with the matter with G-5".

(2) "No censorship has been applied because the question of
censorship is a matter for G-2, and until G-2 issues the necessary
instructions no censorship is being applied."

You may therefore desire to refer the matter to G-2, in the
meantime censorship continues to be applied in Zone "B" by the Yugoslav
Military Government.

For the Senior Civil Affairs Officer.

4037
N.T. BEARD -
Lt. Colonel
Chief Finance Officer.

see 118

785017

4616 41
Office of the Economic Adviser 116

Bri leah Embassy,
Rome.

June 25th, 1946.

NO 26/7

JUL 26 1946

Col. C.W. Walton,
acting V/President Economic Section,
Allied Commission,
C.E.F.

Copy to: Executive Commissioner.

Subject: Transfer of Italian Money to Trieste

Reports have been received at this Embassy from more than one source, including a Dr. Ivan Poper who is described as an anti Tito-Slav business man, to the effect that Italian Currency is flowing into Trieste in the expectation of being exchanged at a profit into the anticipated currency of the "International Zone".

It is alleged that during one day last week the sum of 11 million lire was sent into Trieste.

The information is passed on to you for what it is worth, and for any further investigation you may deem advisable.

A. N. Hancock
A. N. Hancock, Col.
Deputy Economic Adviser

4088

CSO
H.S. 26/7

27/7
A
R

785C17

4616/9.

114

13260/F

12 April 1946

SUBJECT : Italian Banking Situation
in Zone "B", Venezia Giulia.

APR 12 1946

TO : Ministry of Foreign Affairs

1. I write with reference to your letter 43/11948/22 of 6 April, 1946, regarding the banking situation in Zone "B", Venezia Giulia.

2. As you are aware, the Banca d'Italia has requested that the reopening of the Italian banks in Zone "B" be postponed pending the outcome of the negotiations concerning the supply of currency to such branches. Upon the suggestion of my political advisers, the request of the Banca d'Italia was referred to London and Washington for action through Allied diplomatic channels. I would therefore suggest that you request the British and American Embassies in Rome to ascertain whether the Foreign Office and the State Department can approach the Yugoslav Government regarding permission for personnel of the Banca d'Italia to leave Zone "B".

4085

M. S. LUSH

Brigadier,
Acting Chief Commissioner.

Copy to : British Embassy
U.S. Embassy
Polad (A)
Polad (B)
Ex. Com
C. Com

BELT/mf

see M 115

PA 13
4

Translat. 1

MINISTERO DEGLI AFFARI ESTERI

Il Segretario Generale

APR 10 1946

Rome, 6 April 1946.

Dear Admiral,

the Governor of the Bank of Italy has stated, by letter dated the 24th of March last to the Allied Commission that there is a new aspect of the banking situation of Rome.

According to news from that city, the Yugoslav authorities have given orders, to immediately reopen the Banks that were closed. The Governor of the Bank of Italy, in consideration that the above mentioned Banks are without currency, is of the conviction that they are not able to comply. He has asked, therefore, that this order be revoked, or at least suspended, and that the negotiations, which for some time past have been pending, shall be contemporaneously re-opened. I wrote you about this matter by letter No. 43/06667/16 dated the 1st of March.

I fail to see if this last could be brought into port, and if, which is equivalent, it could be made certain that the 20 millions of Lire which the Bank of Italy would be disposed to send monthly, beyond the Morgan line, shall not finish up by being used for other purposes than those intended.

While I hope these negotiations will be concluded satisfactorily to both parties, please allow me to draw your attention to a certain aspect of the question: the Governor of the Bank of Italy is afraid that on account of the impossibility to activate the above dispositions, that in consequence there may be reprisals, which could be of a grave character, to the personnel of the Bank of Italy situated in the region "B" and to their respective families.

He requests, therefore, should the negotiations not be able to be placed upon a firm foundation, and the order to re-open be maintained, that the Allied authorities will provide for the safety of the Italian citizens above mentioned, and that they shall be able to come over to this side of the Morgan line.

While I unite my prayer with that of the Governor of

the Governor of the Bank of Italy has stated, by letter dated the 24th of March last to the Allied Commission that there is a new aspect of the banking situation of Rome.

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He requests, therefore, should the negotiations not be able to be placed upon a firm foundation, and the order to re-open be maintained, that the Allied authorities will provide for the safety of the Italian citizens above mentioned, and that they shall be able to come over to this side of the Morgan line.

While I unite my prayer with that of the Governor of the Bank of Italy, I have to thank you in anticipation for what you will kindly do in merit.

I also think it my duty to tell you that I have sent a similar communication to Mr. Kirk and to Sir Noel Charles.

Awaiting your kind reply, I beg you to receive my kindest salutations

(AB)

Admiral Ellery W. STONE

Renato Prunas

See Mr. 112-13-117
62017-10 Apr 12/1
Action: Review
Sub: E.C.

4087

4616 86

Ex. Commr.
109

APR 1 1946

5/122
30 NPT.

CIPHER

~~SECRET~~

H/1454

April 0900

IMMEDIATE

HR. ANG 13 CORPS

AUTI R. HADZ. AFTR. CITE FINGED INFO. ALCOM ROME.

SECRET

100
8105

REFERENCE FA 62241 . REGARDING PARAS A.B. AND C. JUGOSLAVS STATE DO NOT PROPOSE TO GIVE US THIS INFORMATION ALTHOUGH THEY WERE TOLD THAT INFORMATION WAS REQUIRED BY COS. WE BELIEVE THE ISSUE AMOUNTS TO 1 thousandmillion lire. THEY STATE THAT CONVERSION FROM METROPOLITAN LIRE TO JUGOSLAV LIRE IS NOT CONTEMPLATED. BOTH CURRENCIES CIRCULATE FREELY

THIS MESSAGE HAS BEEN DELAYED BY NECESSARY TO OBTAIN RETRANSMISSION.

CT

AC DIST

ACTION: FINANCE S/C

INFO: CHIEF COMMISSIONER

EX COMMISSIONER

ECOM SEC 2

FILE

SKELETON

4083

~~SECRET~~

CIPHER TELEGRAM

This message will not be distributed outside British or U.S. Government Departments or Headquarters and is not to be released even in cipher without being authorized. (Messages marked O.T.P. need not be released).

HEADQUARTERS
1 APR 1946

SLR
(MAY 14) 3/4

See M. 110

PA. 11/4

HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION
FINANCE BRANCH
APO 394

13263/P

29 March 1946
MAR 29 1946

SUBJECT : Venezia Giulia Commercial Company
TO : Executive Commissioner

1. Reference is made to your 4616/106/EC of 28 March, 1946.
2. The proposed trade and financial arrangements between Zones "A" and "B", as ordered by A.F.H.Q., require that an exchange control agency be set up to control the clearing account from the Zone "A" side. It was first proposed to name this control the Venezia Giulia Commercial Company. This name was dropped in favour of the Anglo-American Exchange Control. It is now too late to change the name, as it is embodied in an agreement accepted by the Yugoslavs; however, the name itself will do no harm and the mechanism of the control is set up on a sound basis.

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

4082

(JCM M)

*See Min 108**PA 3/4*

785017

HEADQUARTERS ALLIED COMMISSION

APO 394

Office of the Executive Commissioner

106

Ref: 4616/106/EO

31 March 1946

SUBJECT: Venezia Giulia Commercial Company.

TO : Economic Section
(for Chief Financial Adviser).

91.

1. Reference your letter 15263/P dated 2 March 1946.
2. Your views on the a/m Company would be appreciated.

16/3 MC M
Chief Staff Officer
to Executive Commissioner

See 7-107

4081

PH 29
1946

785017

5/.

MAR 181530B

CIPHER

46.6

H/831

MAR 190900A

IMPORTANT

ABG 13 CORPS

ACTION AFHQ FOR PHOEN

INFO: ALCON

SECRET.

REFERENCE TX 62241 INFORMATION REGARDING PARA 3 A B AND ~~ISSUE~~ C IS BEING SOLICITED THROUGH
JOINT ECONOMIC COMMITTEE. REPLY MAY TAKE SEVERAL DAYS. REGARDING D ISSUE IS LEGAL
TENDER IN JUGOSLAV ZONE BY JUGOSLAV DECREE WHICH IS BEING RIGOROUSLY ENFORCED.

AC DIST

INFO ACTION: ~~DISPATCH~~ 2

INFO: CHIEF COMMISSIONER

EAC COMMISSIONER 2

ECON 2

~~FINANCE~~

FILE

SKELETON

4080

CIPHER TELEGRAM

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Headquarters or retransmitted even in cipher
without being properly cleared. (Messages marked
O.T.P. need not be properly cleared).

(MAT. H) *spk*
20/3/46

PA/20
873
2

104

Al.

Ref. : 13260/P ✓

15 March 1946.

My dear Dr. Prunas,

89.
This is to thank you for your letter of 26 February 1946, addressed to the Chief Commissioner informing him of the steps that the Ministry for Foreign Affairs has taken with the United States and British Embassies to improve the banking situation in Venezia Giulia, and to assure you that your points and suggestions will be borne in mind should our views be sought by the Embassies.

Yours sincerely

(Sgd) M. S. Lush

Brigadier,
Executive Commissioner.

Dr. Renato Prunas
Segretario Generale
Ministero degli Affari Esteri
Italian Government
Rome

4073

see 17103

17/3

785017

FK 62211

081517 A

C. I. H. H.

QUARTERS

9 MAR 1946

H/339

090900

MAR 090900

IMPORTANT

MAR 11 1946

SECRET

AFHQ

13 CORRO

INFO: ALCOM HOME

SECRET~~XXXXXXXXXX~~

YOUR 597 R5/115 OF 6 MARCH 46 AND AGAIN TO AFHQ, CABLE 61786 OF 1 MARCH 46.

1. RECAPITULATED INFORMATION NOT CONSIDERED FULL ENOUGH FOR REPLY TO CCS.
2. FOR YOUR GUIDANCE CCS HAVE ALREADY RECEIVED THE FOLLOWING INFORMATION IN AN AFHQ CABLE OF OCTOBER 45 " ISSUE REPORTED AMOUNTS TO 12 MILLION LIRE AND TAKES FORM OF LIRE BANK NOTES ISSUED BY THE BANK OF ISTRIA TRIESTE AND SLOVENE ISSUED IN DENOMINATIONS OF 1 TO 1 THOUSAND AND HAS NOT LEGAL TENDER STATUS WEST OF THE MONTE CARLO LINE ". AMPLIFICATION HAS NOW BEEN REQUESTED BY CCS IN SIGNAL UNDER REFERENCE.
3. GIVE THEREFORE FULLEST INFORMATION POSSIBLE AND IN PARTICULAR ENDEAVOUR TO PROVIDE ANSWER TO THE FOLLOWING. A AMOUNT OF OCCUPATION LIRA ISSUED DATE.
B APPROXIMATE AMOUNT ISSUED MONTH.
C FUTURE PROGRESS.
D WHETHER ISSUE HAS FULL LEGAL TENDER STATUS IN ZONE B.
4. IF NECESSARY REFER TO JOINT ECONOMIC COMMITTEE AS SUGGESTED IN PARA 3 OF CABLE 61786.

