

1754

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

785017

ACC

10000/109/1088  
(VOL. III)

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

785017

10000/109/1088  
(VOL. III)

PROTECTION OF GERMAN INTERESTS  
JULY 1945 - JAN. 1947

1758

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

785017

259.

See Comm.

Re the Villa Volkonsky. Acknowledgement  
of folio 257 at folio 258 for signature please

Carl  
2011

282

CSO

Please see draft reply to folio 270 at folio 289  
~~appendix~~ for approval please. Aut 27/ +4/2

Issue as recommended  
JH. 6/2

3240

244

Polad 'A' B  
Polad 'B'

Ref Folio 240 and AFHQ's reply at  
folio 243. It is proposed to inform the  
1st Sect. of the contents of para 3.  
Have you any comments on this, please

A. W. Knisely, 2070  
OFFICE OF THE EXECUTIVE COMMISSIONER

29th 29, 1946

245

I feel the Italian Government should by no means be informed of any part of the reply at 243. So far as I know, the Italian Government has dealt only with the Allied Commission on this matter; it is, therefore, wholly unwarranted to suggest to the Italians that they "again take it up through diplomatic channels". It is my understanding that the negotiations referred to in letter 6531/204 EC of 23 May as being conducted in "diplomatic channels" were only between the British and U.S. Governments, leading to the original CCS directive.

In any case, the Italian Government can only with great difficulty take up through any channel except AC a matter affecting German property, since the government is trustee of the property for the British, French, and US Governments.

I would suggest AFHQ be straightened out, and that they should forward the Italian reply at 239 to CCS for consideration.

My government has already been informed of the nature of the Italian reply.

246  
Joseph N. Greene, Jr.  
Assistant Political Adviser (A).

Yes, I entirely agree. I do not know what arrangements are being made as yet for the administration of these funds after the demise of AC and its successors, but until such arrangements, if any, come into effect, I can only see confusion ahead if

1st Sect. of the contents of para 3.

Have you any comments on this, please

*W. K.*  
A. W. Kneisely 2/7/60

OFFICE OF THE EXECUTIVE COMMISSIONER

October 29, 1946

245

I feel the Italian Government should by no means be informed of any part of the reply at 243. So far as I know, the Italian Government has dealt only with the Allied Commission on this matter; it is, therefore, wholly unwarranted to suggest to the Italians that they "again take it up through diplomatic channels". It is my understanding that the negotiations referred to in letter 6531/204 EC of 23 May as being conducted in "diplomatic channels" were only between the British and U.S. Governments, leading to the original CCS directive.

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*Joseph N. Greene, Jr.*  
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Assistant Political Adviser (A).

Yes, I entirely agree. I do not know what arrangements are being made as yet for the administration of these funds after the demise of AC and its successor, but until such arrangements, if any, come into force, I can only see confusion ahead of me. I can only see confusion ahead of me even this comparatively simple question was to be framed out ~~through~~ various diplomatic channels. Surely the question should be cleared back the way it came, then, AFHQ. to CCS if necessary.

*W. K.*  
W. K. Kneisely  
Postad B 30/10/46

~~227~~ 221

C.S.O. Ref cable at folio 215. Letter for  
signature at folio 216. Folio 86 (vol I) refers.  
I have cleared this with A.F.D., though  
the U.S. Embassy are not happy about it;  
in spite of the fact that our letter at  
folio 202 was sent on Poland 13's  
recommendation. ~~Aut~~ 14/8

C.S.O. H.S. 19/8. ~~227~~ 224

Ref cable at folio 215, please see  
cable ~~223~~ 223. No further action to be  
taken at present. ~~Aut~~ 19/8

Ref cable at 226. Letter at ~~227~~ 227 for signature  
please. ~~Aut~~ 26/8

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226.

AUG 27 1946

Chief Commissioner.

785017

the U.S. Embassy are just happy about it,  
in spite of the fact that our letter at  
folio 202 was sent in Poland 13's  
recommendation. Aut 14/8

CSO. H.S. 1918. ~~224~~ 224  
Ref cable at folio 215, please see  
cable ~~223~~ <sup>223</sup>. No further action to be  
taken at present. Aut 19/8

Ref cable at 226. Letter at ~~223~~ <sup>223</sup> for signature  
please. Aut 26/8 3238

Chief Commissioner.

Attached is submitted for your signature  
information approval

226.

AUG 27 1946

P221 is authentic  
F.C. Approved,  
after rewriting to  
26/8/46 Short Esding memo 226

217

6531

216

C.S.O.

If you consider this a worthy  
cause we can't take up the first  
part of this request with the ~~W.~~ our  
embassy as German State hoping is  
under this control, and the second  
part after clearance with the ~~W.~~ Holier  
led & who already use a part (on  
our auditing.)

ADP 13/78

3237

HEADQUARTERS ALLIED COMMISSION  
453 764  
Office of the Executive Commissioner

Ref. : 6534/EC

31 January 1947

Record of a meeting held at the offices of the Allied Commission, Rome, at 10.30 a.m. on Monday, 27th January, 1947 to discuss the question of Enemy Property in ITALY.

Present:

|                       |                                                                          |
|-----------------------|--------------------------------------------------------------------------|
| Brigadier M. CARR     | Chairman                                                                 |
| Mr. J.G. Ward         | British Embassy                                                          |
| Sir Quintin Hill      | "                                                                        |
| Major D. Trounson     | "                                                                        |
| Miss E. Fogarty       | U.S. Embassy                                                             |
| Col. L.R. Battensby   | Allied Financial Agency and Chief Financial Adviser to Allied Commission |
| Lt. Col. G. Harnaford | Deputy Chief Legal Adviser to Allied Commission                          |
| Lt. Col. Hind-Smith   | Chief Staff Officer to I.C., Allied Commission                           |

The meeting arose out of correspondence between the British Ambassador and the Chief Commissioner, and had before it a list of points for discussion (Appendix A). The meeting reached the following conclusions in regard to the items in Appendix A:-

2 (a) (b) (c) and 3 (a) (b) (c) and (d)

- (1) Allied Commission are definitely of opinion that responsibility for holding German statal, para-statal, and private property (except certain German State balances remaining with A.F.A.) has passed to the Italian Government, as trustees for the American and British Embassies (as representing their Governments) to whom the Italian Government are responsible.
- (2) The primary authority for the state of affairs described in (1) above is Art. 28 C and D of the long Armistice Terms (of 29th September, 1943).
- (3) Correspondence between the Embassies, I.C. and the Ministry of the Treasury show that in July 1943 upon receipt of TM 583 the responsibility previously vested in I.C. was transferred to the American and British

219A

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Present:

|                       |                                                                                |
|-----------------------|--------------------------------------------------------------------------------|
| Brigadier M. Carr     | Chairman                                                                       |
| Mr. J.G. Ward         | British Embassy                                                                |
| Sir Quintin Hill      | "                                                                              |
| Major D. Trounson     | "                                                                              |
| Miss E. Fogarty       | U.S. Embassy                                                                   |
| Col. L.R. Battensby   | Allied Financial Agency<br>and Chief Financial<br>Adviser to Allied Commission |
| Lt. Col. G. Harnaford | Deputy Chief Legal<br>Adviser to Allied Commission                             |
| Lt. Col. Hind-Smith   | Chief Staff Officer to<br>I.C., Allied Commission                              |

The meeting arose out of correspondence between the British Ambassador and the Chief Commissioner, and had before it a list of points for discussion (Appendix A). The meeting reached the following conclusions in regard to the items in Appendix A:-

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- (1) Allied Commission are definitely of opinion that responsibility for holding German statal, para-statal, and private property (except certain German State balances remaining with A.F.A.) has passed to the Italian Government, as trustees for the American and British Embassies (as representing their Governments) to whom the Italian Government are responsible.
- (2) The primary authority for the state of affairs described in (1) above is Art. 28 C and D of the long Armistice Terms (of 29th September, 1943).
- (3) Correspondence between the Embassies, AG and the Ministry of the Treasury show that in July 1945 upon receipt of IMU 586 the responsibility previously vested in AG was transferred to the American and British Embassies. Further search should be made for the documents under which such transfer of responsibility from the Allied Commission to the Embassies took place.

(4) It was agreed that representatives of the British and American Embassies would meet within the next few days to discuss the advisability of an early approach to the Italian Government as to these properties. Consideration should also be given as to the desirability of obtaining the collaboration of the French Embassy in this regard. It was felt that it might be advisable to request the respective Governments to furnish further information and instructions before any formal approach to the Italian Government was made.

3 (c)

This question of the rendering of account by the Italian Government is one which should be put by the Embassies to their Governments.

3 (f)

The position is that A.F.A. as a part of A.F.H.Q. would not be affected by the dissolution of Allied Commission if this took place prior to R. day. A.F.A. are under instructions to hand over to the Italian Government, as custodians, German State and para-statal funds. It is agreed that there is no objection to this if it is made quite clear that the Italian Government will be in the position of custodians only.

3 (g)

This is a hypothetical question and can not be answered now.

3 (h)

This question will be referred by the Embassies to their governments, for answer under the enquiry referred to under (5) above.

3 (i)

The answer is the same as for 3 (h) above.

3 (j)

The Allied Commission will write to the Embassies on the position of Captured Enemy Materials.

3 (k)

This is a matter for the Embassies.

3 (l)

Italian colonial territories. - A letter has already been sent by the Allied Commission to the British Ambassador on this subject.

Distribution:

Chief Staff Officer,  
to the Executive Commissioner

*A. K. Wood*

3235

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Distribution:  
E.O. 12356 (6)  
British Embassy (6)  
AFSA (2)  
Legal Div. (2)  
AFHQ G-5 (3)  
File  
Sydney (6)

*A. K. Wood*  
Chief Staff Officer,  
to the Executive Commissioner

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Appendix "A"

ENEMY PROPERTY IN ITALY AND ITALIAN  
TERRITORIES

Note of questions requiring consideration at discussion with the Allied  
Commission on 14 Jan 27/28, 1947

German Private Property. The Chief Commissioner states in his letter of 21st January 1947 (6551/275/46) to the British Ambassador that "since receipt of FM 583 in July 1945 it has always been assumed by this Commission that the handling of German (or other enemy) property in Italy was part of the Economic Warfare programme envisaged in para. 2 of FM 583 and as such fell within the sphere of the two Embassies".

There however appears to be nothing in FM 583 which specifically deals with the control of German or other enemy private property in Italy or instructs the Allied Commission to transfer title to or trusteeship of such property to anyone else. Nor is any mention made of enemy property as such in the letter of 18th July to Signor Parri. It is that FM 583 25 and the letter to Signor Parri require (in this respect) is that the Italian Government should request measures in support of the economic warfare objectives of the Allied Government. Reference is also made to the details of an economic warfare programme which were to be communicated to the Italian Government in the near future by the British and American Embassies in Rome, and it was stated that the representatives of the Italian Government should work with the two Embassies in the development and implementation of this programme.

2. If these documents do not (and it appears they do not) deal specifically with the questions of control over German and other enemy private property in Italy, the following questions remain: -

- (a) Who is the present holder of German and other enemy property in Italy and Italian possessions?
- (b) Under what title is this property held? 3234
- (c) What steps were taken by the Allied Authorities under Art. 28D of the Armistice Terms of 25th September 1943 which binds the Italian Government to comply with instructions regarding enemy property?
- 3. If, as is understood, German and other enemy private property was vested in the Italian Government as Trustees, the following questions arise:
  - (a) Was this done under Art. 28D of the Armistice Terms, and if so by what document?
  - (b) What is the value of this property and are there any lists of its nature and situation?
  - (c) When the Allied Commission is dissolved, what steps should be taken and by whom to assert or secure control over such property? Alternatively if subordinate control is left with the Italian Government (as now) who should communicate to the Italian Government the fact that over-riding control will continue?

German Private Property. The Chief Commissioner states in his letter of 21st January 1947 (6551/279/70) to the British Ambassador that "since receipt of FMN 583 in July 1945 it has always been assumed by this Commission that the handling of German (or other enemy) property in Italy was part of the Economic Warfare programme envisaged in para. 21 of FMN 563 and as such fell within the sphere of the two Embassies".

There however appears to be nothing in FMN 583 which specifically deals with the control of German or other enemy private property in Italy or instructs the Allied Commission to transfer title to or trusteeship of such property to anyone else. Nor is any mention made of enemy property as such in the letter of 18th July to Signor Parri. All that FMN 583 2B and the letter to Signor Parri require (in this respect) is that the Italian Government should "adopt measures in support of the economic warfare objectives of the Allied Government". Reference is also made to the details of an economic warfare programme which were to be communicated to the Italian Government in the near future by the British and American Embassies in Rome, and it was stated that the representatives of the Italian Government should work with the two Embassies in the development and implementation of this programme.

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- (b) What is the value of this property and are there any lists of its nature and situation?
- (c) When the Allied Commission is dissolved, what steps should be taken and by whom to assert or resume control over such property? Alternatively if subordinate control is left with the Italian Government (as now) who should communicate to the Italian Government the fact that over-riding control will continue?
- (d) To whom is control of these properties to be transferred when the Allied Commission is dissolved and by whom?
- (e) Considering that sooner or later the Italian Government will have to render account of their administration of German and other enemy property to whom and when should such account be rendered?

(f) German state and prestatel properties. In accordance with standing instructions all assets turn over to the Italian Government in custody all liquid and other German prestatel assets. Should this transfer take place now or should it be postponed? If it is postponed what will the position of the Allied Commission be dissolved?

