

0096

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

785017

ACC

10000/109/1067

EC/6515

0097

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

785017

10000/109/1067

EC/6515

SUVIET FINANCIAL TRANSACTIONS
AUG. 1944 - MAY 1945

26

EC/6515

(R)

Soviet Financial Transactions

Restricted

in Safe #3

~~109~~ 109

~~109~~ EMPTY

10000 109 1067

THIS FOLDER

CONTAINS SAFES

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

785017

0098

GABINETTO

Cont.

785017

[illegible]

0102

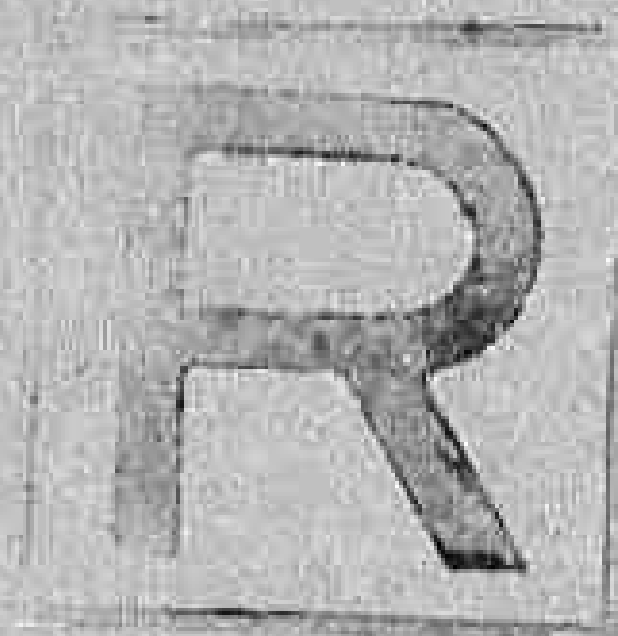
Declassified E.O. 12356 Section 3.3/NND No.

785017

WAR DEPARTMENT

OFFICIAL BUSINESS

6515
~~6516~~/EC



Soviet Financial
Transactions.

CO
FROM
TO
CATA

0103

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785017

6516/EC.

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, \$300
(PMGC)

6515
~~6516~~/EC.



Soviet Financial

Transactions.

THIS FO
CONTAINS
FROM Aug 44
TO May 45
CATALOGUE - 10000/109/1067

0104

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785017

ON HIS MAJESTY'S SERVICE.

FASTEN Envelope by jamming this label across flap.
OPEN by cutting Label instead of tearing Envelope.



Ppt. Ltd. Wt. 57691 4/45 (T,abtest)

Handwritten:
Ppt. Ltd. 4/45
opened
&
resealed
17/9/47

0105

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

785017

Ex. Com.
etc.

To see files 19 & pass on to Ex. Com.

Supp-

[Signature]
7/2/80

21

Chief Commissioner

(2)

Attached is submitted for your information/signature/approval.

MS/als

[Signature]

u16

785017

Col6

I don't think you have seen # and G.

I should like to see the P.C. please 27/10

MS/27X

Cos

2

1 to 3 are the previous important
letters in this subject.

Suddas 1/11

Dr. Fin. Com.

4

Can you be explicit? Dr/3/11

Spoke to Betty Smith. He will speak
with Cos 1/2/11

9 13081/F 23 hours from: Finance etc.

10

Col You should see this memorandum from F.A. & Co.
at 9. MS/23/11

22

23/11

CC 1023
29 Nov 44

CSO: to see folio 16, relating to review request to AFHQ. JEP 19/2

18

Ex Com

015

to see 1/11/11 to see references

0107

785017

Cos
1 to 3 are the previous important
letters on this subject.

Excl 1/11

Dr. Fin. Com.
Can you be explicit? Dr/3/11

Spoke to Betty Smith. He will speak
with Cos 2/11

9 10081/F 29 Nov 44 From: Finance G/C.