4078

SECRET

CIPHER TELEGRAM

INFO: ACTION:

FINANCE S/C

This message will not be distributed outside British or American or any of Departments or Headquarters and should not be even in cipher without being marked (used).

INFO:

CHIEF COMMISSIONER

EX COMMISSIONER

ECON 2

FILE SKELETON

(Rai 4)

Su 7-109

785017

4616

98

HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION
FINANCE BRANCH
APO 394

13260/F

6 March 1946

MAR 7 1946

SECRET

SECRET

SUBJECT : Banking Situation - Venezia Giulia
TO : The Chief Commissioner

89

1. Reference attached translation of letter 43/06667/16 424
from the Ministry of Foreign Affairs, regarding
the situation of Italian banks located in Zone "B",
Venezia Giulia.

2. The letter and attached memorandum do not
bring out the exact point. In the first place,
Signor Prunas states that the memorandum received
the approval of Finance Sub-Commission; the memorandum
was not shown to me by the Banca d'Italia or the
Ministry of Foreign Affairs. In the past the Banca
d'Italia has informed us (as has the Chief Finance
Officer, AMG Venezia Giulia) that branches of
Italian banks in Zone "B" were closed; that
managers and bank officials were being intimidated
and threatened; and that pressure was being brought
by the Yugoslav authorities or Italian bank officials
to obtain physical supplies of Metropolitan lira
currency from Zone "A" or Italy proper. These matters
have been taken up many times by AMG Venezia Giulia
with the Yugoslav financial delegates to the Joint
Economic Committee, but without result. In this
and similar cases AFHQ has taken the position that
if nothing can be accomplished through the Joint
Economic Committee the only other recourse open to
the Italian Government is to take the matter up
through diplomatic channels.

4077

PK 14/3

(119)H
5/10/46

Done see Wing - 1 -

3. You may remember that just before the Yugoslav occupation authorities in Zone "B" issued their occupation lira currency (on 18 October, 1945), CCS and AFHQ gave permission for limited amounts of Metropolitan lira currency (approximately 20 million lire per month) to be sent by the Banca d'Italia, Trieste, to the Banca d'Italia, Fiume. As soon as the issuance of the Yugoslav occupation lira currency became known, AFHQ revoked the authority for such currency transfers. In spite of the CCS-AFHQ authority (which was in effect for a limited period of time) no transfers were effected for the reason that the Yugoslav occupation authorities would give no assurances that the currency would not be seized and that it could be used by the branches of Italian banks to discharge their deposit obligations.

4. The Ministry of Foreign Affairs indicates that the Italian Government now desires again permission to send physical currency to Zone "B", under certain guarantees from the Yugoslav authorities. This request has not, however, been put to the Allied Commission since the previous authority was revoked. It is clear, I think, that the Italian Government believes it can modify Yugoslav policy toward Italian banks (which is merely part of the larger Yugoslav policy of altering the fundamental political, economic, and social institutions of an area held in trust, in violation of international law) by sending to Zone "B" funds for the branches of Italian banks. I believe that either

- (a) the Yugoslavs are merely using the non-supply of currency as an excuse to justify Yugoslav policy in suppressing Italian banks in Zone "B", and that this policy would not be altered by the transfer of currency; or
- (b) that the Yugoslavs are closing banks and threatening managers in order to attempt to extort supplies of Metropolitan lire from Italy. Our information is that all

Metropolitan lire in Zone "B" must be turned in against Yugoslav occupation lire; there can be little doubt that new supplies of Metropolitan lire would meet the same fate, even if such currency were first used by branches of Italian banks to pay off depositors. Such Metropolitan currency is undoubtedly being used by the Yugoslavs to purchase supplies, or finance propaganda and other activities, in Italy.

5. The real point at issue is this: the Allied Military Government in Zone "A" is playing the game and administering the area as a trustee, pending a final decision; the Yugoslav authorities are not. AMG are not closing banks; if banks in Zone "A" need funds they can obtain them through normal channels from the Banca d'Italia, which in turn looks to AMG as its ultimate source of currency. The Yugoslav authorities certainly do not appear to act in the same spirit; they are destroying the Italian banking system instead of supporting it with supplies of their own occupation currency, if necessary.

6. However, if the Italian Government can obtain through diplomatic channels the guarantees and assurances they have not been able to obtain through the Joint Economic Committee, and if they feel that the Italian position in Zone "B" can be supported by a small monthly "tribute" payable in Metropolitan lire, I would propose that ALCON raise no objection, provided of course that the US/UK Governments agree with the Italian plan.

4075

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

BEIT/ev

785017

18

MAR 061605A

CIPHER

Ext. co
H/219

MAR 07 1948

IMPORTANT

HQ AMG 13 CORPS

ACTION FREEDOM CITE FUEGM

INFO: ALCOM ROME

~~SECRET~~

SECRET.

REF FX 61786 JUGOSLAV OCCUPATION LINE NOT PERMITTED IN ZONE ADMINISTERED BY ANGLO AMERICANS. COMPULSORY ACCEPTANCE IN ZONE ADMINISTERED BY JUGOSLAVS BY DECREE ISSUED BY JUGOSLAVS. JUGOSLAV OCCUPATION LINE AT DISCOUNT APPROX 30 %. FINANCE GUARDS AND POLICE ARE CONTROLLING MORGAN LINE TO PREVENT LOSS OF CURRENCY. FINANCE GUARDS CONSIDERABLY UNDER STRENGTH.

AC DIST

INFO ACTION: FINANCE S/C 2

INFO: CHIEF COMMISSIONER

EXEC COMMISSIONER

ECON SEC 2

FILE

SKELETON

~~SECRET~~

CIPHER TELEGRAM

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2 sent
11/3/48
Min 95

(MAJ H)

HEADQUARTERS
7 MAR 1948 4073

785017

EX 61786

EX 61786 01MAR1748A

H/101

03MAR1690

ROUTINE

FREEDOM SIGNED SACRED

ACTION AND 13 CORPS

INFO: AICOM ROME

~~SECRET~~

MAR 4 1946

SECRET:

FOLLOWING RECEIVED FROM CCS *

INFORMATION ON ISSUANCE AND USE OF MISCELLANEOUS JUGOSLAV OCCUPATION LINE IN VENEZIA GIULIA EAST OF MORGAN LINE REQUESTED. INFORMATION SHOULD INCLUDE WHETHER OCCUPATION LINE HAVE FULL LEGAL TENDER STATUS THIS AREA, OR WHETHER THEY ARE ACCEPTABLE FOR LIMITED PURPOSES ONLY. IT IS SUGGESTED THAT YOU APPROACH JUGOSLAV AUTHORITIES, FOR EXAMPLE REPRESENTATIVE JOINT ECONOMIC COMMITTEE, TRIESTE, IF YOU ARE UNABLE TO OBTAIN INFORMATION ELSEWHERE. IN CONNECTION WITH EXTENSIVE BLACK MARKET IN FOREIGN CURRENCY EXCHANGE WHICH IS REPORTED TO EXIST ALONG NORTHEASTERN FRONTIER OF ITALY, IT IS REQUESTED THAT CCS BE INFORMED OF MEASURES WHICH ARE CURRENTLY BEING TAKEN TO PREVENT LOSS OF FOREIGN EXCHANGE FROM AND VENEZIA GIULIA TO JUGOSLAV AND OTHER BALKAN AREAS. *

REQUEST YOU FORWARD THE ABOVE INFORMATION TO THIS HQ COPY AICOM FOR ONWARD TRANSMISSION TO CCS.

4073

~~SECRET~~

AC DIST

INFO ACTION: FINANCE (2)

INFO: CHIEF COMMR

EX COMMR

ECON (2)

FILE

FILE (SKELETON)

HEADQUARTERS

4 MAR 1946

CIPHER TELEGRAM
This message will not be distributed outside British or American Departments or Headquarters (even in cipher without being marked as such (messages marked O.T.P. must be marked as such)).

(MAR 11)

5/2/46

4616 491

91

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION

MAR 4 1946

13263/F

2 March 1946

SUBJECT : Venezia Giulia Commercial Company
TO : Chief Staff Officer
to Executive Commissioner

1. Reference your letter 4616/EC of 28 February 1946.

2. I have no knowledge of AMG Venezia Giulia's activities for the setting up of a Commercial Division but will examine the question during my forthcoming trip to that area.

[Signature]
DIRECTOR
Finance Sub-Commission

Mr. Col.

See 106

4072

[Signature]
(Miss S.)

File

90

4616/EC.

28 February 1946

SUBJECT: Venezia Giulia Commercial Company.

TO : Economic Section
(for Chief Financial Adviser).

1. The Executive Commissioner would like to have your views on the extract below from the monthly report for January from AMG Venezia Giulia.

"During the month steps were taken to secure a suitable agency, which will be known as the VENEZIA GIULIA Commercial Company, to be the Commerce Division's unit for operating memorandum accounts. The Finance Division is writing up the articles of association."

B. SAMPSON

Chief Staff Officer
to Executive Commissioner

Copy to: - 844/EC.

4071

See 7 - 91

PA
28/2
EC

785017

89

TRANSLATION

43/06667/16

Rome, 26 February, 1946

MINISTRY OF FOREIGN AFFAIRS

Dear Admiral,

As you will already have been informed, the management of the Bank of Italy have been in contact with the Finance Sub-Commission, in order to obtain through it a regularization, even if only a temporary one, of the banking situation of the "E" Zone of the Venezia Giulia, and especially for the city of Fiume, where all the Italian banking sections and branches have been closed with the exception of one, and the premises and vaults (?) of the Bank of Italy having been occupied; a deplorable state of affairs has resulted, which has made the carrying out of even the most important transactions impossible, and had caused damage to a considerable part of the population.

As the Bank of Italy wishes, above all, to maintain its obligations, attempts have been made through the above mentioned Sub-Commission to attain a "modus vivendi" with the competent Yugoslav Authorities.