(g) As soon as the Peace Treaty is signed, the Italians will realize that they may not receive any of the German assets in this country. It is therefore probable that they will desire to continue with the custody and administration of German property which they had agreed to undertake under Arts. 27 and 28 of the Armistice terms. It is therefore important that some Allied agency be constituted to take over the functions assumed to date by the Italian Government. (Under Art. 67 of the Peace Treaty Italy will only agree to facilitate the transfer of German assets in Italy).

(h) It will be also important to know very soon what part if any in the liquidation of German assets in Italy the Allied Reparation Agency in Brussels is going to play and how they propose to play it. It will be advisable for both British and American Embassies to seek guidance from their governments in this respect.

(i) On the other hand, the disposal and eventual liquidation of German assets in Italy may be directed by the Allied Control Commission in Berlin. Through what channels?

(j) What will be the position of CEM after the Peace Treaty is signed? Will it be treated as an ordinary German asset or have a status of its own?

(k) The activities of certain Italian sequestrators may have to be seriously investigated when the time comes. Who will be responsible for such investigation? How can we force the Italian Government to play?

(l) Italian colonial territories. Who will be responsible for advising the administration in these territories on economic and financial matters? Under what authority will this responsibility be transferred?

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THE FOREIGN SERVICE  
OF THE  
UNITED STATES OF AMERICA

AMERICAN EMBASSY

Rome, January 31, 1947

MEMORANDUM TO: Lt. Col. Hind-Smith  
CSO to EC, AC

FROM: Charles A. Livengood  
Counselor for Economic Affairs

302-305

There is returned herewith the record of the meeting held in the Allied Commission on January 27, 1947, to discuss the question of German property in Italy.

The suggestion of the representative of the American Embassy who attended the meeting, in which I concur, is that paragraphs (4) and (5) of the attached be amalgamated along the following lines:

(4) It was agreed that representatives of the British and American Embassies would meet within the near future to discuss the advisability of an early approach to the Italian Government as to these properties. Consideration should also be given at this meeting to the advisability of obtaining the collaboration of the French Embassy in this regard. It was felt that it might be advisable to request the respective Governments to furnish further information and instructions before any formal approach to the Italian Government were made.

Enclosure:

Record of meeting.

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LAZAB

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FEB 8 1947

File

HEADQUARTERS ALLIED COMMISSION  
Office of Political Adviser (A)

ma

FEB 1 1947

January 30, 1947

To: Chief Commissioner, Allied Commission

Subject: Villa Massimo

With reference to your memorandum 6531/286/EC of January 27, 1947, the United States Embassy perceives no objection to the use of part of Villa Massimo, the former German academy, by part of the Italian Ministry of Foreign Affairs on the understanding that the Villa will be vacated when final agreement on the disposal of German property in Italy has been reached.

*Homer M. Byington, Jr.*

Homer M. Byington, Jr.  
Political Adviser (A)

HMBjr:king

3231

Sept 9

6531/EC

294

British Embassy,

Rome.

FEB 4 1947

10th January, 1947.

My dear Admiral,

In connection with the problem of transfer of responsibility from the Allied Commission to the Embassies, I have had certain enquiries made here into our documents relating to enemy (including German) property.

2. The documents which we have in our possession do not, I feel sure, tell the whole story but it is clear that, so far, this Embassy has not been in any way responsible for handling German (or other enemy) property in Italy.

3. The subject is a difficult one and it seems desirable that the legal basis of action taken by the Allies and the nature of that action itself should, before the Allied Commission disappears, be left on record for the guidance of the Embassies and Governments concerned. I am therefore writing to suggest that you might think it well to have prepared, as soon as possible, a statement dealing with these matters for discussion, if necessary, between the Embassies and the Allied Commission.

4. I may say that quite apart from the administrative responsibility for these assets, important questions of policy may arise in connection with the question of German reparations.

5. The enclosed document summarises certain decisions of which the Embassy has been informed and I send it, not as an authoritative or complete documentation (which it certainly is not) but simply in case it may be of use to your staff in any researches you may instruct them to set on foot.

6. I am sending a copy of this letter to U.S. Chargé d'Affaires and also to General Airey in connection with the scheme which he is preparing for the handover of military responsibilities after the conclusion of the Peace Treaty.

Yours very sincerely,

Forwards

785017

*My dear Admiral,*

In connection with the problem of transfer of responsibility from the Allied Commission to the Embassies, I have had certain enquiries made here into our documents relating to enemy (including German) property.

2. The documents which we have in our possession do not, I feel sure, tell the whole story but it is clear that, so far, this Embassy has not been in any way responsible for handling German (or other enemy) property in Italy.

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Rear Admiral E.W. Stone, USNR,  
Chief Commissioner,  
Allied Commission,  
C.M.F.

*Yours very sincerely,*

*Spalding*

*18/11/45*  
*P/A*

*eso*

NOTES FROM DOCUMENTS REGARDING

ENEMY PROPERTY IN ITALY

(Prepared in the British Embassy)

1. Long Armistice Terms. The long Armistice terms signed on 29th September, 1943, provide as follows:-

28 (C) All property in Italian territory belonging to any such country / any country against which any of the U.S. is carrying on hostilities / or occupied country or its nationals will be impounded and kept in custody pending further instructions.

28 (D) The Italian Government will comply with any instructions given by the Allied Commander-in-Chief concerning the internment, custody, or subsequent disposal, utilisation or employment of any of the above mentioned persons, vessels, aircraft, material or property.

(Note: The Armistice Terms are still in force, but will cease with the operation of the Peace Treaty. The question is: "what then happens to enemy property?")

2. On 13th June, 1945, the Finance Sub-Commission of Allied Commission sent the following circular:-

"15074/3"

SUBJECT: Responsibility for Custody and Control of German Property.

TO: Regional Commissioners, (for AFOS)  
Toscana Region  
Emilia Region  
Piemonte Region  
Liguria Region  
Lombardia Region  
Senior Civil Affairs officers, (for AFOS)  
AMG Five Army  
AMG Eight Army

1. The Allied Financial Agency of Finance Sub-Commission AG shall have exclusive responsibility for the custody and control of all monies, bank accounts, securities, gold and other valuables whatsoever found in areas under Allied Military Government to be considered by Allied Financial Agency to be property of the German State.

2. The Italian Government shall be considered exclusively responsible for the care, custody and control of all other German property in Italy, whether German State property or the private property of German nationals, excepting only such property as is wanted or has been taken by the Allied Armed Forces as booty of

28 (2)

The Italian Government will comply with any instructions given by the Allied Commander-in-Chief concerning the internment, custody, or subsequent disposal, utilization or employment of any of the above mentioned persons, vessels, aircraft, material or property.

(Note: The Armistice Terms are still in force, but will cease with the operation of the Peace Treaty. The question is: "What then happens to enemy property?")

2. On 18th June, 1945, the Finance Sub-Commission of Allied Commission sent the following circular:-

\*15074/F

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3. German property, State and private, enjoying diplomatic immunity and not in the protective custody of a neutral power shall be the responsibility of the Italian Government pending ultimate decision as to the disposition thereof.

./.

4. Please advise interested persons.

By Command of Rear Admiral STUBBS:

(sgd) A.P. Graffray Smith, Brig.  
Joint Director  
Finance Sub-Commission."

Copy to: Economic Section  
Civil Affairs Section  
Each Sub-Commission, HQ AG."

3. On 1st October, 1945, the Allied Commission wrote as follows to Senator Frederico Ricci (then Minister of the Treasury) (Ref. 15,074/P):-

"I am directed by the Combined Chiefs of Staff to inform your Government that you should not take unilateral action against private German property in Italy.

Specific details of any cases of sale or other disposition should be referred to the U.S. and British Embassies for prior consideration.

(sgd.) A.S. Menapace, Colonel.  
Joint Director  
Finance Sub-Commission."

On 12th October, 1945, the Minister of the Treasury replied as follows:-

"To Allied Commission,  
Finance Sub-Commission,  
Rome.

Subject: Disposal of German Private Properties in Italy.

To date this Ministry has not arranged or authorised any sale of property in Italy belonging to German nationals.

Its action has been confined to arranging through the Prefecture, in accordance with the agreements made with the Allied Commission, the sequestration of the said properties or the application of the wartime laws to deposits of cash and securities, and the transfer, in cases provided for in the aforesaid laws, of sums of money in the "Germany" account with the Italian Exchange Office (Banca d'Italia).

As regards German industrial and commercial concerns, the Ministry has likewise confined itself to applying the provisions of the laws listed in circular no. 400148 of the

TAM?  
TAM 694  
12/8/45

Copy to: Economic Section  
Civil Affairs Section  
Each Sub-Commission, HQ AO."

Joint Director  
Finance Sub-Commission."

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As regards German industrial and commercial concerns, the Ministry has likewise confined itself to applying the provisions of the laws listed in circular no. 400148 of the 27th February 1945, which was approved by the Allied Commission (the operations in question are still in progress and extend also to the provinces of Northern Italy, excluding Venezia Giulia, in accordance with memo. no. 18074/P dated 17th July 1945 of the Finance Sub-Commission).

No transfer of business of this kind has been authorised or even examined (as

./.

785017

regards those which before the application of the wartime laws were already in a state of voluntary or legal liquidation, such liquidations will naturally have to continue).

The Ministry has taken careful note of the recommendation contained in the letter under reply, namely that before authorizing sales of property or businesses for any reason, the Embassies of the U.S.A. and England will be informed.

Minister."

Note: There is no trace of any cases of sale or disposition of private German property being referred to the British Embassy, nor is it clear what status the British Embassy could have had in this matter, the Armistice terms still being in force.

Impounded Credits. On March 4th, 1946, Signor de Gasperi wrote to the Chief Commissioner regarding credits impounded from the Germans by the Allied Financial Agency and considered by the latter to be war booty. On 24th October, 1946, the Foreign Office wrote (with reference to Signor de Gasperi's letter) to the British Embassy, Rome, stating that the following instructions had been sent to A.P.H.A. from the Combined Chiefs of Staff, Washington on 23rd September, 1946:-

- "2. Allied Force Headquarters should continue to hold all non-lire property, foreign currencies and related accounts.
3. All lire securities and other lire properties now held in custody should be turned over to the Italian Government against appropriate descriptive receipts and with acknowledgement of Italian Government's responsibility as custodian for these properties.
4. Unless there is objection to specific accounts, all lire accounts of the Allied Financial Agency with the exemption of those mentioned in paragraph 5 below should be turned over to the Italian Government against acknowledgement that the Italian Government will be responsible for any claims arising from such accounts.
5. Lire accounts with corresponding lire counter-value for refunds for military rations consumed by employees or for collections for meals from civilian employees of contractors working for Allied Forces, and sales by Officer Commanding United States Army Contingent RASC should not be turned over.
6. Unless their Italian origin is doubtful, sequestered enemy state and army lire funds should be transferred to the Italian Government; specific acknowledgement of the Italian Government's responsibility as custodian of these assets should be

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Minister."

Note: There is no trace of any cases of sale or disposition of private German property being referred to the British Embassy, nor is it clear what status the British Embassy could have had in this matter, the Amnesty terms still being in force.

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- "2. Allied Force Headquarters should continue to hold all non-lire property foreign currencies and related accounts.
3. All lire securities and other lire properties now held in custody should be turned over to the Italian Government against appropriate descriptive receipts and with acknowledgement of Italian Government's responsibility as custodian for these properties.
4. Unless there is objection to specific accounts, all lire accounts of the Allied Financial Agency with the exemption of those mentioned in paragraph 5 below should be turned over to the Italian Government against acknowledgement that the Italian Government will be responsible for any claims arising from such accounts.
5. Lire accounts with corresponding lire counter-value for refunds for military rations consumed by employees or for collections for meals from civilian employees of contractors working for Allied Forces, and sales by Officer Commanding United States Army Contingent RMAC should not be turned over.
6. Unless their Italian origin is doubtful, sequestered enemy state and army lire funds should be transferred to the Italian Government; specific acknowledgement of the Italian Government's responsibility as custodian of these assets should be obtained.
7. All lire currency not retained to cover the exceptions in paragraph 5 will be handed over to the Italian Government subject to the terms of the currency agreement as set forth in the letter of 27th January, 1945, from the President of the

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Council of Ministers to the Chief Commissioner of the Allied Commission.

8. The War Office and the United States War Department have agreed that their respective military organisations will not present any claims to the Italian Government for any of the accounts which are thus transferred to the Italian Government and have agreed that any such claims will be dealt with inter-governmentally. Similarly, in acknowledging receipt of currency, securities and other property turned over to them, the Italian authorities will be required to waive any claims against the United States Government and His Majesty's Government arising thereunder, except as may be provided in the Peace Treaty.

9. The gold taken at La Portezza will be retained for the time being.

I am, etc."

5. On 21st November, 1946, G.5 Section, A.P.H., sent the following instructions to Allied Commission:-

"(G-5: 942.52P)

1. Reference is made to your letter (Economic Section) 13074/P dated 8 December 1945, and AMHQ reply thereto reference G-5: 386.3 dated 20 December 1945 (Copy attached for easy reference).
2. It has now been decided that funds and materials held by Italian firms which were owing to the Germans at the time of the capitulation will be treated as if they were German property.

3. The Italian Government Agency - UNIT - (Office for the Recovery of German Plants and Materials) - brought into being by the Allied Commission in June 1945, and later absorbed by ARAR in October 1945 - was formed expressly to deal with such property. You should therefore hand over to the Italian Government any matters in this connection which are still outstanding.