10

Col - You should see this memorandum from F.A. & Co.
at 9. MS/23/11. 23/11

CC 1023
29 Nov 44

CSO: to see folio 16, referring ¹⁷ Bureau's request to AFHQ. JEP 19/2

18

Ex Com: 015

12-66 for information re advances
of money to the Russian Government.
19/12.
MS/23/12

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

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6515
 EXECUTIVE COMM
 (14)
 HEADQUARTERS ALLIED COMMISSION
 APO 394
 FINANCE SUB-COMMISSION

1308L/W.

4 May 1945.

SUBJECT: Expenses of Soviet Union Representative.

TO: The Representative of the Soviet Union
on the Allied Commission.

MAY 5 RECD

1. With reference to your letters of 3 May and 4 May, 1945, I wish to inform you that instructions have been given to provide you with 10 million lire to cover the expenses for the second quarter of this year of the Soviet Representative on the Advisory Council for Italy, and 7½ million lire for the expenses of the Soviet Representative on the Allied Commission for the same period.

2. The sum of 10 million lire may be obtained from the officer handling the accounts of the Advisory Council, and the amount of 7½ million lire may be drawn from the Rome Branch of the Allied Financial Agency, located in the Banca d'Italia.

(Signed) A.P. GILBERT SMITH
 JRG:dlm

Joint Director,
 Finance Sub-Commission.

Copy to:
 APA Rome,
 Disbursing Officer, A.C.I.

HSLT/adm.

see N. 20.21.

v14

13081/F.

4 May 1945.

SUBJECT: Expenses of Soviet Union Representative.

TO: The Representative of the Soviet Union
on the Allied Commission.

MAY 5 RECD

1. With reference to your letters of 3 May and 4 May, 1945, I wish to inform you that instructions have been given to provide you with 10 million lire to cover the expenses for the second quarter of this year of the Soviet Representative on the Advisory Council for Italy, and 7½ million lire for the expenses of the Soviet Representative on the Allied Commission for the same period.

2. The sum of 10 million lire may be obtained from the officer handling the accounts of the Advisory Council, and the amount of 7½ million lire may be drawn from the Rome Branch of the Allied Financial Agency, located in the Banca d'Italia.

(Signed) A.P. GARDNER SMITH

Director

Joint Director,
Finance Sub-Commission.

Copy to:

AFR Rome,
Disbursing Officer, A.C.I.

BELT/adm.

see M. 20.21.

v14

(Car. Acknowledged)
M. 20.21.

0110

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

785017

6515

Yun

16

19/2

SECRET

15 February 1945

FILE : 13081/F

SUBJECT: Advance of Lire to the Advisory Council for Italy
and to Representation of the Allied Commission

TO : G5, AFHQ.

NR

Confidential

NR

1. Reference is made to Finance Sub-Commission's letter of 13 January 1945 (13081/F), your reply of 20 January 1945 (G5/123-3) and a recent discussion in which Cadr. Southard informed Cadr. Lawler that American and British representatives in Roumania are required to submit a budget before receiving funds from Russians.

2. We have recently received two letters, one from the representative of the Soviet Union of the Advisory Council of Italy, one from the representative of the Soviet Union of the Allied Commission, requesting, respectively 16 million Lire and 13 million Lire. Copies of these letters are attached.

NR

3. In view of the fact that the letter to Mr. Goshie referred to in your letter of 20 January 1945 was dispatched on 22 January 1945, it is proposed to reply to the two Russian requests in the terms of the drafts attached. The question of whether or not such a letter should be sent is being referred to G5 for decision. The drafts are attached for your consideration and comments.

4. It is our feeling that American and British representatives in Roumania are more apt to receive better treatment from the Russians if we refuse funds in Italy, without a more detailed accounting than provided in these two requests, than we would by acquiescing to the requests, with the hope that the Russians in Roumania would emulate our practice.