Up to now, however, all efforts have proved useless, and indeed the Sub-Commission recently informed the Bank of Italy that any further intervention with the "Joint Economic Committee" stood a very slight chance of success. It was suggested, therefore, that through diplomatic channels they try to get the Governments of Great Britain and the United States interested in the matter.

Following which the Ministry of Foreign Affairs sent the representatives of Great Britain and the United States, a detailed pro-memoria containing a scheme of the Modus-vivendi which it would be desirable to attain regarding banking conditions with the Yugoslav Authorities in the "E" zone; also the conditions in which the monthly remittance of 20 million lire would be sub-ordinated beyond the Morgan Line.

4073

88

In sending you a copy of the Pro Memoria, the contents of which the above mentioned Sub-Commission approves, I think it advisable to inform you that when we sent it to the Allied Representatives we pointed out that in order to prevent the danger that the Italian money sent beyond the Morgan Line be reintroduced here and employed in illicit trade, a very rigid control would be exercised. Regarding this, contacts with the Allied Commission are taking place.

I have thought it advisable to inform you of the above, as it is desirable that you should be aware of the facts and of the steps which are being taken through Diplomatic Channels.

Yours truly

signed

R. Franas

Admiral Ellery W. Stone
Head of the Allied Commission, Rome.

4069

4068

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TRANSLATION

P R O M E M O R I A

The Yugoslav occupation of the "B" zone of Venezia Giulia has created, especially in Fiume, a very serious banking and monetary situation which can briefly be resumed as follows:-

All branches of Italian banks, with the exception of the "Banca di Risparmio", have been closed since May 3, 1945, and placed under the direct control of the Yugoslav delegates.

New Yugoslav notes, called "Lire Istriane", have been put into circulation, without previous agreements being made.

All the premises and vaults (?) of the Bank of Italy have been taken over by the new "bank" for the economy of Istria, Fiume and Litorale Sloveno.

It is therefore practically impossible to carry out even the most important transaction, with serious consequences to the living conditions of the classes of the employed.

The managing personnel of the banks have to submit to continual intimidations.

The Yugoslav authorities wish to justify their conduct stating that the currency in the banks of Fiume was not sufficient, and that the Metropolitan lire from Italy had been deliberately suspended. This was not taking into account the official veto of the AMG to send Metropolitan lire to Venezia Giulia, which, owing to its new exigencies, had to be supplied only with AM lire notes, and in fact the AMG authorities, who were informed of the situation of Fiume, did not give their consent to a supply of funds being sent directly from Italy, to the "B" zone, nor to a monthly supply of Metropolitan notes being sent, as had been suggested by the Offices of the Bank of Italy in Trieste, to their branch in Fiume.

4068

86

The latest Yugoslav proposal has been to transfer their debit position from the Italian banks at Fiume, to the Bank of Italy in Trieste by means of correspondent current accounts to be used in Italy. Obviously such a proposal cannot be accepted. It would be like giving up the Italian Banking Position at Fiume, before the final political settlement of the zone.

We therefore propose the following, which will enable the "B" zone to dispose of at least the most indispensable banking services:-

The Allied Authorities, derogating from their general rule, should authorize the monthly supply of 20.000.000 in Metropolitan lire notes, which would be sent from the main offices of the Bank of Italy of Trieste, to their branch in Fiume.

Such an offer means sending money to a zone which evades all possibility of control. Italy, however, is disposed to take this risk in order to improve the deplorable conditions of the population of Fiume.

We ask the Military and Political Authorities of Yugoslavia to accept the conditions, which, represent at least a degree of security for the transactions of our Banks, and which will not permit that the aims for normalization be frustrated.

1. No action must take place which tends to accelerate the withdrawal of the deposits, so as to avoid that the limited amount of the monthly monetary supply be rapidly exhausted, without fulfilling its aims in the monetary circles. To this purpose it will be well that the Yugoslav Authorities come to an agreement with the Directors of the banks at Fiume, and the Joint Economic Committee of Trieste for the best way to regularize the matter. 4067
2. The above mentioned branches will depend exclusively from their own managements, with full liberty of making direct contacts, and the sending of correspondence and values.
3. The functions of the Yugoslav delegates will be limited solely to the control of banking

85

transactions, with no faculty on the money or management of the banks.

4. The vault (?) of the Bank of Italy will be returned, with the keys and an adequate number of rooms, to enable the bank to take care of the funds entrusted to it. This constitutes a 'sine qua non' of evident importance, which will be communicated by the Director of the Bank of Italy in Fiume, to the Head Office in Rome, before the first supply of funds is sent.
5. It is understood that owing to the limited value of the monthly supplies and the actual state of industry and commerce, the banks will limit themselves for the present, to taking care of transactions already in course.
6. The Banks will reemploy only a limited amount of personnel. Others will be repatriated with the Yugoslav authorities' assurance that they will be transferred together with their furniture, and personal possessions.
7. The Military and Political Authorities of Jugoslavia, including the "Comitato Popolare Cittadino Fiumano", must give the Allied Authorities their word for the safety and freedom of the managers and personnel of the Banks.

Acceptance of these conditions will give back a certain amount of peace and hope to that population which Italy feels it her duty to help, and would enable Yugoslav Authorities reactivate one of the most important of public services.

785017

HEADQUARTERS
ALLIED MILITARY GOVERNMENT
13 CORPS

13C/AMG/9/123

9 February 1946

FEB 12 1946

SUBJECT: Fiume Funds of the Opera Nazionale
Maternita' ed Infanzia.TO : Office of the Executive Commissioner,
Headquarters,
Allied Commission.

1. With reference to your letter dated 26 January 1946 reference 4616/76/EC.
2. This matter and other complaints referring to the interference by the Yugoslavs of social and industrial undertakings was referred to their representatives at the last meeting of the Joint Economic Committee.
3. As always, their reply was that the complaints are unfounded and unjustified. A reply I am afraid we must accept in spite of the soundness of our information.
4. In view of the difficulty in gaining information on matters of this sort I cannot help feeling that the best course for the Italian Government to pursue is to make overtures to the British and American Foreign Offices through their Ambassadors in those countries.

H. P. Robertson
Colonel,
A/SCAO.

4065

See M. 85 + 86 + 87Hoyt
(M. 85)S. H. H.
13/2/46H
14/2
H

785017

13260/P

12 February 1946

My dear Mr. Prime Minister:

I write with further reference to our 13260/P of 24 January, 1946, and your letter 916 of 19 January, 1946, regarding the position of persons living in Zone "B", Venezia Giulia, who have had their bank accounts in Zone "A" blocked.

I have now been informed by the Allied Military Government of Venezia Giulia that such bank accounts may be unblocked on a specific license basis. Any persons living in Zone "B" and having in Zone "A" a blocked account may request the bank holding such account to file a request for unblocking with the Chief Finance Officer, AMG Venezia Giulia, supported by the reasons why the unblocking is desired. All possible consideration is being given to such requests.

Very truly yours,

M. S. LUSH

M. S. LUSH,
Brigadier,
Acting Chief Commissioner.

4063

Onorevole Alcide De Gasperi,
President of the Council of Ministers
Italian Government,
Rome.

BELT/pmf

785017

13250/P

24 January 1946

JAN 31 1946

My dear Mr. Prime Minister:

I write with reference to your letter of 19 January, 1946, regarding the position of persons in Zone "B", Venezia Giulia, who have accounts in Zone "A".

We have had no reports that the blocking regulations imposed by AMG Venezia Giulia are operating to affect adversely individuals living in Zone "B". I have, however, requested an immediate report from the AMG financial officials in Venezia Giulia on the subject of your letter, in order that the exact position may be determined. I shall, of course, keep you advised of the progress of this inquiry.

Very truly yours,

/s/ Henry Stone

HENRY W. STONE,
Rear Admiral, USNR, 4063
Chief Commissioner.

Onorevole Alcide De Gasperi,
President of the Council of Ministers,
Italian Government
Rome.

MAJ 11) 4/4/46

PA 442

HEADQUARTERS ALLIED COMMISSION

APO 394

Office of the Executive Commissioner

Ref: 13260/P.

30 January 1946.

JAN 31 1946

SUBJECT: Yugoslav Occupation Lire Currency.

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

1. Attached for your information is copy of a letter dated 21 January 46 from the British Embassy, Rome, addressed to Director, Finance Sub-Commission, Allied Commission.
2. This gives certain Foreign Office views on the question of redemption by the Italian Government of the Yugoslav occupation lire currency.

For the Chief Commissioner:

N. W. BIND-SMITH

Brigadier,
Executive Commissioner.

4062

Incl.

(MAJ H) SPK
4/2/46

PA
4/2
46

COPY

80

Lieut. Colonel Timmons,
Finance Sub-Commission.

SUBJECT: Yugoslav Occupation Lira.

I think you might be interested to see the following extract from a letter received by the British Embassy giving the British Foreign Office's views on the issue of occupation lire by the Yugoslav authorities in Zone B.

"It seems to us that the eradication terms must necessarily apply to the whole of Italian territory under Allied occupation, irrespective of any particular conditions which may apply in a certain area or of which of the United Nations is in occupation. If this is the case, the Italians would be entitled to claim that the acts of the various occupying authorities should be authorized, either directly or by delegation, by the central Allied authority, and they can certainly ask to be released from any obligation arising from acts which are not so authorized. In this instance, the point is not so much that the Yugoslavs have issued an occupation currency, which they might be justified in doing (and regarded as generally authorized to do) in order to pay their own troops if they had not sufficient ordinary lira available. The difficulty is rather the withdrawal and replacement of the ordinary local currency. An occupying power has no right to do more than make an occupation currency legal tender alongside the local currency, unless it is essential to the economy and good government of the region that the local currency should be wholly displaced. This it may be, but a decision to that effect could only come from the central Allied authority.

"In the light of the above, we do not think that the Italian Government can be held liable for the redemption of the Yugoslav lire in Zone 'B' or anywhere else where they may be found. Since we understand that one of the reasons for which the Yugoslavs have issued this new currency is to enable them to collect all the real Italian currency in the zone for their own purposes (amongst which would be the financing of propaganda in Zone 'A'), it would be tempting to suggest to the Italian Government that they should declare that, as a result of the Yugoslav authorities' action, they considered old Italian lire emanating from Zone B to be cancelled and of no value. However, we realize that this would probably cause too many economic and financial complications to be practicable."

4061

/s/ Political Adviser (HR)

21 January 46

Copied to: Lt. Col. Hannaford,
Legal Sub Commission.

Mr. Sullivan, British Field,
c/o AMG, XIII Corps.