4. The AMHQ letter under reference is hereby cancelled.

BY COMMAND OF LIEUTENANT GENERAL MORGAN 3220

(sgd.) A.L. HAMILTON,  
Colonel, G.S.C.,  
Assistant Chief of Staff, G-5."

Note: It is understood that the amounts involved are in the neighbourhood of 80 billions of lire.

6. Captured Enemy Material. There has been correspondence

and have agreed that any such claims will be dealt with inter-governmentally. Similarly, in acknowledging receipt of currency, securities and other property turned over to them, the Italian authorities will be required to waive any claims against the United States Government and His Majesty's Government arising thereunder, except as may be provided in the Peace Treaty.

3. The gold taken at La Portezza will be retained for the time being.

I am, etc."

5. On 21st November, 1946, G.5 Section, A.F.H.A., sent the following instructions to Allied Commission:-

"(G-5: 912.52P)

1. Reference is made to your letter (Economic Section) 13074/F dated 8 December 1945, and AFHQ reply thereto Reference G-5: 386.3 dated 20 December 1945 (Copy attached for easy reference).
2. It has now been decided that funds and materials held by Italian firms which were owing to the Germans at the time of the capitulation will be treated as if they were German property.
3. The Italian Government Agency - URMIT - (Office for the Recovery of German Plants and Materials) - brought into being by the Allied Commission in June 1945, and later absorbed by ARAR in October 1945 - was formed expressly to deal with such property. You should therefore hand over to the Italian Government any matters in this connection which are still outstanding.
4. The AFHQ letter under reference is hereby cancelled.

BY COMMAND OF LIEUTENANT GENERAL MORGAN *3420*

(Sgd.) A.L. HAMBLEN,  
Colonel, G.S.C.,  
Assistant Chief of Staff, G-5."

Note: It is understood that the amounts involved are in the neighbourhood of 60 billions of lire.

6. Captured Enemy Material. There has been correspondence between the Economic Adviser to the British Embassy and Col. Miller, present head of the G.S.M. Sub-Division of the Allied Commission, from which it appears that the Italian organisation ARAR has been handling this material which was transferred to it. Information as to the amount of money obtained and as to the ownership of these sums is clearly necessary.

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7. Italian Colonies. What is the position in regard to German (and other enemy) assets in Italian territory outside Italy?
8. Total Value of the Assets. Is there any estimate of the total value of German (and other enemy) assets in Italy?
9. Paris Conference Decisions. It should be borne in mind that the Final Act of the Paris Conference on reparations which was held in December 1945, contains the following provisions regarding German external assets:-

"Article 6 - German External Assets.

A. Each Signatory Government shall, under such procedures as it may choose, hold or dispose of German enemy assets within its jurisdiction in manners designed to preclude their return to German ownership or control and shall charge against its reparations share such assets (net of accrued taxes, liens, expenses of administration, other in rem charges against specific items and legitimate contract claims against the German former owners of such assets).

B. The Signatory Governments shall give to the Inter-Allied Reparation Agency all information for which it asks as to the value of such assets and the amounts realised from time to time by their liquidation.

. . . . .

E. The German enemy assets to be charged against reparations shares shall include assets which are in reality German enemy assets, despite the fact that the nominal owner of such assets is not a German enemy.

Each Signatory Government shall enact legislation or take other appropriate steps, if it has not already done so, to render null and void all transfers made, after the occupation of its territory or its entry into war, for the fraudulent purpose of cloaking German enemy interests, and thus saving them harmless from the effect of control measures regarding German enemy interests.

F. The Assembly of the Inter-Allied <sup>Reparation</sup> Agency shall set up a Committee of Experts in matters of enemy property custodianship in order to overcome practical difficulties of law and interpretation which may arise. The Committee should in particular guard against schemes which might result in effecting fictitious or other transactions designed to favour enemy interests, or to reduce improperly the amount of assets

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9. Paris Conference Decisions. It should be borne in mind that the Final Act of the Paris Conference on reparations which was held in December 1945, contains the following provisions regarding German external assets:-

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A. Each Signatory Government shall, under such procedures as it may choose, hold or dispose of German enemy assets within its jurisdiction in manners designed to preclude their return to German ownership or control and shall charge against its reparation share such assets (net of accrued taxes, liens, expenses of administration, other in rem charges against specific items and legitimate contract claims against the German former owners of such assets).

B. The Signatory Governments shall give to the Inter-Allied Reparation Agency all information for which it asks as to the value of such assets and the amounts realised from time to time by their liquidation.

. . . . .

E. The German enemy assets to be charged against reparation shares shall include assets which are in reality German enemy assets, despite the fact that the nominal owner of such assets is not a German enemy.

Each Signatory Government shall enact legislation or take other appropriate steps, if it has not already done so, to render null and void all transfers made, after the occupation of its territory or its entry into war, for the fraudulent purpose of cloaking German enemy interests, and thus saving them harmless from the effect of control measures regarding German enemy interests.

F. The Assembly of the Inter-Allied Reparation Agency shall set up a Committee of Experts in matters of enemy property custodianship in order to overcome practical difficulties of law and interpretation which may arise. The Committee should in particular guard against schemes which might result in effecting fictitious or other transactions designed to favour enemy interests, or to reduce improperly the amount of assets which be allocated to reparation.

Article 7 - Captured Supplies.

The value of supplies and other materials susceptible of civilian use captured from the German Armed Forces in areas outside Germany and delivered to Signatory Governments shall be charged against their reparation shares in so far

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- 6 -

as such supplies and materials have not been or are not in the future either paid for or delivered under arrangements precluding any charge. It is recognised that transfers of such supplies and material by the United Kingdom and United States Governments to other Governments are agreed to be subject to such final approval by the legislature of the United Kingdom or the United States of America as may be required."

British Embassy,  
ROME.

January 9th 1947.

3321

292  
BRITISH EMBASSY,  
ROME.

27th January, 1947.

Dear Colonel Hind Smith,

I send you my draft of a record of this morning's meeting. If you approve it will you kindly agree it with the U.S. Embassy?

You will observe that Annex A of the draft minutes is the document which was used at the meeting this morning. As it will be reproduced, I suggest that certain verbal alterations in it might be made in the reproduced copy, as follows:-

1. Para. 3.(c) line 5 - delete "and".
2. Para. 3.(d) line 2 - the last word should read "and by whom?" the words "to whom" being deleted.
3. Para. 3.(e) line 6 - delete the phrase in brackets.
4. Para. 3.(h) line 4 - delete the words "I think".
5. Para. 3.(j) line 1 - for "CFM" read "CEM".
6. Para. 3.(k) line 1 - delete the words "I have the impression that"

If you agree this draft record and the U.S. Embassy also agree it, I presume you will be responsible for circulation to all concerned?

Yours sincerely,

*T. Bunting-Hue*

144  
Lt.Col. M.W. Hind Smith,  
Chief Staff Officer,  
Executive Commissioner's Office,  
Allied Commission, C.M.F.

3223

The meeting arose out of correspondence between the British Ambassador and the Chief Commissioner, and had before it a list of points for discussion (Annex A). The meeting reached the following conclusions in regard to the items in Annex A:-

2 (a) (b) (c) and 3 (a) (b) (c) and (d).

(1) Allied Commission are definitely of opinion that responsibility for holding German statal, para-statal, and private property (except certain German State balances remaining with A.F.A.) has passed to the Italian Government, as trustees for the American and British Embassies (as representing their Governments) to whom the Italian Government are responsible.

(2) The primary authority for the state of affairs described in (1) above is Art. 28 C and D of the long Amnesty Terms (of 29th September, 1943).

Further search should be made for the documents under which transfer of responsibility from the Allied Commission to the Embassies took place.

(4) It would be advisable to approach the Italian Government at an early date (i.e. before the abolition of the Allied Commission) as to these properties. It is for the two Embassies, in agreement, to do this - the French Embassy being advised beforehand. The questions raised in 3 (b) should be put to the Italian Government.

(5) Simultaneously it would be as well for the two Embassies to raise with their Governments the question

between the British Ambassador and the Chief Commissioner, and had before it a list of points for discussion (Annex A).

The meeting reached the following conclusions in regard to the items in Annex A:-

2 (a) (b) (c) and 3 (a) (b) (c) and (d).

(1) Allied Commission are definitely of opinion that responsibility for holding German statal, para-statal, and private property (except certain German State balances remaining with A.R.A.) has passed to the Italian Government, as trustees for the American and British Embassies (as representing their Governments) to whom the Italian Government are responsible.

(2) The primary authority for the state of affairs described in (1) above is Art. 23 C and D of the long Amnesty Terms (of 29th September, 1943).

Further search should be made for the documents under which transfer of responsibility from the Allied Commission to the Embassies took place.

(4) It would be advisable to approach the Italian Government at an early date (i.e. before the abolition of the Allied Commission) as to these properties. It is for the two Embassies, in agreement, to do this - <sup>the French</sup> Embassy being advised beforehand. The questions raised in 3 (b) should be put to the Italian Government.

(5) Simultaneously it would be as well for the two Embassies to raise with their Governments the question whether, under any general Reparations Agreement, the Governments of France and the U.S.S.R. (or indeed any other Allies) are likely to be interested in or have locus for intervention in this matter.

/s(e).....

5 (a). This question of the rendering of account by the Italian Government is one which should be put by the Embassies to their Governments.

5 (x). The position is that A.F.A. <sup>and A.F.A.</sup> ~~refers to~~ A.F.A. and continue to function after the dissolution of Allied Commission. A.F.A. are under instructions to hand over to the Italian Government, as custodians, German State property. It is agreed that there is no objection to this if it is made quite clear that the Italian Government will be in the position of custodians only.

5 (x). This is a hypothetical question and can not be answered now.

5 (h). This question will be referred by the Embassies to their Governments, for answer under the enquiry referred to under (5) above.

5 (i). The answer is the same as for 5 (h) above.

5 (j). The Allied Commission will write to the Embassies on the position of Captured Enemy Materials.

5 (k). This is a matter for the Embassies.

5 (l). Italian colonial territories - A letter has already been sent by the Allied Commission to the British Ambassador on this subject.

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COPY

Ref. 6531/56/EC

1 September 1945

MEMORANDUM to the Ministry for Foreign Affairs, Italian Government.

SUBJECT: German Property.

1. The following points are set out in aplification of the Allied Commission's memoranda 6531/47/EC and 6531/48/EC dated 23 August 1945, addressed to the Swiss Legation and the Ministry for Foreign Affairs respectively and with reference to the memorandum of the Italian Ministry for Foreign Affairs dated 14 June regarding the custody of German State property in Italy, a list of which was enclosed in the Ministry's note Verbale of the 15th May to the Swiss Legation.
2. The Allied Commission has now been authorized to transfer provisional custody of these buildings to the Italian Government on the following conditions:
  - (a) All German archives will first be removed and retained in Allied custody.
  - (b) In accepting provisional custody of these German premises the Italian Government recognises that it is acting purely as a trustee, since the final disposition of German official property will be a matter for decision by the four Powers participating in the control of Germany whether by ~~xxx~~ ad hoc agreement or through the machinery of the Allied Control Council.
  - (b) The Italian Government undertakes to seek the consent of the Allied Commission before putting these buildings to any new use.
3. Should these conditions be acceptable to the Italian Government, it is suggested that formal transfer of the premises from the custody of the Swiss Legation to that of the Allied Commission and from the latter to that of the Italian Government might, as a matter of convenience, be made simultaneously at the Allied Commission, the date and hour to be mutually agreed.
4. A copy of this memorandum is being communicated to the Swiss Legation.

Copy to: Polad (A)  
Polad (B)  
C.A. Sec.  
Swiss Legation

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

COPY

HEADQUARTERS ALLIED COMMISSION

AEO 394

Finance Sub-Commission

MEMORANDUM

4th September 1945

Subject: German Diplomatic Property.

1. A meeting was held at 1100 hrs 4 September 1945, in Room 39, Allied Commission, H.Q., Rome, Italy, which was attended by the following:

Colonel Menapace  
Dr. Carlo Sommaruga

Dr. Guido Riva  
Mr. A.S. Halford  
Mr. Pierluigi la Terza

Marchese Cittadini  
Lt. Col. E.C. King  
Major B.E.L. Timmons

(in the chair) Finance Sub-commission  
Chief of Foreign Interest Section of  
the Swiss Legation.  
Attache of the Swiss Legation  
Assistant Political Adviser (B) A.C.  
Counsellor of Legation, Italian  
Ministry of Foreign Affairs.  
Ministry of Foreign Affairs  
Property Control Division  
Executive Officer, Finance Sub-commiss.

2. Lt. Col. King accepted on behalf of the Allied Commission the properties named in Annex "A" which Dr. Sommaruga had been authorized by his Government to hand over to the Allied Commission. Lt. Col. King then tendered the properties named in Annex "A" to the Italian Government, acting as trustee for the American, British, Russian and French Governments, on the conditions set out in para 2 of Allied Commission's memorandum, to the Italian Ministry of Foreign Affairs, no. 6534/56/EC of 1 September 1945, copy attached hereto as Annex "B".

Joint Director  
Finance Sub-Commission

Distribution

Those named in para 1  
Executive Commissioner  
ROLAN (A)

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

785017

286

Ref. : 6531/286/20

27 January 1946

SUBJECT: German State Property in Italy.

TO : U.S. Embassy  
Rome.

British Embassy  
Rome.

French Embassy  
Rome.