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Encls: 4

JLL:rs

SECRET

013

see M. 17 1/8

2 1/2

C O P Y

SECRET

REPRESENTATIVE OF THE SOVIET UNION
ADVISORY COUNCIL FOR ITALY

15

Ref 124

Rome, February 10 1945

SUBJECT: Advance of Lire.

TO : Finance Sub-Commission
Allied Commission

Confidential

Referring to the conversation with Rear-Admiral Stone on 9th February when he advised to write directly to the Sub-Commission, I ask you to advance 16 million Lire to the Representative of the Soviet Union on the Advisory Council for Italy.

The indicated figure includes 7 million Lire to cover expenses of the Representative in the last quarter of 1944 and the rest of the sum is requested for expenses in the first four months of the current year.

Yours respectfully,

A. Vasiliev
Maj. Gen. R.A.
Representative of the Soviet Union
Advisory Council For Italy

0112

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

785017

COPY

SECRET

14

REPRESENTATIVE OF THE SOVIET
UNION ALLIED COMMISSION

Rome, February 11, 1945

SUBJECT: Advance of Lire

TO : Finance Sub-Commission
Allied Commission

Confidential

Follow the answer of Rear-Admiral Stone to my letter of February 3, I ask you to advance 13 million Lire to the Representative of the Soviet Union on the Allied Commission.

The mentioned figure includes 3 million Lire to cover expenses of the Representative in the last quarter of 1944 and the rest is requested for the first four months of the current year.

Yours respectfully,

A. Kielenko
Maj. Gen. R.A.

Representative of the Soviet Union
Allied Commission

011

010

SECRET

DRAFT

HEADQUARTERS ALLIED COMMISSION
APO 384
FINANCE SUB-COMMISSION

Confidential

FILE : 13081/8

SUBJECT: Advance of Lire

TO : A. Kislenko, Maj. Gen'l, R.A.
Representative of the Soviet Union, Allied Commission

1. Reference is made to your letter of 11 February 1945 requesting an advance of 13 million lire to the representative of the Soviet Union, Allied Commission.

2. In discharging its responsibilities under the instructions of the combined Chiefs of Staff, this Sub-Commission, through its A.F.A. division, is required to maintain complete records for the purpose of the settlement of the final accounts between Italy and the Allies.

3. In order to carry out this responsibility, it would be appreciated if you could provide more detailed accounting concerning the expenditure of 6 million lire in the last quarter of 1944 and the proposed expenditure of 7 million lire for the first four months of 1945.

Joint Director,
Finance Sub-Commission

SECRET (12)

DRAFT

HEADQUARTERS ALLIED COMMISSION
APO 894
FINANCE SUB-COMMISSION

FILE : 13081/F

SUBJECT: Advance of Lire.

TO : A. Vasiliev, Maj. Gen., R.A.
Representative of the Soviet Union
Advisory Council for Italy.

1. Reference is made to your letter of 10 February 1945 requesting an advance of 16 million Lire to the representative of the Soviet Union, Advisory Council for Italy.

2. In discharging its responsibilities under the instructions of the combined Chiefs of Staff, this Sub-Commission, through its A.F.A. division, is required to maintain complete records for the purpose of the settlement of the final accounts between Italy and the Allies.

3. In order to carry out this responsibility, it would be appreciated if you could provide more detailed accounting concerning the expenditure of 7 million lire in the last quarter of 1944 and the proposed expenditure of 7 million lire for the first four months of 1945.

Joint Director,
Finance Sub-Commission

JJL:rs

0113

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

785017

Confidential

EMS/dfc

(11)

6515/COS

29 November 1944

30 NOV Recd

Dear Chuck:

Enclosed is a copy of a memorandum from the Joint Director,
Finance Sub-Commission, on the subject of an interview with Major
General Susloparov.