See 81

785017

Ref: 4616/78/EO

26 January 1946

SUBJECT: Fiume Funds of the Opera Nazionale
Maternita' ed Infanzia.

TO : Colonel Alfred G. Bowman
SCAO
AMEG Venezia Giulia.

1. Attached are copies of correspondence relating to the above subject.
2. Any information you can give us at the present time will be appreciated.

H. B. Hind Smith
Brigadier
Executive Commissioner

Incl.

1. Executive Commr's letter of 8 Jan 46. 75
2. Translation of letter from President of the Council of Ministers. 76
3. A.O. reply to incl. 2. 74

4060

PA
28/1
E

8-24/44

785017

Translatio

The president of the Council of Minister

916

Rome, 19 January 1946

JAN 22 1946

Dear Admiral,

On December 21st, the Director of the Bank of Italy sent Col. Robert Menapace, Director of the Finance Sub-commission of the Allied Commission a report on the economic and financial situation of Venezia Giulia.

From this report, it appears that the Allied Authorities, to prevent the buying up of wares by Yugoslavia in zone A, blocked the accounts (existing in zone A) of people residing in zone B, till April 30th, 1945.

From various informations received, I heard that this regulation had the following consequence: the accounts of many Italians, refugees from zone A, have been blocked and they find themselves without any means of living.

I shall greatly appreciate your kind intervention with the A.M.G. of Venezia Giulia to have the said serious inconveniences eliminated.

Believe me,

Sincerely yours,

Benito Mussolini

Admiral Ellery W. Stone
Chief of the Allied Commission
Rome

4059

c/o

E.C. DIST - 22 Jan

Action: E. L. (3)

Info: C.C.

E-C

PA

24/1

24/1

(mms 11)

785017

4616-96

75

13880/F

8 January 1946

JAN 10 1946

SUBJECT: Fiume funds of the Opera Nazionale Maternita ed Infanzia.

TO: Colonel Alfred C. Bowman
SCAO
AMG Venezia Giulia

72

1. I attach hereto a translation of a letter from the President of the Council of Ministers and a copy of the reply thereto.

74

2. I feel that the views of the Italian Government on the specific transaction under reference should be brought to the attention of the Yugoslav authorities through the Joint Economic Committee. I am, of course, aware that representations on a single instance alone will probably fail to produce any result, as I understand that a systematic program is being pursued in Zone "B" of suppressing Italian social insurance institutions and substituting therefor Yugoslav organizations. If these reports are true I should like a report containing any information available to you regarding the character, purpose, and progress of this Yugoslav policy, in order that I may bring to the attention of AFHQ such an alteration of fundamental institutions in an occupied zone by an occupying power.

F. H. McCLEARY

Lt. Col.

Brigadier
Executive Commissioner

Attachments-2

4058

See 78

(144) # 11/1/46

4616 40

74

13260/F

9 January 1946

JAN 10 1946

72

My dear Mr. Prime Minister:

1. I write with reference to your letter 55770/10649.10/1.6.2 of 22 December, 1945.

2. I am bringing the contents of your letter to the attention of the Allied Military Government, Venezia Giulia, in order that your request concerning the Fiume funds of the Opera Nazionale Maternita ed Infanzia may be discussed with the Yugoslav representatives in the Joint Economic Committee.

3. I will keep you informed as to the result of these discussions.

Very truly yours,

Ellery W. Stone

ELLERY W. STONE,
Rear Admiral, USNR,
Chief Commissioner.

Dr. Alcide de Gasperi
President of the Council of Ministers
Italian Government
ROME

4057

See 75

(MAJH) 11/1/46

785017

Translation

The President of the Council of Ministers

55770/10649.10/1.5.2.

Rome, 22 December 1945

DEC 28 1945

My dear Admiral,

I have been informed that the Yugoslav Authorities of Trieste are supposed to have given orders for the dissolving of the local maternity and childhood national organization and its replacement by a similar Yugoslav organization.

It seems that the Authorities, i.e. the Administration of popular property (Amministrazione Beni Popolari) asked that the funds existing in the Banca Nazionale del Lavoro, resulting from the appropriation made by the Italian State in favour of the organization, be paid to the Banca dell'Eco della Istria e del Litorale Sloveno, at the disposition of the above mentioned organization.

I therefore ask for your kind intervention to prevent the embezzlement of such funds which belong to the Italian State; such an appropriation would be abusive and completely unjustified.

Whatever action you may take in that sense will be greatly appreciated.

Believe me, my dear Admiral,

Sincerely yours,

S. De Gasperi

Admiral Ellery H. Stone
Chief Commissioner
Allied Commission
o m e

EC Distr. 21 Dec

ACTION - Econ 4058

1 X FO CC

EC

e/c

B/U

7/11

to me

B.

3/1/12

See F. 74.76

(MAH)

spth
25/12/45

785017

4616
EXE Comm 70
70
FX55227
2DE01726A

~~SECRET~~
CONFIDENTIAL

G/4800
3DEX01000
EXECONEX ROUTINE

AFHQ SIGHTED SABBED

DEC 3 1945

AGWAR WASHINGTON FOR COS FOR COAC INFO CABINET OFFICERS WITTHALL FOR BRITISH
CHIEFS OF STAFF AIDOM ROME

SECRET.

THIS IS MAT 957.

1. IN VIEW OF ISSUE OF OCCUPATION LINE BY JUGOSLAV AUTHORITIES IN VENEZIA GIULIA EAST OF MORGAN LINE, AUTHORITY FOR TRANSFER OF METROPOLITAN LINE FROM BANCO D'ITALIA, TRIESTE, TO BANCO D'ITALIA, FIUME, GRANTED IN TAM 706, HAS BEEN SUSPENDED.
2. DO NOT CONSIDER IT ADVISABLE TO MAKE AVAILABLE ADDITIONAL QUANTITIES OF METROPOLITAN LINE TO JUGOSLAV.
3. RECOMMENDATION SUBMITTED IN MAT 891 PARA 6 NOW CONSIDERED INADVISABLE.
4. IF SITUATION UNALTERED BY TIME ITALIAN GOVERNMENT READY TO ACT ON CURRENCY CONVERSION SCHEME WILL SUGGEST TO THEM THAT THEY MAY WISH TO EXCLUDE AREA OF VENEZIA GIULIA EAST OF MORGAN LINE FROM AREA TO BE COVERED BY CURRENCY CONVERSION

HEADQUARTERS

3 DEC 1945

~~SECRET~~
CONFIDENTIAL

AC DIST

ACT - FINANCE S/C
INFO - CHIEF COMMISSIONER
Exec Comm 2
Polad (A)
Polad (B)
Econ Sec
Commerce S/C
File

4055

(MAN H)

SPK
H/12/45

68

9-5

Ref: 4616/68/20

30 November 1945

Dear Dr. Smolaka,

I refer to your letter Pov.br. 1891/45 of 25 Nov. 1945.

My 4616/65/20 of 27 November was sent in reply to your Pov.br. 1807/45 of 16 November 1945. In this letter I said that unfortunately I was not in a position to answer the first query raised by your Government, but referred you to the United States Embassy, where it is hoped, you will be able to obtain this information.

In answer to the second query, the official rate between the dollar and the lira is 100 lire equal 1 U. S. dollar.

[s/ Ellery W. Stone

RECD
15 NOV 1945

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Dr. Josip Smolaka
Yugoslav Representative to AOI
Rome

Copy to Finance s/c.

405

A
3/12

E

NOV 26 1945

JUGOSL DELEGATION
TO THE ADVISORY COUNCIL FOR ITALY

Pov.br.1891/45

R o m e, 25th November 1945.

NOV 26 1945

My dear Admiral Stone,

With reference to my letter Pov.br.1807/45 of 16th November 1945, I have the honour to inform you that the Yugoslav Government asked again to be informed about the following:

- 1) the arrangements reached by the Italian Government and the United States Liquidation Commission concerning war expenses;
- 2) the exchange rate taken at this occasion for the U.S. Dollar.

I shall be very grateful to you if you could kindly furnish me with such informations.

Believe me,

My dear Admiral Stone, 4053

Very sincerely yours,

Djordje Smolaka

Dr. JOSIP SMODLAKA,
Minister without Portfolio,
Yugoslav Representative to
the Advisory Council for
Italy.

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

see 68

785017

My dear Admiral Stone,

60

With reference to my letter Pov.br.1807/45 of 16th November 1945, I have the honour to inform you that the Yugoslav Government asked again to be informed about the following:

- 1) the arrangements reached by the Italian Government and the United States Liquidation Commission concerning war expenses;
- 2) the exchange rate taken at this occasion for the U.S. Dollar.

I shall be very grateful to you if you could kindly furnish me with such informations.

Believe me,

My dear Admiral Stone, 4053

Very sincerely yours,

Djordje Smolaka

Dr. JOSIP SMODLAKA,
Minister without Portfolio,
Yugoslav Representative to
the Advisory Council for
Italy.

Rear Admiral

Ellery W. Stone,

Chief Commissioner

Allied Commission,

R O M E.

(MISS E)

68
ee

785017

Ref: 4616/65/AC

27 November 1945

Dear Dr. Smollica,

I refer to your letter Ref. No. 1807/45 of 16 November 1945.

I regret I am not in a position to be able to answer the first paragraph of your letter; it is suggested you contact the United States Embassy for a reply. They will, it is hoped, be able to assist you.

The official rate between the dollar and the lira is 100 lire equal 1 U.S. dollar.

Yours very truly,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Dr. Josip Smollica
Yugoslav Representative to ACI
Rome

4052

Copy to: Finance Sec.
C. Court.

785017

63

Ref: 4616/63/AC

November 1945

Dear Dr. Smolaka,

60

I refer to your letter Prov.br. 1807/45 of 16 November 1945.

I would be grateful if you could clarify the first paragraph of your letter as it is difficult to determine what information is required by your Government. There has been no general agreement between the United States and Italian Governments regarding occupation costs or final settlement; the Armistice terms still stand (modified in practice by the Troop Pay Account). If, on the other hand, your Government is referring to the sale of U.S. surplus property to the Italian Government, there is a straightforward financial procedure. I would appreciate it if you could inform me to which procedure your Government is referring.

The official rate between the dollar and the lira is 100 lire equal 1 U.S. dollar.

Yours very truly,

HILARY W. STONE
Rear Admiral, USNR
Chief Commissioner

4051

Dr. Josip Smolaka
Yugoslav Representative to ACI
Rome

Copy to: Finance S/C

2

JUGOSLAV LEGATION
TO THE ADVISORY COUNCIL FOR ITALY

POV.br.1807/45

R o m e, 16th November 1945.