285

The Italian Ministry of Foreign Affairs have requested permission for the use of the Villa Massimo, the former German Academy, by the part of that Ministry on the understanding that the Villa will be vacated when final agreement on the disposal of German property in Italy has been reached and your authorization in this matter is requested, please.

A similar request has been addressed to the other interested Embassies in Rome.

The Italian Government further request that this matter might be treated as urgent.

FOR THE CHIEF COMMISSIONER:

AW. KNISELY  
Brigadier,  
Executive Commissioner.

See LACAB/6531/1/00

LACAB/6531/00 f6 refers

See LACAB 6531/1/00 3219

REPUBBLICA ITALIANA

*Ministero degli Affari Esteri*  
D.G.A.P. - Uff. V° -

16/ 01946

MEMORANDUM FOR THE ALLIED COMMISSION

With reference to paragraph c) of memorandum 6531/  
56/EC dated September 1st, 1945, the Ministry of Foreign  
Affairs requests the consent of the Allied Commission in  
order that some departments of this Ministry (Dir.Gen. per  
le rel. cult.) be allowed to occupy Villa Massimo (the for-  
mer German Academy), with the understanding, of course, that  
the villa will be vacated the moment that a final agreement  
regulating the ex-enemy properties in Italy be reached. -

Rome,

22 GEN 1947

*Sped 286*



*See uncom/554/14/10*

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

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D.G.A.P. - Off. Vo -

MEMORANDUM FOR THE ALLIED COMMISSION

F 54  
Vol. II

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the villa will be vacated the moment that a final agreement  
regulating the ex-enemy properties in Italy be reached. -

Rome,  
22 GEN 1947  
Seri 286



Luc Lorenzini 1/1/47

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REPUBBLICA ITALIANA

*Ministero degli Affari Esteri*

D.G.A.P. - V

n/15

01946

APPUNTO PER LA COMMISSIONE ALLEATA

In relazione al Memorandum 6531/56/EC del 1° Settembre 1945, punto c), il Ministero degli Affari Esteri chiede l'assenso della Commissione Alleata perchè possa venire occupata da parte di alcuni uffici del Ministero stesso (Dir. Gen. per le Relazioni Culturali) la Villa Massimo (ex Accademia Tedesca) con l'intesa che naturalmente la Villa suddetta verrà lasciata libera all'atto del regolamento definitivo dei beni nemici in Italia.

Roma, li 22 GEN 1947



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

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

Ref. : 6531/283/20

25 January 1947

SUBJECT: German Property in Italy.

TO : U.S. Charge d'Affaires  
U.S. Embassy  
Rome.

The Economic Advisor  
British Embassy  
Rome.

Reference is made to this Commission's letter no. 6531/20 dated 24 January 47 on this subject.

I enclose four copies of the proposed agenda for the meeting to be held at 1030 hrs Monday, 27 January 47 for use by your representatives.

FOR THE CHIEF COMMISSIONER:

W. W. Haisley

Brigadier,  
Executive Commissioner.

Copy to: Legal Div. Attn: Lt. Col. HANNAFORD  
AFA

3216

ENEMY PROPERTY IN ITALY AND ITALIAN  
TERRITORIES

Note of questions requiring consideration at discussion with the Allied  
Commission on Jan. 27th, 1947.

German Private Property. The Chief Commissioner states in his letter of 21st January 1947 (6531/272/ED) to the British Ambassador that "since receipt of EMN 583 in July 1945 it has always been assumed by this Commission that the handling of German (or other enemy) property in Italy was part of the Economic Warfare programme envisaged in para. 2B of EMN 583 and as such fell within the sphere of the two Embassies".

There however appears to be nothing in EMN 583 which specifically deals with the control of German or other enemy private property in Italy or instructs the Allied Commission to transfer title to or trusteeship of such property to anyone else. Nor is any mention made of enemy property as such in the letter of 18th July to Signor Parri. All that EMN 583 2b and the letter to Signor Parri require (in this respect) is that the Italian Government should "adopt measures in support of the economic warfare objectives of the Allied Government". Reference is also made to the details of an economic warfare programme which were to be communicated to the Italian Government in the near future by the British and American Embassies in Rome, and it was stated that the representatives of the Italian Government should work with the two Embassies in the development and implementation of this programme.

2. If these documents do not (and it appears they do not) deal specifically with the questions of control over German and other enemy private property in Italy, the following questions remain:-

- (a) Who is the present holder of German and other enemy property in Italy and Italian possessions?
- (b) Under what title is this property held?
- (c) What steps were taken by the Allied Authorities under Art. 28D of the Armistice Terms of 23rd September 1943 which binds the Italian Government to comply with instructions regarding enemy property?

3. If, as is understood, German and other enemy private property was vested in the Italian Government as Trustees, the following questions arise:-

- (a) Was this done under Art. 28D of the Armistice Terms, and if so by what document?
- (b) What is the value of this property and are there any lists of its nature and situation?
- (c) When the Allied Commission is dissolved, what steps should be taken and by whom to assert or resume control over such property? Alternatively if subordinate control is left with the Italian Government (as now) who should communicate to the Italian Government the fact that over-riding and control will continue?

- (d) To whom is control of these properties to be transferred when the Allied Commission is dissolved - by whom and to whom?
- (e) Considering that sooner or later the Italian Government will have to render account of their administration of German and other enemy property to whom and when should such account be rendered? (Allied Commission, G5, Embassies).
- (f) German state and parastatal properties. In accordance with standing instructions AFA should turn over to the Italian Government in custody all liquid and other German statal assets. Should this transfer take place now or should it be postponed? If it is postponed what will the position of AFA be when the Allied Commission is dissolved?
- (g) As soon as the Peace Treaty is signed, the Italians will realize that they may not receive any of the German assets in this country. It is therefore probable that they will decline to continue with the custody and administration of German property which they had agreed to undertake under Art. 27 and 28 of the Armistice terms. It is therefore important that some Allied agency be constituted to take over the functions assumed to date by the Italian Government. (Under Art. 67 of the Peace Treaty Italy will only agree to facilitate the transfer of German assets in Italy).
- (h) It will be also important to know very soon what part if any in the liquidation of German assets in Italy the Allied reparation agency in Brussels is going to play and how they propose to play it. I think it will be advisable for both British and American Embassies to seek guidance from their governments in this respect.
- (i) On the other hand, the disposal and eventual liquidation of German assets in Italy may be directed by the Allied Control Commission in Berlin. Through what channels?
- (j) What will be the position of CPM after the Peace Treaty is signed? Will it be treated as an ordinary German asset or have a status of its own?
- (k) I have the impression that the activities of certain Italian sequestrators may have to be seriously investigated when the time comes. Who will be responsible for such investigation? How can we force the Italian Government to play?
- (l) Italian colonial territories. Who will be responsible for advising the Administration in these territories on economic and financial matters? Under what authority will this responsibility be transferred?

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

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HEADQUARTERS ALLIED COMMISSION

A P O 794

Office of the Executive Commissioner

281

Ref: 6931/281/33

24 January 1947

SUBJECT: German Property in Italy.

TO : The Economic Adviser,  
British Embassy,  
Rome.

274

Reference is made to the Chief Commissioner's letter  
No. 6931/279/33 dated 21 January 1947 addressed to Sir Noel  
Charles.

A meeting will be held at 1030 hrs on Monday 27 January  
1947 in the office of the Executive Commissioner, this Commission.

It is understood that an agenda is being prepared in  
your office and it is hoped that copies will be available in  
time to make a distribution before that date.

FOR THE CHIEF COMMISSIONER:

A. K. Smith.  
Brigadier,  
Executive Commissioner.

Copy to: Legal Div: attn Lt. Col. Harnford  
APA

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

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HEADQUARTERS ALLIED COMMIS N

A P O 794

Office of the Executive Commissioner

280

Ref: 6531/280/33

24 January 1947

SUBJECT: German Property in Italy.

TO : The Charge d'Affaires,  
U.S. Embassy,  
Rome.

279

Reference is made to the Chief Commissioner's letter No. 6531/279/33 dated 21 January 1947 addressed to Sir Noel Charles, with a copy to you.

A meeting will be held at 1030 hrs on Monday 27 January 1947 in the office of the Executive Commissioner, this Commission.

An agenda is being prepared and it is hoped to forward a copy at an early date.

FOR THE CHIEF COMMISSIONER:

Brigadier,  
Executive Commissioner.

Copy to: Legal Div: attn Lt. Col. Hannaford  
APA

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Ref: 62/ED/12

SECRET

JANUARY 1947

I refer to your letter of the 10th January 1947, on the subject of the responsibility for the handling of German (or other enemy) property in Italy.

A study of this question by this Commission shows it appears that the Allied Commission has been clear of all its responsibilities in the matter.

In this connection I refer to TAI 583 of the 3rd July 1945 and my letter 13044/P of the 15th July 1945 addressed to Professor Riccardo Lombi who was the Prime Minister at that time. Copies of that letter were sent to the British and American Ambassadors in Rome, and copies of both communications are enclosed herewith.

Since receipt of TAI 583 in July 1945, it has always been assumed by this Commission that the handling of German (or other enemy) property in Italy was part of the Economic Warfare programme envisaged in para. 25 of TAI 583, and as such fell within the sphere of the two Subcommittees. This was notified to the British Embassy in Rome by the Commission's letter 13074/P of 10th September 1945 addressed to Sir Richard Hocking, Commercial Minister. In this connection, under para. 6 of my letter to the Prime Minister dated 15th July 1945 it was stated that the British and American Ambassadors in Rome were communicating to the Italian Government the details of the Economic Warfare programme to be adopted, and the Italian Government were called upon to work with the two Subcommittees in the development and implementation of the programme.

There is nothing in the records of this Commission to show that the two Subcommittees did not accept the responsibility set out in para. 25 of TAI 583 of the 3rd July 1945 or that such responsibility has, in any measure, been re-assumed by, or re-allocated to this Commission.

The Allied Financial Agency, on the other hand, has retained control over German (or other enemy) Italian and post Italian funds in accordance with TAI 653 of 8th August 1945 which was in answer to MAT 704 asking for specific disposal instructions for such funds.

I feel that this information may not fully meet your requirements, and it is therefore proposed to hold a meeting with representatives of the American and British Subcommittees at an early date in order to endeavour fully to clarify the situation.

See 280781

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I am sending copies of this letter to the U.S. Charge d'Affaires  
and also to Major General Alroy.

FELIX W. STONE

WILLIAM W. STONE  
Senior Advisor, USIA  
Chief Counselor.

Sir Noel Gordon Bt., K.C.M.G., M.C.,  
British Embassy,  
Rome.

Copies to: U.S. Charge d'Affaires  
Chief of Staff A.P.H.O.  
Legal Div.  
AM

3211

FILED : 0319352  
ROUTINE

SECRET

AFSC N 313/04  
hhh

FROM : AGWAR FROM THE COMBINED CHIEFS OF STAFF

TO: AFHQ TO ALEXANDER FOR ACTION, TO SHAET FRANKFURT FOR  
BISCHHOFFER AND TO AMSSO FOR BRITISH CHIEFS OF STAFF  
FOR INFORMATION

REF: NO. THIS MESSAGE: ME-26107, 3 OCT 1944

This message is NOT S5

1. In order further to implement the joint declaration of the President and the Prime Minister respecting Italy of 26 September 1944, you should take action as rapidly as possible in conformity with the following paragraphs, which supplement the Directive contained in FAN 487.

#### CONTROL OF ITALIAN EXTERNAL ASSETS AND EXTERNAL TRANSACTIONS

2. The requirements that the Allied Commission approve Italian external financial transactions prior to their execution will be suspended. The Italian Government will be required, as a condition to the relaxation of such control, to keep the Allied Commission currently informed in such detail as the commission shall find necessary of the status of Italian external assets and of Italian external financial transactions. In conjunction with this action, you will inform the Italian Government that it will be expected to take the following steps:

A. To establish and maintain an effective foreign exchange control agency.

B. To adopt measures in support of the economic warfare objectives of the Allied Governments.

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A program for the development of the necessary measures shall be worked out by the Italian Government with the British and American Embassies in Rome. The Allied Commission will fur-

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AFSC N 313/0A

REF. NO. WX-26167

1. nish all possible assistance to the two embassies in this connection.

You will further inform the Italian Government that failure to take the steps specified above within a reasonable period of time will result in the reimposition of prior control by the Allied Governments through the instrumentality of the Allied Commission.

3. You should request the Italian Government to consult with the Allied Commission before authorizing the use of Italian external assets for the purpose of paying claims arising prior to 8 September 1943. All questions of this nature should be referred to the Combined Chiefs of Staff for guidance.

4. The supervision exercised by the Allied Commission over the budgets of Italian diplomatic missions in neutral countries will be suspended (reference TAM 576).

5. As soon as the Italian Government gives assurance that it assumes responsibility for ensuring that payments will NOT be made to undesirable persons, screening and control by the Allied Commission of outpayments for remittances from foreign countries will be suspended. Remittances to ITALY from neutral countries should continue to be channelled through banks in the UNITED STATES or the UNITED KINGDOM until the measures referred to in Paragraph 2B are taken by the Italian Government.

6. The Allied Commission will suspend supervision and approval of arrangements concluded by the Italian Government with Allied and neutral countries concerning the financing of foreign trade, except it may be required to ensure that proceeds of export sales will be available for the purposes specified in TAM 136 and for meeting other essential Italian expenditures. (See also Paragraph 3 above.) This directive is NOT to be construed as altering the policies laid down in TAM 456 with respect to Italian export trade.