Sincerely,

1/ Ellery W. Stone

ELLERY W. STONE
Commodore, USNR
Chief Commissioner

P/A
ent
30/11

Brigadier General Charles M. Spofford, USA
Assistant Chief of Staff, G-5
Allied Force Headquarters
APO 512

1 Incl: 13061/Y dtd 23 Nov 44, subject:
"Banking Relations between USSR and Italy"

} in your file 6515/COS

cc: Political Section
Chief of Staff
Finance Subcommittee
A Files

Confidential

PA
008
30/11

TOP SECRET

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION
TEL 417

13031/v

23 November, 1944

SUBJECT: Banking Relations between USSR and Italy.

TO : Chief Commissioner,
HQ Allied Commission.

1. Major-General Sushkovsky called on me yesterday to enquire whether the Allied Commission wished to raise any objection to the resumption of reciprocal banking relations between the State Bank of the USSR (Gosbank) and the Banca d'Italia. I pointed out that no trade was passing between the two countries and asked what purpose the account would serve. The General replied that transactions would be small and probably limited to providing funds for necessary diplomatic expenses.
2. I replied that existing financial legislation affecting the control of every funds prevented U.S. and U.K. from resuming financial relations of the type proposed. I went on to explain the operation of the AF accounts in the name of Italian banks. It appears that the Gosbank is unhampered by any restrictive legislation and therefore is able to take the lead in resuming Central Bank relations. I stated that there would be no objection to the General's proposal.
3. The General then enquired if the Finance Sub-Commission would wish to suspend all transactions on this account. I replied that we would wish to be informed only if the transactions were such as to present unfavourably on the general financial structure. As the operations will not be large we would not wish to control the proposed transactions.
4. The General expressed his satisfaction at this reply, adding that the proposal would certainly be referred to London and Washington.
5. In my opinion the General's request was almost impossible to refuse. It may be stated in parenthesis that the closest relations exist between the Finance Sub-Commission and the Banca d'Italia.

/2.....

TOP SECRET

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HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION
TELE: 447

Confidential

15001/W

23 November, 1944

SUBJECT: Banking Relations between USSR and Italy.

TO : Chief Commissioner,
HQ Allied Commission.

1. Major-General Sudoplatov called on us yesterday to enquire whether the Allied Commission wished to raise any objection to the resumption of reciprocal banking relations between the State Bank of the USSR (Gosbank) and the Banca d'Italia. I pointed out that no trade was passing between the two countries and asked what purpose the account would serve. The General replied that transactions would be small and probably limited to providing funds for necessary diplomatic expenses.
2. I replied that existing financial legislation affecting the control of enemy funds prevented U.S. and U.K. from resuming financial relations of the type proposed. I went on to explain the operation of the 17 accounts in the name of Italian banks. It appears that the Gosbank is unimpaired by any restrictive legislation and therefore is able to take the lead in resuming Central Bank relations. I stated that there would be no objection to the General's proposal.
3. The General then enquired if the Finance Sub-Commission would wish to suggest any restrictions on the account. I replied that we would wish to be informed only if the trustees were to report unfavourably on the General financial structure. As the operations will not be large we would not wish to control the proposed transactions.
4. The General expressed his satisfaction at this reply, adding that the proposal would certainly be referred to London and Washington.
5. In my opinion the General's request was almost impossible to refuse. It may be stated in parenthesis that the closest relations exist between the Finance Sub-Commission and the Banca d'Italia.

TOP SECRET

01/11/44

12.....

0117

1/2

Confidential

9A

6. Advances of lire to the Russian Delegation to the Advisory Council have been as follows:

April	1,075
May	1,000,755
June	1,000,455
July	2,300,350
August	
September	145
October	565,274

Other payments to the Russians were as follows, up to 31 October, 1944:

Relief to Nationals
Remittances through Bank of England
(Of which 12,000,000 lire is
awaiting transfer from the Banca
di Sicilia, Palermo).
Currency exchange, i.e. 24,000 in
sterling notes exchanged on
15 September, 1944

This gives a grand total of

(Signed) A.P. GRAFFLEY, SMITH

Colonel,
Joint Director,
Finance Sub-Commission.