NOV 17 1945

Dear Admiral Stone,

The Yugoslav Government are anxious to know what arrangements have been reached between the Italian Government and the United States Liquidation Commission concerning war expenses.

At the same time the Yugoslav Government would like to know which exchange rate has been taken for the U.S. Dollar.

Believe me, dear Admiral Stone,
yours very truly,

Dr. Josip Smoljaka

DR. JOSIP SMOLJAKA,
Minister without Portfolio,
Yugoslav Representative to
the Advisory Council for
Italy.

4050

Rear Admiral
Ellery W. Stone,
Chief Commissioner
Allied Commission

See Totals 67 + 65

NOV 17 1945

Dear Admiral Stone,

The Yugoslav Government are anxious to know what arrangements have been reached between the Italian Government and the United States Liquidation Commission concerning war expenses.

At the same time the Yugoslav Government would like to know which exchange rate has been taken for the U.S. Dollar.

Believe me, dear Admiral Stone,

yours very truly,

S. Josip Smolaka

Dr. JOSIP SMOLAKA,
Minister without Portfolio,
Yugoslav Representative to
the Advisory Council for
Italy.

4053

See Totals 67, 765

Rear Admiral
Ellery W. Stone,
Chief Commissioner
Allied Commission

R O M E.

Copy to: Finance Sec.

(Mrs. Sampson)

785017

COPY

4616 40

59

MINISTRY OF FOREIGN AFFAIRS

Rough translation

no. 15/25154/62

NOV 6 1945
Rome, November 4th, 1945

Dear Admiral Stone,

I wish to call your attention to a new initiative taken by the Yugoslav authorities in the zone of the Venezia-Giulia under their control, an initiative obviously very detrimental to the interest of the population and, on the whole to the economic situation of the district.

I am referring to the issuance of a new occupation paper currency, forcibly imposed as unredeemable tender, and already put into circulation for an amount - it is said - of over one billion lire, all Italian currency having previously been withdrawn.

A communique published in the Trieste Press states that the Allied Authorities have decided not to allow this money to circulate outside the Yugoslav occupation zone. This leads to the belief that said paper currency was issued without the Allied Authorities consent and that its issuance should therefore be deemed as being absolutely arbitrary and clearly exceeding the powers conferred upon Yugoslavia as an occupying country.

The people are now exasperated by this new imposition which completely disregards their rightful interests and it is feared that serious disturbances may occur. It has been reported to this Ministry of Foreign Affairs that the workers of the Capodistria shipyards are on a general strike since October 30th, to protest the above mentioned provision.

Believe me, dear Admiral Stone,

Very sincerely yours

(signed) PRUNAS

PLA
H.S. -
answer
coming
15/11
Noted at 11/11

Admiral Ellery W. STONE
Chief Commissioner
Allied Commission
R o m e

ED DIST - 6 NOV
ACTION: ECON SEC (2)
INFO: CHIEF COMMR
EX COMMR

4045
11/11

10/11

see also 58

PA. 8
11/11

(MISS SAMPTON)

Translation

The President of the Council of Ministers

Rome, 31 October 1945

NOV 5 1945

Dear Admiral,

I deem it advisable to draw your attention on the present monetary situation in Venezia Giulia.

For sometime, a large amount of Italian currency of Yugoslav provenience has been coming to the part of the above mentioned region which is under the control of the Allied Military Government, and particulary to Trieste. The compulsory changing of the lire which were in circulation in Yugoslavia must have supplied the authorities of the said country with important sums in our currency, which, during the period of German occupation, took in large quantity, the way to Slovenia and Croatia, where it was in great demand. It is also probable that Marshal Tito's troops became the possessors of considerable amounts of Italian banknotes, which German organizations probably centralized in Klagenfurt - during the occupation. Nor must it be excluded that private citizens residing in Yugoslavia and in the zone which is at present under Yugoslav control didn't comply with the obligation of exchanging their lire in dinars - at a rate excessively overrating the latter currency - and are now attempting by every means to send to Trieste their Italian banknotes which it is now unlawful and therefore dangerous to possess.

From all these sources, considerable amount of lire which is being invested in goods come to Italy, and principally in the part of Venezia Giulia which is under the control of the Allied Military Command. In fact, it appears that part of such purchases are being made by various concerns which centralize the goods at Corizia and Piuma and forward them to Yugoslavia.

I don't need to emphasize the serious monetary and economic inconveniences caused by such a situation by which a considerable amount of goods leave our markets, without an adequate counterpart, this with the obvious result of compromising our modest availabilities in goods.

For this reason, the Italian Government asks for efficacious action to be taken without delay by the Allied Military Government of Venezia Giulia to eliminate the above mentioned situation, perhaps not in all its manifestations, in case this required too strict a control, but at least, in such manifestations as are most fatal to Italian economy. From this point of view, to prevent, or at least to restrain the export of such goods in the points of greatest transit, by using, perhaps, the cooperation of the local Italian authorities, would be a great result. Should this end be reached, it might be possible to obtain, later on, that purchases of goods on this side of the demarcation line of Venezia Giulia (made on behalf of the territories beyond the said line) be made as counterpart of an opposite current of goods composed of characteristic products of the zone (foodstuffs, hides, fuel, etc)

Admiral Ellery W. Stone
Chief Commissioner - A.C.

8. SAMPSON
(CAPT BRAYBORNE) 2082615

20
10/15

- 2 -

I deemed it advisable to explain the situation with a few details, and I beg you to be good enough to interpret the Italian point of view on such a matter to the Allied Military Authorities of Venezia Giulia.

Trusting in your kind intervention, I remain,

Yours sincerely,

S. Ferruccio Parri

trans. o/c

EC DIST - 5 Nov.

ACTION - ECONOMIC SEC (3)

INFO - CHIEF COMM.

- EX COMM.

4048

785017

4616⁹¹

Ex Comm

56

13260/P

17 October 1945 .

Oct 18 1945

My dear Mr. Prime Minister:

I write with reference to your letter 47342/46247/61 of 15 October, 1945.

I can assure you that the question of providing Metropolitan lire to the Banca d'Italia, Fiume, for the purpose of meeting its obligations is receiving our most active consideration, and the Chief Finance Officer of ANI Venezia Giulia has been instructed to give this matter first priority in his discussions in the Joint Economic Committee. As you are aware, the Banca d'Italia is unwilling to send funds to Fiume unless the Yugoslav authorities give certain guarantees concerning the free use of such funds by the Banca d'Italia, Fiume. It is the purpose of the discussion in the Joint Economic Committee to elicit such assurances.

Yours very truly

Ellery W. Stone
Rear Admiral, USNR
Chief Commissioner

PA
Comd
19/10

Professor Ferruccio Parri,
President of the Council of Ministers
Rome.

4048

BRLT/pmf

(CAPT WHITE)

PA
24/10

Translation

The President of the Council of Ministers

47302/162,7/6.1.

Rome, 13 October 1945

Dear Admiral,

the material existence of a large number of Italian citizens in Fiume, and particularly of those who, in some way, are paid by the state, depend on the possibility for the Italian banks in this town to function.

For the rapid resumption of such services, the Central Management of the Bank of Italy, with the full consent of the Government, had numerous contacts with the Finance sub-commission of the Allied Commission, and greatly appreciated its kind interest.

However, though the Allied sub-commission decided that, on general principle, there were no objections against supplying a certain amount of metropolitan lire to the Bank of Italy in Fiume, up to now, the problem hasn't been solved, for, as we were informed on September 10th, by the above mentioned sub-commission in answer to the memorandum of the Banca d'Italia, dated 9 August, the decisions of the Joint Economic Committee at Trieste was to make on this subject, haven't yet been forwarded.

However, the Popular Committee for Liberation (Yugoslav), is now exercising pressure on the above mentioned Central Administration, through the channel of the Fiume branch of the Banca d'Italia, to have such services re-organized, as, to its mind, nothing opposes the transfer of funds from the Anglo-American zone of occupation to the Yugoslav one; on the other hand, I have been informed that the said Yugoslav authorities of occupation are now proceeding to issue 'Istrian Lire' which are shortly to be put in circulation.

I shall therefore be most grateful, my dear Admiral, if you give your personal attention to this matter, which has an administrative character, but which should be solved without delay and which is of great importance.

Believe me, my dear Admiral,

Yours sincerely,

S. Ferruccio Ferrero

Admiral Ellery W. Stone
Chief Commissioner
Allied Commission
Rome

e/o

40455
23/10
23 OCT - 16 Oct 45

Action: Finance S/C
Info: Chief Commr
Exec Commr
Exec Sec

785017

536

HEADQUARTERS ALLIED COMMISSION
APO 394
Finance Sub-Commission

Ref: 13260/F

~~SECRET~~

29 September 1945

SUBJECT: Yugoslav military occupation lire.

TO: G-5 (Financial Adviser),
A.P.H.Q.

49

1. I am directed by the Executive Commissioner to refer to signal 334 of 21 September from the British Embassy, Belgrade, addressed to D.D.M.I. A.P.H.Q. for action and to this H.Q.
2. Nothing had been heard previously regarding the printing of Yugoslav occupational lire notes. The Chief Finance Officer, A.M.G. Venezia Giulia has been requested to make enquiries, but it is highly probable that nothing authentic will be known until such notes filter into the territory under A.M.G. Venezia Giulia.
3. It would be appreciated if, through the proper channels, the British Embassy, Belgrade, could be asked to keep us fully informed on the progress of the printing and issuance of these notes. Any information on the form of note and the exchange rate vis a vis the dinar and the Italian lira would be highly appreciated. A specimen note, if it can be procured, would also be of great interest.

A.P. Gravestock

Joint Director
Finance Sub-Commission

404

copy to Executive Commissioner ✓

SEE MIN 54

(CSO)

11/10

Examine

HEADQUARTERS ALLIED COMMISSION

334
Originator's Reference:

Message Control No: E/8626

Date/Time of Onset: SEP 21 12:45A

STEP 2216004

Precedence:

INTRODUCTION

FROM
BRITISH EMBASSY BELGRADE

SEP 22 1945

TO : ACTION DDMI AFHQ, 13 CORPS, ALCOA ROME

15

STOCHASTIC

From Military Attache.