7. The Allied Commission will report to Allied Force Headquarters and will keep the Embassies of the UNITED STATES and the UNITED KINGDOM informed concerning any external financial transaction undertaken or permitted by the Italian Government, or the existence of any policies or conditions respecting Italian external finances, which it deems prejudicial to the interest of the UNITED NATIONS, together with

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

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its recommendations for remedial measures. In any such case, you may take such action as you deem necessary in order to protect the interests of the UNITED NATIONS. You should report to the Combined Chiefs of Staff any action you may take in this regard. You should consult the Combined Chiefs of Staff before ordering the reimposition of any prior controls over Italian external transactions.

8. The relaxation of controls over Italian external assets is NOT to be construed to prejudice the rights of the Allied Governments under the armistice terms with respect to Italian foreign assets NOR to prejudice or affect the status of Italian property in Allied countries which has been subjected to exceptional war measures such as sequestration, vesting, and freezing.

RESPONSIBILITY OF ITALIAN GOVERNMENT AND  
ALLIED COMMISSION FOR INTERNAL FINANCES

9. The Allied Commission will confine its intervention in Italian fiscal matters and other internal financial affairs to cases involving Allied military necessity. The Allied Commission should advise and assist the Italian Government on financial matters in respect of Italian Government territory only when requested by the Italian Government and should give such advice and assistance at high levels.

10. A. Full information will be made available to the Italian Government concerning the volume of Allied military currency issued by the Allied Forces in ITALY, the purposes for which such currency has been expended, the amounts expended for particular purposes, and other Allied financial operations in ITALY, except as it may be necessary to withhold such information on grounds of military security. The books and other records of the Allied Financial Agency and of other Allied agencies must NOT be released to the Italian Government, however, except as specifically authorized by the Combined Chiefs of Staff.

B. You should report to Combined Chiefs of Staff the action which has been taken pursuant Paragraph 2 of TCM 331 of 26 October 1944, on the subject of informing

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the Italian government regarding amounts of Allied military lire issued.

#### ALLIED FINANCIAL AGENCY

11. All functions performed by Allied Financial Agency with reference to territory which has been returned to the Italian government should be promptly terminated except as may be required under paragraph 17 below. This involves, amongst others, the following steps which it is understood have been or are being taken:

A. Cessation of provision of lire for purchase of goods for export (TAM 456) except in any case where the Italian government is unwilling to procure supplies covered by paragraph 2 of TAM 456 and the Allied Commander has to ensure that the supplies nevertheless come forward.

B. Cessation of advances to banks of lire for payment of remittances.

C. Cessation of collection of payment in lire for civilian supplies turned over to the Italians. There is no objection to such collection where necessary in Allied military government territory.

#### ALLIED MILITARY LIRE CURRENCY

12. You should inform the Italian government that the respective Allied governments concerned will take replies directly to the Italian government through diplomatic channels, relative to the request of the Italian government for reimbursement in foreign exchange for Allied military lire issued and the value of requisitions made by the Allied Military Forces in ITALY. This request was contained in memorandum of the Italian government of 9 January 1945 to the Allied Commission and transmitted to the Combined Chiefs of Staff under cover of letter from Allied Force Headquarters, dated 26 February 1945, subject: Financial proposals by the Italian government.

13. After you have been notified by the American and British embassies in ROME that the UNITED STATES and UNITED KINGDOM governments have replied to the Italian government memorandum of 9 January 1945, you should inform the Italian government that the Allied governments are prepared to accede

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AFHQ MESSAGE CENTER

INCOMING MESSAGE

SECRET

AFSC N 313/04

Ref.No. WX-26167

to its request that all lire currency issues be unified under the authority of the Italian Government. This request was addressed by the Quintieri-Mattioli Economic Mission to the UNITED STATES government and referred by the UNITED STATES government to the Combined Chiefs of Staff. In order to implement this decision, you are authorized to enter into an agreement with the Italian government under which:

A. The Italian government, or an Italian agency designated by it will be recognised as the issuing authority of Allied Military lire, including such lire now in circulation.

B. Future currency needs of the Allied Forces in ITALY will be met with currency issued by the Italian Government or its designated agency. Pending the time when the Italian government or its agency is able to acquire sufficient currency of its own design, you should make available to the Italian government Allied Military lire in such amounts as are required to meet the needs of the Allied Forces in ITALY. You will obtain supplies of Allied Military lire by requisition as heretofore.

14. Under the agreement to be concluded under paragraph 13, the Italian Government should undertake:

A. To supply such lire currency and credits as may be required by the Allied military forces.

B. As a supplement to Italian requisitioning procedures, to establish a lira account on which the Allied Forces could draw for the purpose of making cash payments for local supplies, services and facilities. Use should be made of this account only where resort to Italian requisitioning procedures is not feasible or where the Italian government fails satisfactorily to meet requisitions by the Allied Forces (MAT 353).

C. To reimburse the UNITED STATES and UNITED KINGDOM governments currently for the cost of printing and transporting currency made available by you to the Italian government after the effective date of the agreement in accordance with the provisions of paragraph 13 above. It should be understood by the Italian government that these arrangements are without prejudice to any claim by the 2 governments for

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AFSC N 313/04

REF NO. WX-26167

reimbursement for the cost of printing and transporting currency issued by the Allied Forces prior to the agreement.

So long as Allied Forces use Allied military lire rather than Italian government lire, it will not be necessary to make an actual physical transfer to the Italian government of Allied military lire which are to be used by the Allied Forces. However, in order that the Italian Government may be fully and currently informed of the lire issued on its behalf, records of all such issues should be kept on a basis to be agreed upon with the Italian government. In addition to the Allied military currency which you will make available to the Italian government, you may maintain a reserve of unissued Allied military lire to meet emergencies.

15. You will reserve the right in the event adequate quantities of lira currency are not made available to you by the Italian government at any time, to issue Allied military currency or to use any other currency which you may deem desirable.

16. If the Italian government makes any request for compensation or proposes any intergovernmental settlement in connection with the arrangements envisaged in paragraphs 13 and 14 above, you should inform the Italian government that such questions should be taken up by it directly with the Allied governments concerned.

17. So long as the combined command continues in ITALY, you should maintain a combined agency responsible for receiving the currency needed by Allied forces, for distributing such currency to the Allied forces in all parts of ITALY and for maintaining necessary records. Whether these functions should be carried on in the Allied Commission or at HEADQUARTERS level is primarily your responsibility (reference paragraph 1)C and D of MAT 554.

#### RELATION OF THIS DIRECTIVE TO OTHER INSTRUCTIONS

18. The general policy in FAN 487 will be understood to apply to financial matters. Reference is made in particular to paragraph 2B, 2C, 2D, 2E, 3A, 3C, and 7A of FAN 487.

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

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AFSC N 313/04

REF. NO. WX-26187

19. Previous instructions on financial matters which are inconsistent with this directive (such as certain parts of TAM airgram 24) are to be regarded as superseded. Such instructions should be carried out in keeping with the spirit of TAN 487 and this directive.

20. Until further progress is made by the Italian government in the defascistization and control of Italian insurance companies, you should request the Italian government to instruct the Italian Exchange Control authorities to consult with the Allied Commission before authorizing any external financial transactions undertaken by Italian Insurance Companies or involving the foreign branches or subsidiaries of such companies. Pending the receipt of further instructions, the Allied Commission and Allied Military Government should continue to be guided by the provisions of TAM 417 in dealing with insurance companies. With the development of the program outlined in paragraph 2B above, the controls by the Allied Commission over insurance should be relaxed gradually and integrated with those developed by the Italian government in cooperation with the British and American Embassies.

21. This directive does NOT relate to the matter of Allied property in ITALY (reference paragraph 4E of MAT 554 and TAM 551)

NOTE : TAN 487 WX 29633 MC IN 23763 13/1/45 G-5  
TAM 576 W-35940 MC IN 15990 22/5/45 G-5  
TAM 136 7895 MC IN 13925 23/1/44 G-5  
TAM 456 WX 34894 MC IN 7170 10/2/45 G-5  
TAM 351 TX 54423 MC IN 22428 30/10/44 G-5  
MAT 353 IS FX 37798 MC OUT 3 6 21 12/10/44 G-5  
MAT 554 FX 33055 MC OUT 9167 24/2/45 G-5  
TAM 417 WX 88446 MC IN 5290 8/1/45 G-5  
TAM 551 W 77781 MC IN 4019 6/5/45 G-5

ACTION : G-5

INFORMATION G-4 RESMIN G-4 (B) US POLAD  
FA (B) FISC DE CAO SACS  
G-3 C/S NTO MAAP CINC MLD  
USH ++

MC IN 2094 4 July 45 1420B Ref No WX 26187 320/GB

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

785017

13242/P

18 July 1946

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My dear Mr. Prime Minister:

1. I write with reference to the Aide-Memoire of 24 February, 1945, which was communicated by the Acting President and the Chief Commissioner of the Allied Commission to the President of the Council of Ministers, outlining certain steps taken by the Allied Governments to hand over an increasing measure of control to Italian administration.
2. In order to implement further the declaration of 26 September, 1944, by the President of the United States and the Prime Minister of Great Britain regarding Italy, I am now directed by the Combined Chiefs of Staff to inform your Government that the intervention of the Allied Commission in Italian fiscal matters and other internal financial affairs will in future be confined to cases involving Allied military necessity. The Allied Commission will assist or advise your Government on financial matters in territory under your jurisdiction only when your Government specifically requests such advice or assistance, which will be given at a high level between the senior officers of this Commission and appropriate officials of your Government.
3. I am further directed by the Combined Chiefs of Staff to inform your Government that, subject to certain exceptions and conditions which are indicated below, it is no longer necessary to obtain the approval of the Allied Commission prior to the execution of Italian external financial transactions.
4. The exceptions to this general rule are as follows:
  - (a) the Italian Government is requested to consult with the Allied Commission before authorizing the use of Italian external assets for the purpose of paying claims arising prior to 8 September, 1943. Thus all questions relating to the settlement of Italian clearing accounts should be discussed with this Commission before any action is taken.
  - (b) the Italian Government is requested to direct its exchange control and other appropriate authorities to consult with the Allied Commission before authorizing any external financial transactions undertaken by Italian insurance companies or involving the foreign branches or subsidiaries of such companies.

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

5. The Combined Chiefs of Staff have stated that as a condition of the relaxation of Allied control over Italian external financial transactions, the Italian Government is required to keep the Allied Commission fully informed as to the status of Italian external assets and of Italian external financial transactions. It is therefore requested that your Government:

(a) keep the Allied Commission fully advised as to the policies that may be adopted by the Italian Government, or any agency or committee thereof (including the Banca d'Italia), regarding the utilization and control of Italian external assets. You may find it desirable to consult with the Allied Commission before authorizing new policies or types of transactions, in order that no conditions may arise that might be prejudicial to the interests of the United Nations.

(b) submit fortnightly reports in triplicate to the Allied Commission listing all external financial transactions permitted or undertaken by the Italian Government during the period covered by the report, indicating the names of all parties to the transactions, a detailed statement of the nature and purpose of the transaction, the amount thereof, the currencies involved, the rates of exchange utilized, and any other relevant information.

6. In conjunction with the relaxation of control indicated in this letter, the Combined Chiefs of Staff have directed me to inform your Government that it will be expected to take the following steps:

(a) to establish and maintain an effective foreign exchange control agency

(b) to adopt measures in support of the economic warfare objectives of the Allied Governments.

The details of the economic warfare programme are to be communicated to your Government in the near future by the British and American Embassies in Rome, and it is expected that representatives of your Government will work with the two Embassies in the development and implementation of this programme. I am further directed to inform your Government that failure to take the steps specified in (a) and (b) of this paragraph within a reasonable period of time will result in the reimposition of prior control of Italian external transactions by the Allied Governments through the instrumentality of the Allied Commission. I should be grateful if you would keep me as closely informed as possible of your <sup>330</sup>progress in the development of the programme requested by the Allied Governments.

7. I would also request that you give assurances that you assume responsibility for ensuring that remittance payments are not made to undesirable persons in Italy.

8. The Combined Chiefs of Staff have also instructed that remittances to Italy from neutral countries are to continue to be channelled through banks in the U.S. and U.K. until the measures in support of the economic warfare objectives of the Allied Governments are taken.

9. The Allied Commission has, as part of the general suspension outlined in the third paragraph of this letter, suspended the supervision and control of arrangements concluded by the Italian Government with Allied and neutral countries concerning the financing of foreign trade, except that your Government is required to ensure that the proceeds of export sales will be made available for the purpose of making essential payments arising from import needs of Italy, Italian diplomatic, consular, or military expenditure, maintenance of the Italian merchant marine, and similar expenditure.

10. Finally, I am directed to state that the relaxation of control of Italian external assets is not to be construed as affecting the rights of the Allied Governments under the Armistice Terms with respect to Italian foreign assets, nor to prejudice or affect the status of Italian property in Allied countries which has been subjected to exceptional war measures, such as sequestration, vesting, and freezing.

11. Our supplementary financial directive from the Combined Chiefs of Staff deals with certain other matters relating to Allied Military Lire currency and other Allied financial operations in Italy. Clarification of certain points is awaited and I shall communicate with you further as soon as possible.