Copy to: Political Section (2)
Chief of Staff

APG/rad

Confidential

006

Confidential

6. Advances of lire to the Russian Delegation to the Advisory Council have been as follows:

April	1,075
May	1,000,733
June	1,000,455
July	2,300,390
August	
September	145
October	565,274

Other payments to the Russians were as follows, up to 31 October, 1944:

Relief to Nationals
Readmittances through Bank of England
(Of which 12,000,000 lire is
awaiting transfer from the Banca
di Sicilia, Palermo).
Currency exchange, i.e. 24,000 in
sterling notes exchanged on
15 September, 1944

This gives a grand total of

1,600,000
24,101,524

(Signed) A.P. GRAFFLEY SMITH

Colonel,
Joint Director,
Finance Sub-Commission.

Copy to: Political Section (2)
Chief of Staff ✓

APCE/rnd

Confidential

006

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

785017

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

TOP SECRET

RWS/afe

Confidential

18 OCT 1944

18 October 1944

A/CC 100

Subject: Transfer of Dollar Credits from Soviet Accounts to Order of Yugoslav Partisans in Italy

To: Brigadier General Charles E. Spofford, Assistant Chief of Staff, G-5, Allied Force Headquarters, APO 512

1. You will have seen copy of XOF SECRET memorandum from U.S. Political Adviser, signed G. F. Reinhardt, dated October 9, on the above subject.
2. As you know, we wrote you on this subject on 16 August and 23 August, to which you replied on 31 August stating that you had taken up the matter with the Combined Civil Affairs Committee, London, with a request for guidance.
3. With respect to the last paragraph of Mr. Reinhardt's letter, my letters of August 16th and 23rd reflect the Commission's views on this subject.

ELBERT W. STONE
Commodore, USNR
Acting Chief Commissioner

cc: Political Section, ACC
U.S. Political Adviser, AFHQ
British Resident Minister, AFHQ

"A" files
C/S Section ✓

TOP SECRET

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TOP SECRET

TOP SECRET

October 9, 1944

Confidential

MEMORANDUM TO: G-2 (C.I.)
G-3 Special Operations
G-5
British Resident Minister
Political Section, ACG,
Ambassador Kirk, Rome

SUBJECT : Transfer of dollar credits from Soviet accounts to
order of Yugoslav Partisans in Italy.

The Department of State has suggested that we bring to the attention of the appropriate military authorities at AFM, and of the Allied Control Commission for Italy, the following matter:

The Bank of Naples was recently authorized to pay in lire the equivalent of \$90,000 to Ivan Milutinovic, "Representative and Attorney for Financial Affairs National Committee People's Liberation of Yugoslavia." It would appear that this transaction was ordered by the head of the Yugoslav Partisan Military Mission in the Soviet Union.

Similar transactions, it is important to note, in the amounts of \$130,000 and \$30,000 respectively were made on August 3 and August 25.

The Department has suggested that this series of transactions be brought to the attention of the military authorities concerned with the activities of the Soviet Mission to the Partisans, as well as to the Control Commission, in view of recent reports concerning what appear to be excessive rates of expenditures on the part of the Soviet representative of \$250,000 in a two months' period may also be in excess of the sum necessary for balancing the accounts of the Partisan Mission in Moscow and the Soviet Mission to the Partisans. The possibility that a part of these funds may be used for political purposes under the direction of the Soviet Missions in this theater cannot be excluded.

Your views on the foregoing would be appreciated, particularly with respect to the question of the approval of future transactions of this kind. In this connection it is pointed out, however, that these transactions could be stopped only with some difficulty since up to the present they represent only transfers from Soviet accounts.

For the U.S. Political Adviser:

G. F. Reinhardt

TOP SECRET

004

Declassified E.O. 12356 Section 3.3/NND No. 785017ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

OMS/CF/jjr

Confidential

31 August 1944

SUBJECT: Advance of Lire to Advisory Council for Italy.

TO : Headquarters, Allied Control Commission
APO 394 (Attn: Acting Chief Commissioner).