Following information was obtained by British Consul in ZAGREB in recent conversation Dr BAKARIC President of Croatia Federal Govt on 8th September. In reply question as to what control if any his Govt had in ISTRIA BAKARIC stated ISTRIA was being governed by military government of Yugoslav Army and that his government had no power at all. It can however advise military governor Lt Gen PERKO DAPCEVIC on administrative problems. In reply query as to whether Yugoslav military administration was proposing withdraw Lira from ISTRIA and replace it with Dinars BAKARIC gave negative answer. Being questioned as to whether their plans for maintaining circulation of Lira with Yugoslav fabricated issue Lira BAKARIC stated that there was intention to issue Yugoslav military occupation Lira but that his own government had no responsibility in this matter since directive for issue such currency came from

Comment. Consul in ZACHREB reported on 1st September that LIRA was being printed.

ZACHREB. This conversation with BAKARIC would now appear confirm his report.

TEST

ACTION: Ex Commissioner 2

INFO: Chief Commissioner

(A) THE

TEST: F

[illegible]

From 500 to 550

HEADARTERY
77 SEP 1960

22 SEP 1965

4043 being printed

REACTING TO THE CHALLENGE OF THE 1990S

1150

ACTION: Ex Commissioner 2

WFO: Chief Commissioner

2017-01-13 13:41:13

THE
JOURNAL
OF
THE
ROYAL
ANTHROPOLOGICAL
INSTITUTE

04 Sec 270

SEP 10 1955

1 2 1 3

785017

Date/Time of Origin: SEP 21 1245A
 FROM: BRITISH EMBASSY BELGRADE
 TO: ACTION DEPT AFHQ, 13 CORPS, ALCCM ROME
 Message Centre No: 8/8626
 Date Time Rec'd: SEP 22 1600A
 Precedence: ROUTINE
 SEP 22 1945

CONFIDENTIAL
~~SECRET~~
 ACTION

SECRET.
 From Military Attache.

Following information was obtained by British Consul in ZAGREB in recent conversation Dr BAKARIC President of Croatia Federal Govt on 8th September. In reply question as to what control if any his Govt had in ISTRIA BAKARIC stated ISTRIA was being governed by military government of Yugoslav Army and that his government had no power at all. It can however advise military governor Lt Gen PEKO DAPCEVIC on administrative problems. In reply query as to whether Yugoslav military administration was proposing withdraw Lire from ISTRIA and replace it with Dinars BAKARIC gave negative answer. Being questioned as to whether their plans for maintaining circulation of Lire with Yugoslav fabricated issue Lire BAKARIC stated that there was intention to issue Yugoslav military occupation Lire but that his own government had no responsibility in this matter since directive for issue such currency came from BELGRADE. He added that this issue would not take place immediately.

Comment. Consul in ZAGREB reported on 1st September that Lire was being printed in ZAGREB. This conversation with BAKARIC would now appear confirm his report.

DIST
 ACTION: Ex Commissioner 2
 INFO: Chief Commissioner
 POLAD(A)
 POLAD(B)
 CA Sec
 Econ Sec
 Finance
 File
 HEADQUARTERS
 22 SEP 1945
 A. C.

CONFIDENTIAL
~~SECRET~~

(C50)

Folio 38 transferred to
file 4621/EC. Also folios 38 40-42
m. 43. Folios 44-47. + m. 48.
Folio 38/late 4616/38/EC dated 4 Sept 45
" 40. " 4616/EC " 1 Sept 45
" 41 " Navy i/c Ref/NCO/3477 " 8 Sept 45
" 42 " Solg - Ref/NCO/3522 " 10 Sept 45
" 44 " P. Safety Ref/AC/12313/RS " 14 Sept 45
" 47 " Final. fcl 13091/F " 21 Sept 45 + attached.
all on subject. " Jugoslav Trading."
4042
J. H. Middle

785017

⁴⁶¹⁶
RESTRICTED

FX 40043
AUG 311958B

F/6116
SEP 011130
PRIORITY
SEP -3 1945

From: SIGNED ALEXANDER CITE FHGEG
To: ALL MAT ADDRESSES INFO ALCOM ROME

RESTRICTED.

This is MAT 891.

Currency in VENEZIA GIULIA.

At present METROPOLITAN lire and AM lire legal tender in VENEZIA GIULIA. Allied Forces and AMG using AM lire.

During currency discussions under PAN 583 Italian Government assumes responsibility for AM lire. Moreover, if Italian Government carries out currency conversion by November as planned question will arise whether we should thereafter continue using AM lire in VENEZIA GIULIA or should shift to new METROPOLITAN lire, and if so on what terms such lire would be obtained from Banca D'Italia.

We recommend that if Italian Government raises first question, answer be that we will use AM lire in VENEZIA GIULIA at our discretion, and that as to ultimate liability situation will be that currency circulating in VENEZIA GIULIA will be responsibility of whatever power is awarded sovereignty over area.

We recommend that in event Italian currency conversion, when Allied Forces and AG/AMG will shift to new currency, conversion be carried out simultaneously in VENEZIA GIULIA and new currency be used there also, Italian Government being informed as in para 3 respecting ultimate responsibility for currency in area. Alternative of continuing use of AM lire in VENEZIA GIULIA after it ceases to be legal tender in ITALY not considered desirable if only because AG lire could come into VENEZIA GIULIA (per Army)

RESTRICTED

35

from ITALY after Italian conversion, from holders who had failed to convert for various reasons.

If para 4 is agreed, recommend that Banca D'Italian be required to provide us gratis with new currency needed for conversion and future requirements in VENEZIA GIULIA.

Lire also being used in JUGOSLAV portion VENEZIA GIULIA and it may soon become necessary to supply additional amounts probably to Banca D'Italia FIUME Via Banca D'Italian TRIESTE. Refusal to do so might force JUGOSLAV authorities to introduce DINAR into that area. Consequently propose that above recommendation be extended to JUGOSLAV portion VENEZIA GIULIA.

In absence contrary views from you, above recommendation will be carried into effect.

DIST

INFO-ACTION FINANCE SC
INFO CHIEF COMMISSIONER
EX COMMISSIONER 2
POLAD (A)
POLAD (B)
ECON SEC
COMMERCE SC
FILE 2
FLOAT 4040

RESTRICTED

Folio 324 ms 33434 transferred
to file 4621/EC
Letter 120917 dated 29 Aug 45
Subject Yugoslav purchases
in England.

V. Middleton

4039

785017

4616 71

RESTRICTED

Ex. Comd. 29

13C/AMC/FIN/3621
JULY 13/1145B

W/9524
JULY 13/1830H
IMMEDIATE

From: AMB 19 CORPS

To: ACTION: AMHQ INFO: ALCON FOR ACFTM

JUL 14 1945

21

RESTRICTED.

Reference your signal conf FX 21031 of 11 July. Captain FORSTER will attend as representative of this headquarters

DIST

INFO-ACTION : FINANCE SO

INFO : CHIEF COMMISSIONER
EM COMMISSIONER (2)
ECON SEC
FILE (2)
FLOAT

HEADQUARTERS
14 JUL 1945
C.

La
AP 1945

see MK 4038

RESTRICTED

MA 1447

(Case Agency)

785017

CONFIDENTIAL

4616 +1
2227
G. L. Brown

EX 21091

JULY 11/1950B

E/9258

JULY 11/2045B

PRIORITY

From: AMR, SIGNED SIGNED CITE: 21091

16; HQ AICCA AMR 13 CORPS

JUL 9 2 1945

JUL 12 1945

CONFIDENTIAL.

Meeting at AMR on 17 July at 1600 hours of joint military finance committee to consider procedure and payments in connection with requisitions in VENEZIA CIVILIA. Request both addressees to send representatives. Agenda by air mail

LIST

ACTION : FINANCE SC

INFO : CHIEF COMMISSIONER
EX COMMISSIONER (2)
HON SEC
FILE (2)
PLAT 4037

see p. 289 30.

CONFIDENTIAL

See M. 31.
HEADQUARTERS
12 JUL 1945

(G. L. Brown)

785017

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCIAL SUB-COMMISSION.

13260/P.

7 July 1945.

SUBJECT : Transactions between A.M.G. 13 Corps and Italy.

TO : Senior Finance Officer,
A.M.G., 13 Corps.

FINANCE

1. Reference is made to your letter 130/AMB/FIN/3521 of 3 July and my letter of 6 July brought to you by Brigadier Anderson.

2. G-5, A.P.H.C. have now informed us that it is not considered possible to obtain permission to revise the terms of Proclamation 2, Article 7, Section 1(b).

3. You will have received a copy of EX 18130 of 6 July, addressed by G-5, A.P.H.C. to Headquarters Allied Commission, and repeated to A.M.G. 13 Corps for information.

4. In my opinion this signal is obscure and confusing; and I have subsequently spoken with Comdr. Southard, who had not been consulted in its preparation. He explained that the intention of the message was to advocate a licensing procedure under Section 1 of Article 7.

5. In these circumstances you are hereby authorized to license those transactions which you consider to be proper and desirable. In paragraph 3 of your letter of 3 July you ask for general terms as to the type of transaction that might be authorized. In reply I wish to state that it is impossible for this Headquarters to specify such transactions even in general terms. I would recommend, however, that you should lift the ban on the transfer of alcohol. The two cases cited in your letter of 3 July viz (a) 4040 38 and (b) essential drugs should certainly be given a favourable consideration. The relation of Insurance Companies between the 13 Corps area and Italy should be re-established according to the draft plan submitted by Major Severn, who is writing to you more fully on this subject. In general terms the selection of categories to be granted licenses must be left to you, and be broad in application, based on principles of common sense. It is

/2....

25

- 2 -

regretted that G-5 A.F.H.Q. have not found it possible to amend Proclamation No. 2 as such action would have eased the burden on Finance Officers. Present instruction, however, should go far towards easing the position and I should be grateful to learn, at a later date, what general and special form of licensing you propose to adopt.

6. You will understand that the present instruction does not affect transactions in territories other than Italian territory under either the Italian Government or A.M.G. The question of the settlement of the trade balances with Yugoslavia is mentioned in your letter of 3 July. You will understand that until specific instructions are received by G-5, A.F.H.Q., particularly as regards the establishment of a dinar-lire exchange rate, no settlement of a financial nature is to be considered.

7. Since dictating the above, I have explained the position to the Chief Commissioner who has stated that he is prepared, on receiving a specific recommendation from Finance Sub-Commission, to press A.F.H.Q. to amend Proclamation No. 2. Will you, therefore, submit to this Sub-Commission as soon as possible a list of good and sufficient reasons why an amendment of Proclamation No. 2, Article 7, Section 1(b) is to be preferred to the licensing authority granted in this letter. We can think of several good reasons, but would much prefer the recommendation to come from the man on the spot.