Yours very truly,

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

Professor Ferruccio Parri,  
The President of the Council of Ministers,  
Italian Government,  
Rome

Distribution:

Hon. Alexander Kirk,  
American Embassy, Rome  
Sir Noel Charles,  
British Embassy, Rome  
Executive Commissioner  
Political Advisor (A)  
Political Advisor (B)  
Acting Vice President, Economic Section  
G-5 Section (Financial Advisor), AFHQ

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CONFIDENTIAL

HEADQUARTERS ALLIED COMMISSION  
APO 394  
FINANCE SUB-COMMISSION

248  
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13074/F

19 September 1945

Sir Richard Hosworthy  
Commercial Minister  
British Embassy, ROME

Dear Sir Richard:

In re: German Property

We are enclosing copy of letter written by Chief, Property Control Division to Joint Directors, Finance Sub-Commission, AC, on 16 July 1945 and copy of our reply. The letters are self-explanatory.

We wish to suggest, however, that there should be close supervision of the activities of the Italian Government with respect to German State and private property with a view to preventing a) any discrimination between or against nationals of the U.S. or U.K. in the sale of sequestered properties, and b) any undesirable expansion or growth of German commercial or industrial concerns in Italy.

We call your particular attention to the Siemens Company and its subsidiary Orlap where, we had been told, the former Italian management, closely allied to German interests, is endeavoring to stay in power by having a sequestrator or receiver friendly to such interests placed in control of the company.

For the Chief Commissioner,

sgd. R. S. Manapace, Col.

Joint Director  
Finance Sub-Commission

Encl. 2

Copy to: Finance S/C Day File  
" Subject File  
" Fleet File  
Economic Section, Finance S/C  
Property Control Division

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HEADQUARTERS ALLIED COMMISSION  
APO 394  
FINANCE SUB-COMMISSION

247  
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13074/F

17 July 1945

SUBJECT: German State and Private Property in Italy

TO : Chief, Property Control Division

1. Reference your AC/C38/CP of 16 July.
2. Actions of the Italian Government in sequestering and disposing of German property now fall within the sphere of the two Embassies, as part of the economic warfare program envisaged in para 2 B of EAM 585. Accordingly all relevant enquiries should be referred to the Embassies.

sgd. R. B. Menapace

Joint Director  
Finance Sub-Commission

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HEADQUARTERS ALLIED COMMISSION  
APO 394  
FINANCE SUB-COMMISSION

13074/F

17 July 1945

SUBJECT: German State and Private Property in Italy  
TO : Chief, Property Control Division

1. Reference your AC/038/CP of 16 July.
2. Actions of the Italian Government in sequestering and disposing of German property now fall within the sphere of the two Embassies, as part of the economic warfare program envisaged in para 2 B of FAN 583. Accordingly all relevant enquiries should be referred to the Embassies.

sgd. R. B. Menapace

Joint Director  
Finance Sub-Commission

*Handwritten: Forward Embassy*

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HEADQUARTERS ALLIED COMMISSION

AGO 334

FINANCE SUB-COMMISSION

Property Control Division

Tel. 471367

AC/038/CP

13 July 1945

Subject: German State and Private Property in Italy

To : Joint Directors, Finance Sub-Commission  
(Attn: Brigadier Grafton-Smith)

1. Reference your 13074/P of 13 June 1945.

2. From time to time we have received enquiries from persons interested in the eventual disposition of German property in Italy. Siemens S.A. is a case in point. The International Telephone and Telegraph Company has asked when and how and under what Allied supervision, if any, the assets of this German firm will be disposed of. When a representative of I T & T spoke to Dadone of the Treasury about the matter, Comm. Dadone referred him to Property Control.

3. It is our understanding that we no longer have any responsibility whatever with respect to any German property, but it does seem that some Allied agency (not Property Control) should maintain liaison with the Italian Government respecting German property and also perhaps Austrian and Hungarian property. If there is any Japanese or Thailand property, and I understand there is some of the latter, it should fall in the same category.

4. It is my impression that Comm. Dadone thinks that the Italian Government cannot dispose of sequestered German property without the approval of AG, but is also under the impression that such approval would come from Property Control Division, which certainly is not the case.

5. Again I suggest that some department of AG, perhaps the Political Advisers, should enquire into the situation in order to ascertain whether or not such German and other enemy properties are being handled in a manner satisfactory to the Allied Governments."

sgd. EDWARD C. KING  
Lt. Col., Spec. Res.  
Chief, Property Control Division  
Finance Sub-Commission

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

SECRET

ROUTINE

FROM : AGWAR from GOS of the CCAC.  
TO : AFHQ for Alexander for G-5; Info Cabinet Offices  
REF. NO : W-71017, dated 28 September 1945.  
This is TAM 694.

Refer FX-40442, MAT 894, 2 September 1945.

Disposal of German private property in ITALY.

Italian Government should not be permitted to take unilateral action against private German property but should be required to refer specific cases of sale or other disposition to Allied authorities.

PARAPHRASE UNNECESSARY

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Ex-Comm.

Legal opinion On file 268

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17/1/47

Following this morning's meeting I saw Sir Quentin Hill who promised to let me have his file on the subject as soon as he could lay his hands on it. *(I have since received it)*  
In any case I think it would be advisable to call up an early meeting between AC and the representatives of both the American and British Embassies to clarify, if possible, some of the following problems.

- a. Who has authority to transfer the liability of controlling the Italian Government's administration of German assets from AC or G-5 to the Embassies? *AFHE ~ CCS ?*
- b. Considering that sooner or later the Italian Government will have to render account of their administration of German property in this country, to whom and when should such account be rendered. *(Allied Commission, G-5, Embassies)*
- c. In accordance with standing instructions, APA should turn over to the Italian Government in custody all liquid and other German metal assets. It might be open to question whether this transfer should take place or not, considering that within a very short time the Italian Government ~~may~~ have to transfer all German assets to some Allied agency or other.
- d. As soon as the Peace Treaty is signed, the Italians will realize that they may not receive any of the German assets in this country. It is therefore probable that they will decline to continue with the custody and administration of German property which they had agreed to undertake under Art 27 and 28 of the Armistice terms. It is therefore important that some Allied agency be constituted to take over the functions assumed to date by the Italian Government. *(Under Art. 67)*

*AW*

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of the Peace Treaty Italy will only agree to facilitate the transfer of German assets in Italy).

- e. It will be also important to know very soon what part if any/<sup>in</sup> the liquidation of German assets in Italy the Allied reparation agency in Brussels is going to play and how they propose to play it. I think it will be advisable for both British and American Embassies to seek guidance from their governments in this respect.
- f. On the other hand, the disposal and eventual liquidation of German assets in Italy may be directed by the Allied Control Commission in Berlin. Through what channels?
- g. What will be the position of GEM after the Peace Treaty is signed? Will it be treated as an ordinary German asset or have a status of its own?
- h. I have the impression that the activities of certain Italian <sup>sequestrators</sup> ~~separatists~~ may have to be seriously investigated when the time comes. Who will be responsible for such investigation? How can we force the Italian Government to play?

There are no doubt many other questions entailed, but I believe that these few points may very well form the agenda of a preliminary meeting.

G. G. HANNAFORD

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ALLIED FORCE HEADQUARTERS  
G-5 Section  
APC 512

G-5: 912.51

15 January 1947

SUBJECT: German Real Estate

TO : Chief Commissioner  
Allied Commission  
APC 512

190 (Vol II) 212

Reference letter AG/386.3 GEG-O, AFHQ dated 18 June 1946 and your 6531/6/EC dated 1 May 1946.

1. Your attention is invited to para 3, letter of Allied Control Authority, German External Property Commission, copy of which is attached.

2. It is desired that the information requested in para 4 of inclosed letter be forwarded to the German External Property Commission with a copy to this Headquarters.

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3. Can you please say if other than items 2 and 5 of Appendix "A" to letter AG/386.3 GEG-O dated 18 June 1946 are Austrian Property.

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BY COMMAND OF GENERAL MORGAN:

*[Signature]*

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

Incl: (1)  
LTR Allied Control Authority,  
Germany GEPC/Memo/(46) 52 11 October  
1946.

See LACAB/6531/3/CB  
51

R E S T R I C T E D

240

11 October 1946

EC/MEMO(46)52

ALLIED CONTROL AUTHORITY

GERMAN EXTERNAL PROPERTY COMMISSION

SUBJECT: German Property in Italy.

TO : H.Q. Allied Command, Mediterranean Theatre.  
Through the Chief, Allied Secretariat, Berlin.

✓ The German External Property Commission has the honour to acknowledge the letter of 18 June 1946 from the Allied Commander, Mediterranean Theatre, and to express its thanks for the information given with respect to certain property lately belonging to the German Reich.

✓ This property has been the subject of discussion between the members of the Commission and, as a result, it is desired to draw the attention of the Allied Commander, Mediterranean Theatre, to the discrimination which is necessary between Austrian and German property in Italy.

✓ In regard to Austrian property, the Allied Control Authority in Vienna alone is competent. In the case of strictly German property the Allied Control Council has set up, under its law No. 5, (a copy of which is attached hereto) the German External Property Commission, in which, with certain exceptions, all rights, titles and interests in respect of German property abroad are vested.

✓ In relation to the German property only, it is desired to have information regarding the present state of affairs, which it is felt may have changed since the original letter was written. Particularly, the Commission would like to be informed as to the role assumed by the Swiss Legation and the Italian Government respectively, concerning this German property.

L. de SAINT BLANQUAT  
Duty Secretary of the German  
External Property Commission

Encls: Official Gazette  
of the Control Council  
in Germany  
No. 2 of 30 Nov. 1945.

See LACAB/6531/4/CB

R E S T R I C T E D

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HANDLING OF GERMAN PROPERTY IN ITALY.

1. From my short experience with this subject the situation, as I see it, is as follows.

2. Under Articles 27 and 28 (C) and (D) of the Long Armistice Terms, the custody of German property in Italy is the responsibility of the Italian Government.

No General directions have been issued by the United Nations in regard to such property. The Allied Commission may have issued some instructions on matters of detail.

3. On 18th June 1945 (File 130174/P) the Finance Sub-Commission issued instructions to all AMG regions that AFA was responsible for the custody and control of funds of the German State and that the Italian Government was responsible for the custody of all other German State and private property.

On 8th December 1945 (File 13074/P) the Finance Sub-Commission wrote to G-5 AFHQ and stated that German private property was being sequestered by the Italian Government under its own laws of war.

It is presumed that the Italian Government was also taking similar action as regards German State property.

4. Under letter G-5: 912.92P of 21st November 1945, AFHQ stated that it had been decided that funds and materials held by Italian firms which were in the hands of the Germans at the time of the capitulation would be treated as if they were German property and not as C.E.M. as hitherto.

The Italian Government had not, under the old ruling ever been informed that these funds were being considered as C.E.M.

If the Italian Government were informed that they were now responsible for the custody of these funds and materials, they might require to be informed of the details. This is bound up with the matter of examination of the RUK files to which the Italian Government had recently been given access.

3191

5. On 1st September 1945 (EC File 6531/EC) the Italian Government were informed that the final disposition of German State and private property would be a matter for decision by the Four Powers participating in the control of Germany, whether by ad hoc agreement or through the machinery of the Allied Control Council. This was wrong because the Russian Government have waived all claims to this property.

6. There is a Reparations Commission in Brussels which is concerned with this matter.

7. There may not exist any comprehensive record of what German property, funds and material has been impounded by the Italian Government. AFA may have details of blocked accounts. The Italian Government do not appear to be reporting to the Allied authorities in regard to their trusteeship of German property in Italy.

Terms, the custody of German property in Italy is the responsibility of the Italian Government.

No General directions have been issued by the United Nations in regard to such property. The Allied Commission may have issued some instructions on matters of detail.

3. On 18th June 1945 (File 130174/P) the Finance Sub-Commission issued instructions to all AMG regions that AFA was responsible for the custody and control of funds of the German State and that the Italian Government was responsible for the custody of all other German State and private property.

On 8th December 1945 (File 13074/P) the Finance Sub-Commission wrote to G-5 AFHQ and stated that German private property was being sequestered by the Italian Government under its own laws of war.

It is presumed that the Italian Government was also taking similar action as regards German State property.

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The Italian Government had not, under the old ruling ever been informed that these funds were being considered as C.E.M.

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3191

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268

6531A

C.C.F.M.

British Embassy,

Rome.

10th January, 1947.

My dear Admiral,

In connection with the problem of transfer of responsibility from the Allied Commission to the Italians, I have had certain enquiries made here into our documents relating to enemy (including German) property.

2. The documents which we have in our possession do not, I feel sure, tell the whole story but it is clear that, so far, this Embassy has not been in any way responsible for handling German (or other enemy) property in Italy.

3. The subject is a difficult one and it seems desirable that the legal basis of action taken by the Allies and the nature of that action must itself be clear. Before the Allied Commission disappears, we left an record for the guidance of the Italians and Government concerned. I am therefore writing to suggest that you might think it well to have prepared, as soon as possible, a statement dealing with these matters for discussion, if necessary, between the Americans and the Allied Commission.

4. I may say that quite apart from the administrative responsibility for these assets, in urgent questions of policy may arise in connection with the question of German reparations.

5. The enclosed document summarizes certain decisions of which the Embassy has been advised and I said it, not as an authoritative or complete documentation (which it certainly is not) but simply in case it might be of use to your staff in any circumstances you may instruct them to act on fact.

6. I am sending a copy of this letter to U.S. Charge d'Affaires and also to General Airey in connection with the scheme which he is preparing for the handover of military responsibilities after the conclusion of the Peace Treaty.

Yours very sincerely,

/s/ Noel Charles

3190

Rear Admiral L.W. Stone, USN,  
Chief Commissioner,  
Allied Commission,  
C.M.F.