1. Receipt is acknowledged of your two letters on the above subject, A/CC 100 of 16 August and of 23 August. You point to the disproportion which appears in the sums drawn by the various delegations, and ask whether further advances should be made without requiring supporting information.

2. TAM Airgram 8 of 15 March 1944, addressed to this Headquarters, as you cite, authorized the Supreme Allied Commander to advance lire in amounts which he considers reasonable to meet expenses incurred in Italy by the national delegations to the Advisory Council. For the present it is not desired that the delegations be called upon for explanations, though you should observe closely the amounts drawn and take note of any information available as to the disposition made of them. You will keep this Headquarters informed.

3. In the meantime the matter is being brought to the knowledge of the Combined Civil Affairs Committee, London, with a request for guidance. Similar problems may arise in connection with control authorities set up in other conquered countries, and it is felt that the CCAC should be consulted before taking any action which must inevitably have political as well as purely fiscal implications.

CHARLES M. SPOFFORD
Colonel, G.S.C.
Asst. Chief of Staff, G-5

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2

A/CC 100

23 August 1944

SUBJECT: Advance of Lire to Advisory Council for Italy

TO : G-5 Section, Allied Force Headquarters, APO 512

1. Reference is made to our letter of 16 August 1944 concerning the above subject (A/CC 100).

2. We have discovered that a clerical error was made in the May figures in compiling the table in para 3. The table should read as follows:

	<u>AMERICAN</u>	<u>BRITISH</u>	<u>RUSSIAN</u>	<u>JUGOSLAV</u>	<u>GREEK</u>	<u>FRENCH</u>
April	10,625	1,075	1,075	51,518	1,070	1,070
May	1,212	305	1,000,755	50,305	100,295	295
June	3,610	110	1,000,455	300,055	100,055	55
July	3,149	425	2,300,350	300,200	800,000	---
	18,596	1,915	4,302,635	702,078	1,001,420	1,420

3. This correction does not change in any way the facts set forth in para 2, the conclusion, and request contained in para 4.

ELERY W. STONE
Captain, USNR
Acting Chief Commissioner

cc: The Hon. Alexander Kirk
Sir Noel Charles

0124

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

785017

C O P Y

EWS/hjp

A/CC 100

16 August 1944

SUBJECT: Advance of Lire to Advisory Council for Italy

TO : G-5 Section, Allied Force Headquarters, APO 512

1. Reference is made to TAM Airgram 8 of 15 March 1944 from CCAC to FHMGs concerning above subject.

2. Monthly statements of the advances made to each delegation as reported to AFA by the Finance Agent of the Advisory Council for Italy have been sent to you for your files and for forwarding to Washington and London. In addition to these advances, the Russian delegation received remittances from Moscow of 7,480,000 lire during July via the Bank of England.

3. Para one of above reference authorizes advance by AFA of Lire "...in amounts which you consider reasonable...". An examination of the statements for April, May, June and July discloses that, in addition to itemized disbursements such as Furniture and Equipment, Office Supplies, Rations and laundry, the following amounts have been advanced in Lire for Miscellaneous Current Expenses:

	<u>AMERICAN</u>	<u>BRITISH</u>	<u>RUSSIAN</u>	<u>JUGOSLAV</u>	<u>GREEK</u>	<u>FRENCH</u>
April	10,625	1,075	1,075	51,518	1,070	1,070
May	104,466	70,714	1,081,655	80,367	134,152	31,058
June	3,610	110	1,600,000 400 55	200,000 55	100,000 55	55
July	3,149	425	300,000 350 2,000,000	300,000 200	400,000 400,000	
	121,850	72,324	4,383,535	632,140	1,035,277	32,183

4. In view of the disproportion in these sums as between delegations and the increasing amounts of monthly advances to certain delegations, it would be appreciated if you would inform us whether or not you consider that further advances should be made without requiring supporting information.

FRANK W. STONE
Captain, USNR
Acting Chief Commissioner

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