(Signed) A.M. GRAFFETY-SMITH
Brigadier

Brigadier,
Joint Director
FINANCE SUB-COMMISSION.

W/Cmdr. Leigh Jones,
Senior Finance Officer,
A.M.G. 13 Corps.

4035

ACG/ht.

SECRET

INCOMING MESSAGE

COPY

(24)

Originator's Reference FX 18130
Date/Time of Origin: July 061138B
Message Centre No E/8393
Date/Time Rec'd July 061845B
Precedence OP PRIORITY

From: AFHQ SIGNED SACRED CITE FHGEG
To : ACTION: ALCOM ROME INFO XIII CORPS FOR AMG

SECRET

(22)

Ref VG/85. VENEZIE GUILIA financial transactions. If instructions have been given to banks to refuse cheques on TRIESTE instructions should be cancelled immediately. Under proclamation 2 article 7 section 1 AMG may authorize financial commercial and other transactions involving trade or communication of any kind with persons outside the military government territory to be conducted with persons in Italian Govt territory provided that such dealings are in accordance with Italian law and provided that they do not conflict with the specific orders and regulations issued by the Allied Military Govt.

Dist

Action - Finance S/C
Info - Chief Commissioner
Econ Sec
File 2
Float

SECRET

4034

785017

4616
~~SECRET~~

(22)

VG/85
JULY 4/2045B

E/8108
JULY 5/0830B

OPERATIONAL PRIORITY

From: AMF 13 CORPS

TO: ACTION: AFHQ PERSONAL FOR SPOFFORD FROM MONFORT
SMITH

INFO: ALCOM FOR GRAFFTEY

JUL 6 1945

Capt Am...
M. T...
S 6/7

SECRET.

Understand that Italian banks west of VENEZIA GIULIA boundary have been instructed to refuse cheques on TRIESTE. Their action has created an intolerable situation here and if continued will completely paralyze trade between this area and ITALY. Already we are receiving complaints that the normal source of food supply has been cut off. Decision prohibiting financial transactions outside VENEZIA GIULIA must be reconsidered immediately and authorisation sent us at once to at least settle normal trade transactions.

CONFIDENTIAL
See M. 23

DIST

INFO-ACTION : FINANCE SO

4033
INFO : CHIEF COMMISSIONER
ECON SEC
FILE (2)
FLOAT

~~SECRET~~

(CRAK Arnoldy)

COPY.

(21)

Message CME 1 dated 14 June 1945 from 13 Corps to G-5, AFHQ, info AG.

Extract.

.....

D. Principal banks west of line to provide funds to communes, post offices and branch banks east of line subject to normal financial pensions to continue throughout area.

.....

Note:

Above one of points contained in Memorandum presented at discussion with Ingwers.

original original at folio 80 Vol I File 522/EC.

40/2

PA
20
6

(20)

Copy of outgoing message to AMG Eighth Army for Brig. Upjohn (signed Stone)
No. 9709 dated 13 June 1945.

SECRET.

URGENT.

EXTRACT AT 19.

Reference your M1095 of 12 June.

Arrangements forecast under para 1(d) appear largely remove demarkation
line for financial purposes. Wish make following observations

(a) What currencies will circulate in

i. Yugoslav Section

ii. AMG Section

(b) If dinars to circulate in either or both sections problem
of fixing dinar-lira exchange rate must be resolved.

(c) What will be unit of account in Yugoslav section.

(d) What body will supervise "normal financial control" in
Yugoslav section.

(e) Anticipate objections from Italian Government against
transfer AM Lire notes which are declared liability of Italian
Government into hands of Yugoslav authorities in Yugoslav section.

Otherwise no comments. Experts will be prepared to leave short notice.

(Repeated to C-5 AFHQ by Message Centre on 13 June 1945).

Office of Executive Commissioner.

300.

Lt. Col.

DISTRIBUTION:

Pol Adv (A)

Pol Adv (B)

CA Sec

Econ Sec

Est Sec

Comms S/C

4031

(ORIGINAL AT Y4 Vol I FILE 592/EC)

COPY.

19

Incoming Message 11 1095 dated 12 June (recd 13 June) from AMG Eighth Army
from Brig. Upjohn to AC for Brig. Lush info: G-5, AMHQ.

SECRET.

URGENT.

Extract.

.....

D. Finance. Arrangements will be made for provision of funds from
principal finance institutions under AMG to communities, post offices and
branch banks in area East of the demarcation line subject to normal
financial control. Mutual arrangements to be made for collection of
cheques and continuation of insurance payment and pensions.

.....

(see 20)

4033

(ORIGINAL AT YO Vol I File 522/EC)

4616

18

Ref: 13085/P

15 June 1945.

14 JUN 1945

SUBJECT: Administration of Banks in Trieste, Gorizia and Zara.

TO : The President of the Council of Ministers, Italian Government.

Reference to Signor Bonomi's letter 36722/36169/6.1 of 7 June 1945.

The information supplied therein is very much appreciated.
The financial matters reported are an aspect of a political problem which is receiving very careful consideration.

(CAR. ARNOLD)

4023
PA 15/10
G. M. 17

785017

Translation

4616

E.C.

(16)

The President of the Council of Ministers

36722/36169/6.1

Rome, 7 June, 1945

Dear Admiral Stone,

I received plenty of informations about the delicate situation in which the branches of the Bank of Italy and the other Italian Banks now find themselves in Trieste, Gorizia and Zara, after the occupation of these towns by the Yugoslavs.

Among other things, it appears that, in Trieste, Yugoslav Commissioners have been appointed for the management of the banks of the town, while officials of the National Bank of the Kingdom of Yugoslavia are established in the branch of the Bank of Italy with the obvious intention of gradually replacing the administration.

In Gorizia, it seems that the Yugoslav authorities have appointed a Commissioner for the branch of the Bank of Italy, taking away about 80 million lire which were there, and blocking all the safes.

In Zara, the said authorities took from the Bank of Italy the considerable amount of values listed in the report of which we enclose a copy.

This situation is a cause of serious preoccupations, and requires an urgent intervention from the Allied Commission to protect efficaciously the interests of the banks in these cities; the presence of Italian representatives invested with the necessary powers to start and conclude negotiations for a possible solution of the question would be a good thing.

I beg you to ask the Allied Commission to take without delay whatever action the circumstances may require to put an end to these incidents and obtain the restitution of the values which were unjustly taken, and I want to point out that, to save time, it would be advisable for the Allied Finance Sub-Commission to make a direct agreement with the Bank of Italy on this subject.

Waiting for your answer, I remain,

Yours very truly,

S. I. Bonomi

EC DIST - 8 JUNE 45

ACTION: ECON SEC (12)
(FINANCE SC)

INFO: CHIEF COMMR
EXEC COMMR

Admiral Ellery W. Stone
Allied Commission
Rome

e.e.

(Capt. Arnold)

BU

13

Handwritten signature/initials

4028

See M 17

Translation

Three members of the Yugoslav National Committee for Liberation went to the Trieste branch of the Bank of Italy, and demanded the immediate delivery of all that belonged to the Bank. In this way they took away:

- banknotes for the amount of	L. 3.368.500 -
- state-notes for the amount of	" 250.032 -
- Asenitoli and bronze currency	" 32.000 -
- Annulled state-notes	" 133.000 -
- Postal orders to be paid to the bank	" 115.067,60
- Blank sheets for the issuing of Buoni del Tesoro Ordinari	" 20.269.000 -
- Banknotes in kune representing a temporary deposit in the Treasury	kuno 5.251.920 -
- Deposit in kune withdrawn from circulation for the account of the Treasury	" 91.873.897 -
- Kune deposited by the Zara Prefecture	" 59.438.514 -
- Pre-war Yugoslav stocks withdrawn to be changed against nominal ones	" 39.202.665 -

Besides, the deposits (locked) entrusted to the bank, all the blank sheets for the issuing of money orders and free checks for this Institute, as well as the blank sheets for the issuing of 'Buoni fruttiferi' of the Consortium for the Subvention on Industrial Values, were also taken from branch house n. 6.

15A

COPY.

SUMMARY OF DECISIONS REACHED ON POLICY IN REGARD TO VENEZIA GIULIA

AT MEETING HELD BY GCS AMHQ ON 4TH JUNE 1945.

Extract.

.....

1/. It was agreed that AMG and Metropolitan Lire should both be declared legal tender. Other currencies should be allowed to remain in circulation but should not be recognised. In particular no exchange rate should be quoted for any currencies other than AMG and Metropolitan lire. Allied troops should be warned accordingly.

AMG lire to be advanced to local paymasters for payment of the detachment of regular Yugoslav troops permitted to remain west of the demarkation line in accordance with para 4 of the agreement.

.....

4028

(ORIGINAL AT 64A Vol I FILE 522/EC)

785017

Copy of an outgoing message to AMG Eighth Army rpt: G-5, AFHQ, G-5, 15
Army Group, RC VENEZIA Region (signed) Stone, No. 8720 dated 29 May 1945.
TOP SECRET. PRIORITY.

Subject is Venezia Giulia.

(EXTRACTS AT 15C)

Reference your M1047 of 28 May.

- (a) Reference para 3. In territory where proclamation No. 2 is posted
All Lire will be legal tender. No announcement regarding the circulation
of Yugoslav currency or rate of exchange should be made for the time being.
You are requested to report to the Finance Sub-Com. as early as possible
as to the amount of Yugoslav currency in circulation in those areas in
which AMG is functioning.
- (b) Reference para 4. Collection of revenue should continue in those
areas in which AMG is functioning as in other parts of Italy.
- (c) The other questions in your signal are being urgently considered at
AFHQ and we will communicate with you again earliest possible.

Int. Dist.

Chief Commissioner.
Economic Section.
Finance Sub-Commission
Civil Affairs Section.

Office of the Chief Commissioner

343

4025

Lt. Col.
for Chief Commissioner.

(ORIGINAL AT 48 VOL I FILE 522/EC)

TOP SECRET

15.4.

EXTRACTS FROM SIGNAL H 1047 dated 28 May

FROM: AMG MAIN EIGHTH ARMY

TO : ALCON

TOP SECRET.

Subject VENEZIA GIULIA.

In view of likelihood of setting up AMG in certain portions of VENEZIA GIULIA at an early date, the following questions will require answering:

3. Is AMG lira to be made legal currency and what will be exchange in event YUGOSLAVS introducing their own currency in their occupied portion. Is their currency to be permitted to circulate.
4. What is position as regards taxation, bearing in mind largest proportion taxation for VENEZIA GIULIA comes from big cities in our occupational area.