*Original with cc*  
*Over 10/1*

in connection with the problem of transfer of responsibility from the Allied Commission to the Germans, I have had certain enquiries made here into our documents relating to enemy (including German) property.

2. The documents which we have in our possession do not, I feel sure, tell the whole story but they are clear that, at present, this Embassy has not been in any way responsible for handling German (or other enemy) property in Italy.

3. The subject is a difficult one and it seems desirable that the legal basis of action taken by the Allies and the nature of that action under itself should, before the Allied Councils meet, be left on record for the guidance of the Ambassadors and Governments concerned. I am therefore writing to suggest that you might like to call to have suggested, as soon as possible, a statement dealing with these matters for discussion, if necessary, between the Americans and the Allied Commission.

4. I may say that quite apart from the administrative responsibility for these assets, in certain questions of policy any advice in connection with the question of German reparations.

5. The enclosed document summarizes certain decisions of which the Embassy has been informed and I send it, not as an authoritative or complete documentation (which it certainly is not) but simply in case it might be of use to your staff in any researches you may instruct them to set on foot.

6. I am sending a copy of this letter to U.S. Charge d'Affaires and also to General Airey in connection with the volume which he is preparing for the transfer of military and scientific material after the conclusion of the Peace Treaty.

Yours very sincerely,

/s/ Noel Charles

3190

Rear Admiral E.W. Stone, USNR,  
Chief Commissioner,  
Allied Commission,  
G.M.F.

*Original with cc  
over 10/1*

267

COPY

NOTES FROM DOCUMENTS REGARDING

GERMAN PROPERTY IN ITALY

(Prepared in the British Library)

1. Bank Amédée Bank. The long authentic terms signed on 23rd September, 1945, provide as follows:-

26 (C) All property in Italian territory belonging to any such country (any country against which any of the U.N. is carrying on hostilities) or occupied country or its nationals will be deposited and kept in custody pending further instructions.

26 (D) The Italian Government will comply with any instructions given by the Allied Commander-in-Chief concerning the internment, custody, or subsequent disposal, utilization or employment of any of the above mentioned persons, vessels, aircraft, material or property.

(Note: The Amédée terms are still in force, but will cease with the operation of the Peace Treaty. The question is: "What then happens to enemy property?")

2. On 18th June, 1945, the Finance Sub-Commission of Allied Commissions sent the following circular:-

"1307/5

SUBJECT: Responsibility for Custody and Control of German Property.

TO:

Regional Commissioners, (for PROR)  
Lombardy Region  
Emilia Region  
Friuli Region  
Liguria Region  
Lombardy Region  
Senior Civil Assistance Services, (for PROR)  
US Fifth Army  
Allied High Army

1. The Allied Financial Agency of Finance Sub-Commission AC shall have exclusive responsibility for the custody and control of all assets, bank accounts, securities, gold and other valuables wherever found in areas under Allied Military Government if established by Allied Financial Agency to be property of the German State.

3189

2. The Italian Government shall be considered exclusively responsible for the care, custody and control of all other German property in Italy, whether German State property or the private property of German nationals, since this only such property as is wanted or has been seized by the Allied Armed Forces as booty of war or by reason of military necessity.

3. German property, State and private, enjoying diplomatic immunity and not in the protective custody of a neutral power shall be the responsibility of the Italian Government pending ultimate decision as to the disposition thereof.

26 (2)

All property in Italian territory belonging to any such country (any country against which any of the U.N. is exercising authorizations) or occupied country or its nationals will be impounded and held in custody pending further instructions.

26 (3)

The Italian Government will comply with any instructions given by the Allied Commander-in-Chief concerning the impoundment, custody, or subsequent disposal, realization or employment of any of the above mentioned persons, vessels, aircraft, material or property.

(Note:

The American Terms are still in force, but will cease with the operation of the Peace Treaty. The question is: What then happens to such property?)

2.

On 13th June, 1945, the Finance Sub-Commission of Allied Commission sent the following circular:-

"13574/2

SUBJECT: Responsibility for Custody and Control of German Property.

TO:

Regional Commissioners, (for PROs)

- Toscana Region
- Emilia Region
- Piemonte Region
- Liguria Region
- Lombardia Region
- Senior Civil Affairs Committee, (PROs)
- All Five Army
- All Night Army

1. The Allied Financial Agency of Finance Sub-Commission AG shall have exclusive responsibility for the custody and control of all monies, bank accounts, securities, gold and other valuables whose sovereign fund in German under Allied Military Government is considered by Allied Financial Agency to be property of the German State.

3189

2. The Italian Government shall be considered exclusively responsible for the care, custody and control of all other German property in Italy, whether German State property or the private property of German nationals, excepting only such property as is wanted or has been seized by the Allied Armed Forces as booty of war or by reason of military necessity.

3. German property, State and private, enjoying diplomatic immunity and in the protective custody of a neutral power shall be the responsibility of the Italian Government pending ultimate decision as to the disposition thereof.

4. Please advise interested persons.

By Command of Rear Admiral BACON:

(Sgd) A.P. Cravette Smith, Intg.  
Joint Director  
Finance Sub-Commission.

Copy to: Economic Section  
Civil Affairs Section  
Rece Sub-Commission, HQ AG.

5. On 1st October, 1945, the Allied Reparation Committee as follows  
to Secretary Production Board (then Minister of the Treasury) (Ref.  
13,074/2):-

"I am directed by the Combined Chiefs of Staff to inform  
your Government that you should not take unilateral action  
against private German property in Italy.

Specific details of any cases of sale or other disposi-  
tion should be referred to the U.S. and British Embassies  
for prior consideration.

(Sgd) R.B. Menzies, Colonel,  
Joint Director  
Finance Sub-Commission."

On 12th October, 1945, the Minister of the Treasury replied  
as follows:-

"To Allied Commission,  
Finance Sub-Commission,  
Rome.

Subject: Disposal of German Private Property in Italy.

To date this Ministry has not arranged or  
authorized any sale of property in Italy belonging to  
German nationals.

Its action has been confined to arranging through  
the Trustees, in accordance with the agreements made  
with the Allied Commission, the sequestration of the said  
properties on the application of the various laws to de-  
posit of cash and securities, and the transfer, in cases  
provided for in the aforesaid laws, of sums of money in  
the "German" account with the Italian Exchange Office  
(Banca d'Italia).

As regards German industrial and commercial  
concerns, the Ministry has likewise confined itself to  
applying the provisions of the laws listed in circular  
no. 400146 of the 27th February 1945, which was approved  
by the Allied Commission (the question in question  
are still in progress and extend also to the industries  
of Northern Italy, including Venetian firms, in accordance  
with no. c. no. 18674/2 dated 17th July 1945 of the Finance  
Sub-Commission).

Civil Affairs Section  
Rome Sub-Commission, 50 10.

3. On 1st October, 1945, the Allied Commission wrote as follows to Senator Pavesi (then Minister of the Treasury) (Ref. 15,674/1):

"I am directed by the Combined Chiefs of Staff to inform your Government that you should not take unilateral action against private German property in Italy.

Specific details of any cases of sale or other disposition should be referred to the U.S. and British Divisions for prior consideration.

(Sgd) R.L. Kewenaw, Colonel,  
Joint Inspector  
Rome Sub-Commission."

On 12th October, 1945, the Minister of the Treasury replied as follows:-

"To Allied Commission,  
Rome Sub-Commission,  
Rome.

Subject: Disposal of German Private Properties in Italy.

To date this Ministry has not arranged or authorized any sale or transfer, in Italy, belonging to German nationals.

Its action has been confined to arranging through the Prefecture, in accordance with the agreements made with the Allied Commission, the registration of the sale proceeds or the application of the wartime laws to the proceeds of cash and securities, and the transfer, in cases provided for in the aforesaid laws, of sums of money in the "German" account with the Italian Exchange Office (Banca d'Italia). 318

As regards German industrial or commercial concerns, the Ministry has likewise confined itself to applying the provisions of the laws listed in Circular no. 400148 of the 27th February 1945, which was approved by the Allied Commission (the questions in question are still in progress and extend also to the provinces of Northern Italy, excluding Venezia Giulia, in accordance with law no. 10074/y dated 17th July 1945 of the Finance Sub-Commission).

No transfer of business of this kind has been authorized or even examined (as regards those which before the application of the wartime laws were already in a state of voluntary or legal liquidation, such liquidations will naturally have to continue).



**Notes**

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7. All the currency not retained to cover the expenditures in paragraph 5 was to be handed over to the Italian Government subject to the terms of the currency notes sent at Genoa in the letter of 27th January 1945. From the President of the Council of Ministers to the Italian Ambassador of the Allied Commission.

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Note: There is no trace of any order of sale or disposition of private German property being referred to the British Embassy, nor is it clear what status the British Embassy could have had in this matter, the evidence being still being in force.

4. Italian Deposits. On March 14th, 1946, General de Gaulle wrote to the Allied Commission regarding orders to liquidate the German assets of the Allied Financial Agency and the liquidation of the Italian assets. On 24th October, 1946, the Foreign Office wrote to the Italian Government regarding the liquidation of the Italian assets. It was stated that the following instructions had been sent to A.I.F.O. from the British Embassy of Rome, Washington on 25th September, 1945:-

"2. Allied Force Headquarters should arrange to hold all non-live property foreign currencies and related accounts.

3. All live securities and other live properties now held in custody should be turned over to the Italian Government against appropriate German live receipts and with acknowledgment of Italian Government's responsibility as custodian for times specified.

4. Unless there is objection to specific accounts, all live accounts of the Allied Financial Agency with the exception of those mentioned in paragraph 5 below should be turned over to the Italian Government against acknowledgment that the Italian Government will be responsible for any claims arising from such accounts.

5. Live accounts with corresponding live counter-value for returns for military actions caused by employees or for collections for needs from civilian staff of contractors working for Allied Forces, and held by Officers Commanding United States Army Detachment PAC should not be turned over.

6. Unless there is Italian origin is doubtful, requisitioned enemy stocks and any live funds should be transferred to the Italian Government; specific acknowledgment of the Italian Government's responsibility as custodian of these assets should be obtained.

7. All live currency not obtained to cover the exceptions in paragraph 5 will be handed over to the Italian Government subject to the terms of the currency agreement as set forth in the letter of 27th January, 1945, from the President of the Council of Ministers to the Allied Commission of the Allied Commission.

8. The War Office and the United States War Department have agreed that their respective military organizations will not present any claims to the Italian Government for any of the accounts which are thus transferred

to the Italian Government and have agreed that any such claim will be dealt with under governmentality. Similarly, in administering, instead of currency, reconstruction and other money, funds given to them, the Italian authorities will be required to make any claim against the United States Government and the Government's government during the period, except as may be provided in the Peace Treaty.

5. The claim taken at La Bastogne will be retained for the time being.

I am, etc."

6. On 21st November, 1946, A.S.S. Section, A.S.S. Section, sent the following instructions to Allied Commission:-

"(C-2: 512.521)

1. Reference is made to your letter (document Section) 1307/7 dated 8 December 1945, and 1400 reply thereto reference C-2: 512.521 dated 20 December 1945 (copy attached for easy reference).
2. It has now been decided that funds and materials held by Italian firms which were owing to the Germans at the time of the capitulation will be treated as if they were German property.
3. The Italian Government Agency - URSUM - (Office for the Recovery of German Plants and Materials) - brought into being by the Allied Commission in June 1945, and later absorbed by ARS in October 1945 - was found expressly to deal with such property. You should therefore hand over to the Italian Government any matters in this connection which are still outstanding.
4. The 12th Section under reference is hereby cancelled.

BY COMMAND OF THE CHIEF OF THE ALLIED COMMISSION:

(Sgd.) A.L. MURPHY,  
Colonel, A.S.S.,  
Assistant Chief of Staff, C-2."

Note:

It is understood that the amounts involved are in the neighborhood of 50 billion of lire.

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6. Cancelled Enemy Material. There has been correspondence between the Germanic Advisor to the British Embassy and Col. Miller, present head of the C.R.M. Sub-division of the Allied Commission, from which it appears that the Italian suggestion ARS has been handling this material which was transferred to it. Information as to the amount of money obtained up to the completion of these sums is clearly necessary.

7. Italian Colonies. What is the position regarding the German (and other enemy) assets in Italian territory outside Italy?

8. Potential Value of the Assets. Is there any estimate of the total value of German (and other enemy) assets in Italy?

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"(S-3: 942.322)

5. On 14 November, 1945, S-3 Section, A.D.S., sent the following instructions to Allied Commissions:-

I am, etc."

1. Reference is made to your letter (Enclosed Section) 1307/T dated 6 December 1945, and Army reply thereto reference S-3:306.3 dated 30 December 1945 (copy attached for easy reference).

2. It has now been decided that funds and materials held by Italian firms which were given to the Germans at the time of the capitulation will be worked in if they were German property.

3. The Italian Government Agency - UNIFI - (Office for the Recovery of German Property and Materials) - brought into being by the Allied Commission in June 1945, and later absorbed by AFAR in October 1945 - has been directed to deal with such property. You should therefore hand over to the Italian Government any matters in this connection which are still outstanding.

4. The above letter under reference is hereby amended.

IN COMMAND OF INTERNATIONAL GENERAL INVEST:

(Sd.) A.I. HARRIS,  
Colonel, S-3:3,  
Assistant Chief of Staff, S-3."

3186

Note: It is understood that the amounts involved are in the neighborhood of 80 MILLION M. lire.