(see 15B)

4024

(ORIGINAL AT 47 Vol I File 522/EC)

785017

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

FAS/rms

SECRET

29 May 1945

FILE : G-5/100

MAY 31 1945

SUBJECT : Currency Policy in Venezia Giulia.

TO : Headquarters, Allied Commission, APO 394.
(Attention: Finance Sub-Commission).

1. Reference queries raised this date (conversation Commander Southard-Major Timmons) the following views are held in this Section.
2. The A.M. lire and the Metropolitan lire should be the only currencies accorded legal tender status in the AMG area in Venezia Giulia.
3. Other currencies found to be circulating locally, such as the old Serb Dinar, the Croatian Kuna, and the new Dinar, should not be recognized by AMG decrees or proclamations, but should be permitted to continue in circulation for the time being.
4. No exchange rate should be decreed other than that for the lire in relation to the dollar and the pound sterling. In view of the fact that the exchange rate set by the Yugoslav Government for the new dinar (50.6 to the dollar, according to latest report) is entirely unreal and bears no sensible relation to the open-market rate of approximately 3,000 per dollar, it would not be possible to set an exchange rate between the lire and the dinar. It should be feasible tacitly to allow unregulated dealings in the various odds and ends of currency in the area at least for the time being.
5. Should any Yugoslav troops be located in AMG territory with the consent of and under the command of SAC, it is our opinion that advances of A.M. lire to such forces are permissible.

For the Ass't. Chief of Staff, G-5

See Minute 14.

FRANK A. SOUTHARD, JR.,
Commander, U.S.N.R.,
Financial Adviser.

Copy to file 522/KC

(FROM: FINANCE SC (COPY))

(Lt Col Timmons)

1/1 - spare copy held.

785017

4608

Esc. Com

(11)

MAY 17 REC'D

10: AFHQ

7806

17 May 1945

PRIORITY

SECRET PD

PARA ONE PD FOLLOWING INFORMATION REGARDING TRIESTE RECEIVED BY
GOVERNOR MANCA DITALIA FROM VERY RELIABLE SOURCE PD

PAREN TO AFHQ FOR GEORGE FIVE SECTION FROM HQALCOM CITE ACFIN PAREN

PARA TWO PD THE YUGOSLAV ARMY HAS ASSUMED COMMAND OF THE CITY SEMICOLON
UP TO NOW THE BRITISH COMMAND HAS NOT INTERESTED ITSELF IN THE SITUATION
WHICH IS CHAOTIC PD BANKS ARE OCCUPIED SEMICOLON COMMISSIONERS OF THE
BANQUE NATIONALE DU ROYAUME DE YUGOSLAVIE ARE INSTALLED IN THE BANK OF
ISSUE WHERE THEY INTEND GRADUALLY TO SUBSTITUTED THEMSELVES PD

From: Finance Sub-Commission

478604

NICHOLAS PICCINO,
CWO, USA,
Asst Adjutant

4022

See M 12

MAH/5

785017

~~SECRET~~ 4608

Exc. Commr.

(10)

SECRET

CONFIDENTIAL

14 May 1945.

MEMORANDUM TO: Brigadier A. P. Grafftey-Smith,
Joint Director, Finance Sub-Commission.

MAY 16 REC'D

With reference to your memorandum of yesterday regarding Signor Governor Luigi Einaudi's letter on Trieste, he should be informed that the Commission will not be able to take action unless a request is received from the office of the President of the Council.

Governor Einaudi may be informed, however, that I have brought the substance of his letter to the attention of SACRED's headquarters.

see file 9
MILBY W. STONE
Rear Admiral, USNR
Chief Commissioner

cc: EC

CONFIDENTIAL

4021

(CAP. ARNOLDY) (AP)

~~SECRET~~

~~SECRET~~

CONFIDENTIAL

14 May 1945.

TO : Brigadier General Charles M. Spofford, U.S. Army,
Assistant Chief of Staff, G-5,
Allied Force Headquarters,
APO 512.

There is forwarded herewith a copy of a letter from
H.E. LUIGI EINAUDI, Governor of the Banca d'Italia.

The Governor has been informed that the Commission
will not take action on his letter but will await a communica-
tion from the office of the President of the Council.

However, the attached letter is forwarded to you in
the nature of an intelligence report on conditions in Trieste.

ELDERY W. STONE
Rear Admiral, USNR
Chief Commissioner

CONFIDENTIAL

~~SECRET~~

4020

cc: EC

an

~~SECRET~~

SECRET

Ex Com 8

460877

FX 75848
MAY 151458B

E/870
MAY 152025B
PRIORITY

From: AFHQ SIGNED SACRED CITE FHGG
To: ACTION 15 ARMY GROUP INFO MAIN 8 ARMY, REAR 8 ARMY FOR STAFF
PAYMASTER, ALCON ROME

MAY 16 RECD

SECRET

Allied Military lire should not be used in TRIESTE or other parts of VENEZIA GIULIA until such time as proclamations can be posted making them legal tender. Pending further instructions Metropolitan lire only be used for all purposes in that area including pay of personnel. Such lire available at TCN Area cash office ANCONA.

Dist

Info-Action - Finance SC
Info - A/President
Chief Commissioner
Exec Comm 2
Ext Sec
Econ Sec
File

CONFIDENTIAL

HEADQUARTERS
16 MAY 1945
A. D.

4013

SECRET

(Cap. Arnold)

44608
CONFIDENTIAL

Ex. Comm.
(7)

MAY 102100

E/680
MAY 140935
IMPORTANT

F-kor: FINANCE OFFICER AMG VENEZIA
to: ROME ALLIED AREA COMMAND.

MAY 15 RECD

CONFIDENTIAL.

Inform Director Allied Finance Sub Commission cipher message
Bank of ITALY TRIESTE states JUGOSLAVIAN Delegation replacing director.
Appointing commissioner every bank. Inform governor. Letter following.

DIST

ACTION.- FINANCE S/C
INFO - A/PRESIDENT
CHIEF COMMISSIONER
EX COMMISSIONER
ECON SEC
FILE

4018



CONFIDENTIAL

(Handwritten signature)
(Capt. ARNOLD)

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION.

SECRET

CONFIDENTIAL

13 May 1945.

TO: The Chief Commissioner.

MAY 13 1945

I attach a translation of a letter addressed to me by the Governor of the Banca d'Italia. You will see that he wishes that you should be informed of its contents.

With your approval I propose to reply that the contents of the letter are noted; and that it would be highly undesirable to send an Italian representative to Trieste at this time.

There is no doubt that the Italians will derive considerable comfort from the statement of Under-Secretary Grew.

(signed) A.P. GRAFFETY-SMITH
Brigadier

Brigadier,
Joint Director,
FINANCE SUB-COMMISSION.

ARGS/ht.

Bmgs Lush

Copy to Executive Commissioner

4017

see 17.5

(MAJ STANIS)

TRANSLATION.SECRET & URGENT

Bank of Italy,
The Governor.

Rome, 12 May 1945.

Dear Brigadier Grafftey-Smith,

I hasten to inform you of a communication which has just been received from a very reliable source in Trieste and which is regarded as exceptionally important:

“The Yugoslav Army has assumed command of the city; up to now the British Command has not interested itself in the situation which is chaotic. Banks are occupied; Commissioners of the Banque Nationale du Royaume de Yougoslavie are installed in the Bank of Issue where they intend gradually to substitute themselves. The presence of an Italian representative with powers to safeguard banking interests is urgent”.

I have informed the Italian Government of the above-information and I would be grateful if you will pass on the information to Admiral Stone, keeping me informed of what will be done.

I beg you to accept my regards,

(Sgd) LUIGI EINAUDI.

TO: Brig. A.P. Grafftey-Smith,
Joint Director,
Finance Sub-Commission. A.C.

4018

9

pre file H

785017

4608 Executive
Commissioner

FOR ACTION

16: / EIGHT ARMY MAIN FOR AMG VENEZIE REGION ADVANCED RPTD EIGHT ARMY REAR FOR AMG

6752

2 May 1945

OPERATIONAL PRIORITY

SECRET PD

CONFIDENTIAL (1)

PARA ONE PD REFERENCE YOUR MIKE EIGHT NINE THREE OF ONE MAY PD
 PAREN TO FOR ACTION EIGHT ARMY MAIN FOR AMG VENEZIE REGION ADVANCED RPTD EIGHT
 ARMY REAR FOR AMG ~~XXXX~~ FROM HQ AIGOM CITE ACPIN PAREN

PARA TWO PD IN NO REPEAT NO CIRCUMSTANCES WILL AMG FIX DINAR LIRA RATE AT THIS
 CMA
 TIME ~~XX~~ SUCH ACTION BEING HIGHLY PREJUDICIAL TO FINAL SETTLEMENT PD SINCE
 ADMINISTRATION IS UNDER AMG AND NOT REPEAT NOT TRIPARTITE ONLY THOSE CURRENCIES
 LEGALLY ESTABLISHED UNDER PROCLAMATION NUMBER TWO MUST BE PERMITTED TO CIRCULATE PD
 ANY DINARS IN CIRCULATION SHOULD BE WITHDRAWN BY JUGOSLAWS UNDER OWN ARRANGEMENTS PD
 PARA THREE PD REPORT EARLIEST PAREN ABLE PAREN WHETHER DINARS CIRCULATING AND
 PAREN BAKER ~~XXXXXXXXXX~~ PAREN RATE ADOPTED BY JUGOSLAV FORCES PD
 PARA FOUR PD ABOVE REFERS EQUALLY TO USE OF KUNAS CONCERNING WHICH SIMILAR
 INFORMATION REQUIRED

4015

FINANCE SUB COMMISSION

478604

NICHOLAS PIOMBINO
 CWO USA
 ASST ADJUTANT

PA
 (1/5)

(Mrs. Stenning)

785017

~~SECRET~~

Ex Comm (1)

MAY 012245B

P/0330

MAY 000245B
OF PRIORITY

From: MAIN AND 8 ARMY, FROM ADVANCE VERENIA REGION HQ CITY 1993

TO : ACTION HQ ALONG INFO 8 ARMY MAIN FOR AND

FOR INFORMATION ONLY

MAY 2 REC'D

SECRET

Ref VERENIA CHILIA. In case Yugoslav currency is met please
give rate of exchange and any further instructions. DUNLOP.

List

Action - Finance SC
Info - A/President
Chief Commissioner
Secn Rec
Exec Comm
File 2
Float

4014



CONFIDENTIAL

~~SECRET~~

(HAS STEARNS)

| 1 2 4 3 |