6. Captured Enemy Material. There has been correspondence between the Economic Advisory to the British Embassy and Col. Miller, present head of the C.E.M. Sub-Division of the Allied Commission, from which it appears that the Italian expenditure for this has been handling this material which was transferred to it. Information as to the amount of money obtained and as to the necessity of these sums is clearly necessary.

7. Italian Colonies. What is the position in regard to German (and other enemy) assets in Italian territory outside Italy?

8. Total Value of the Assets. In there any estimate of the total value of German (and other enemy) assets in Italy?

9. The Conference Decisions. It should be borne in mind that the Final Act of the Paris Conference on Reparations which was held in December 1945, contains the following provisions regarding German external assets:-

Article 6 - German Retained Assets.

A. Each Signatory Government shall, under such procedures as it may choose, hold or dispose of German enemy assets within its jurisdiction in conformity with the following principles: (1) the return to the owner, or his estate, of assets (net of charges against the return) share such assets (net of court fees, taxes, claims, expenses of administration, other charges against assets) as the State and legitimate interest claim against the assets. (2) the assets of such assets).

B. The Signatory Governments shall give to the Inter-Allied Liquidation Agency, in a form to be determined by the Agency, the value of their assets and the amounts received from time to time by their liquidation.

.....  
B. The German enemy assets to be charged against repatriation shares shall include assets which are in reality German enemy assets, despite the fact that the nominal owner of such assets is not a German enemy.

Each Signatory Government shall enact legislation or take other appropriate action, if it has not already done so, to render null and void all transfers made, after the occupation of its territory, or into or out of it, for the fraudulent purpose of enabling German enemy interests, and thus saving them from the effect of control measures regarding German enemy interests.

F. The Assembly of the Inter-Allied Liquidation Agency shall set up a Committee of Experts in matters of enemy property and assets. In order to exercise its functions, the Committee shall be empowered to conduct investigations and to make recommendations to the Signatory Governments, or to the United Nations, in matters of law and international relations. The Committee shall be authorized to conduct investigations and to make recommendations to the Signatory Governments, or to the United Nations, in matters of law and international relations. The Committee shall be authorized to conduct investigations and to make recommendations to the Signatory Governments, or to the United Nations, in matters of law and international relations.

Article 7 - Returned Assets.

The value of supplies and other materials susceptible of civilian use captured from the German Armed Forces in areas outside Germany and delivered to the United Nations shall be charged against their repatriation claims in so far as such supplies and materials have not been or are not in the future liable for or delivered under arrangements providing for charges. It is recommended that transfers of such supplies and materials by the United Kingdom and United States Governments to other Governments are agreed to be subject to such final approval by the legal bases of the United States and the United States of America as may be required."

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

claims against the claim for or against of such assets).

5. The Summary Government shall have to the Inter- Allied Reclamation Agency in London for which it takes as to the value of such assets are the amount realized from time to time by their liquidation.

2. The German enemy assets to be charged against reclamation claims shall include assets which are in Germany, German enemy assets, Germany the fact that the nominal owner of such assets is not a German enemy.

That Summary Government shall enact legislation or take other appropriate steps, if it has not already done so, to render null and void all German claims, after the occupation of its territory or its entry into war, for the fraudulent purposes of German, Italian enemy interests, and thus saving themselves from the effect of a total seizure regarding German enemy interests.

7. The property of the Inter- Allied Reclamation Agency shall not be a guarantee of the rights in interest of enemy property confiscated in order to overcome national discrimination of law and interest law, which may arise. The property shall in addition have against enemies which might result in affecting relations to other circumstances does not to German enemy interests, or to reduce improperly the amount of assets which be allotted to Germany.

Article 7 - Confirmed Summaries.

The value of supplies and other articles susceptible of civilian use captured from the German Armed Forces since outbreak January 1941 delivered to Germany, shall be charged against their reclamation claims in so far as such articles and materials have not been or are not in the hands of the German people or otherwise under German control, and shall be charged. It is recognized that transfers of such supplies and materials by the United Kingdom and United States Governments to other Governments are subject to the control of such that received by the legislature of the United Kingdom or the United States of America as may be required.

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British Embassy,  
NND.

January 9th 1947.

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

785017



Ministero degli Affari Esteri

D.G.A.P. Uff. V°

APPUNTO PER LA COMMISSIONE ALLEATA

OGGETTO: Villa Volkonsky. -

RIFERIMENTO: 6531/260/EC del 30 novembre c.a. di co-  
desta Commissione Alleata. -

Si informa codesta Commissione che  
la consegna della Villa Volkonsky all'Amba-  
sciata d'Inghilterra è in corso di attuazio-  
ne.

Il legale dell'Ambasciata predetta  
Avv. Serrao e il sequestratario della Villa  
Avv. Felice Della Monica hanno già avuto ri-  
petuti incontri per la definizione delle  
pratiche relative.

Roma, 11

10 DIC. 1946

FINE DEL DOCUMENTO

Tanon

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



*Ministero degli Affari Esteri*

A.P.V°

Memorandum for the Allied Commission

subject: Villa Volkonsky

Reference is made to the Commission's letter n°6531/260/EC dated november 30 th 1946 on this subject.

The Ministry for Foreign Affairs informs that formalities for the official consignment of Villa Volkonsky to the British Embassy are being presently completed between the legal representative of the Embassy signor Serrao and the legal caretaker of the building signor Della Monica.

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

260

Ref. : 6531/260/20

30 November 1946

SUBJECT: Villa Volkonsky.

TO : The Ministry of Foreign Affairs  
Rome.

255

Reference is made to this Commission's letter no. 6531/235/20 dated 18 Nov. 46 on this subject.

The move of the British Embassy into the Villa Volkonsky is now urgent and your urgent instructions to the present occupants to make this building available would be appreciated please.

FOR THE CHIEF COMMISSIONER:

*MC*  
Brigadier,  
Executive Commissioner.

Copy to: Poland B

*1 spoke to Colonna  
who will handle  
Alit 9/12*

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*PAIS  
12  
12*

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

258

Ref: 6531/258/EC

21 November 1946.

Dear Mr. Key,

257

Many thanks for your letter dated 19 November 1946 concerning the Villa VOLKOVSKI.

The approval of the French Government has been received and the Italian Government have been requested to make this building available to the British Embassy.

A copy of the letter addressed to the Italian Government was sent to Mr. Greene at your Embassy.

255

Yours sincerely,

MC

Brigs for.  
Executive Commissioner.

David Mof. Key, Esq.  
Charge d'Affaires,  
U.S. Embassy,  
Rome.

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11  
Key

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

6531 A

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THE FOREIGN SERVICE  
OF THE  
UNITED STATES OF AMERICA

AMERICAN EMBASSY

Rome, November 19, 1946

My dear Brigadier Carr:

I refer to your letter of November 16, (Ref. 6531/252/EC) regarding the request of the British Embassy for use of the Villa Volkonsky, the former German Embassy. You request my authority to instruct the Italian Government to make this building available and state that a similar request has been made to the French Embassy.

Inasmuch as the Italian Government acts as trustee of the property for the British, American and French Governments, I do not feel we should instruct them as to its disposition. I should, however, be quite agreeable to requesting the Italian Government to make the Villa Volkonsky available for very early occupation by the British Embassy as the latter requested you to do in their letter of November 15, subject to a favorable reply also being given by the French Embassy.

Sincerely yours,

*David Mck. Key*

David Mck. Key,  
Charge d'Affaires ad interim.

Brigadier M. Carr,  
Executive Commissioner,  
Allied Commission,  
ROME.

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*Carr*  
*4*

*PA 21*  
*11*

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

785017

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HEADQUARTERS ALLIED COMMISSION

Office of the French Representative

APO 394

NOV 18 1946  
256

No. 3078/13

Rome, le 18 Novembre 1946

A Monsieur le Brigadier General, Executive Commissioner

Objet: Villa Volkonsky

253

Reference: Votre lettre no. 6531/253/EC du 16 Novembre 1946

Le Gouvernement Francais ne voit aucune objection  
a l'utilisation de la Villa Volkonsky par l'Ambassade Britan-  
nique.

Le Lieutenant-Colonel GROS  
Representant Francais P.I.  
a la Commission Alliee

P.O. Le Capitaine LUQUET  
Adjoint "Guerre" au  
Representant Francais

1. 66

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Capt. K.

  
P.H.  
19/11/46

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

785017

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URGENT

18

November 1946

Ref. : 6531/255/DC

SUBJECT: Villa Volkonsky.

TO : The Ministry of Foreign Affairs,  
Rome.

251

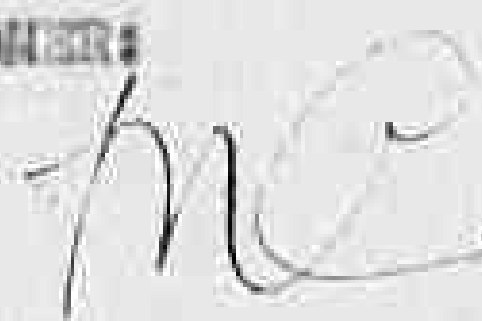
Reference is made to this Commission's letter no. 6531/251/30 dated 9 November 1946 on this subject.

The British Embassy has now requested that the former Germany Embassy, the Villa Volkonsky, complete with grounds, etc., be made available for their use as soon as possible.

This request has the concurrence of the United States and French Governments and therefore it is requested that this building may be made available.

In view of the damage caused to the present premises by a bomb on the night of 30/31 Oct., it would be appreciated if this matter could please be treated as urgent.

FOR THE CHIEF COMMISSIONER:



Brigadier,  
Executive Commissioner.

Copy to: Poland A  
" B

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6531R

ON 18 1946  
1600 254  
BRITISH EMBASSY,  
ROME.

216/47/46

15th November, 1946.

IMMEDIATE

*My dear Brigadier,*

With reference to the Allied Commission's memorandum (6531/251/EC) of the 9th November to the Ministry of Foreign Affairs, I write to say that the Foreign Office have now authorised us to ask the Allied Commission to be so good as to request the Italian Government to make available for our very early occupation the Villa Wolkonsky (the former German Embassy) i.e. the whole area with all the buildings contained in it.

2. Ward, the Chargé d'Affaires, who is ill, asks me to say that he will be very grateful if immediate action may be taken on this request which, as you know, results from the partial destruction of our present premises by a bomb on the night of October 30/31.

3. I am sending a copy of this letter to the U.S. Political Adviser for his information.

*Yours sincerely*  
*A.C.E. Malcolm.*

A.C.E. Malcolm.

Brigadier M. Carr,  
Executive Commissioner,  
Allied Commission,  
R O M E.

3177

*Cape*  
*[Signature]*

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

785017

253 *gale*URGENT

Ref. : 6531/253/23

16 November 1946

SUBJECT: Use of Villa Volkonsky  
by the British Embassy.TO : The French Representative,  
A.C.

In confirmation of conversation between Capt. Luquet and Capt. Missely on this subject, the British Embassy has applied to this Commission to use the whole of the Villa Volkonsky as their present building has been rendered uninhabitable by the recent explosion, and your authority to instruct the Italian Government to make this building available is requested, please.

A similar request has been made to the U.S. Embassy.

FOR THE CHIEF COMMISSIONER:

*Missely*  
Brigadier,  
Executive Commissioner.

Copy to: Polad B

*See 7.252**Verbal reply**"No Objection"**18/11*

3185

*PAK*  
*10/11/46*

1843

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

785017

252 *file*

URGENT

Ref. : 6531/252/20

16 November 1946

SUBJECT: Use of Villa Volkonsky by  
the British Embassy.

TO : The American Embassy,  
Rome.

In confirmation of telephone conversation (Mr. Green -  
Capt. Kinsely speaking) on this subject the British Embassy has  
applied to this Commission to use the whole of the Villa Volkonsky  
as their present building has been rendered uninhabitable by the  
recent explosion, and your authority to instruct the Italian  
Government to make this building available is requested, please.

A similar request has been made to the French Embassy.

FOR THE CHIEF COMMISSIONER:

A. W. Kinsely.

Brigadier,  
Executive Commissioner.

*See 7251*

Copy to: Poland B

312-218  
*GP*  
*file*

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

785017

6531

File

251

HEADQUARTERS ALLIED COMMISSION

A P O 794

Office of the Executive Commissioner

Ref. : 6531/251/30

9 November 1946

SUBJECT: Villa Volkonsky.

TO : The Ministry of Foreign Affairs,  
Rome.

Reference is made to your memorandum no. 6/3305/1289 dated  
29 Oct. 46 on this subject.

The British Embassy has advised this Commission that in view  
of the recent damage caused to its present quarters, it is considering  
the possibility of requesting the use of the Villa Volkonsky and therefore  
does not consider it advisable to consent to the use of any part of it  
by fresh elements at present.

Furthermore the British Embassy have requested this Commission  
to suspend the approval given under latter reference 6531/242/30 dated  
24 October 1946, in respect of this building.

FOR THE CHIEF COMMISSIONER:

A. W. Knisely.

Brigadier,  
Executive Command Centre.

Copy to: French Rep. A.C.  
Polad A  
" B

See 750

3174

PA 2/11/46

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

785017

6531/4

NOV 8

250

216/44/46

6th November, 1946.

Urgent

To: H.Q. Allied Commission,  
Office of the Executive Commissioner.

From: British Embassy, Rome.

Copy to: U.S. Polad, A.C.

247

Your ref: 6531/247/EC of 1st November 1946.

A large part of its present premises having been destroyed or made unsafe by a bomb on the night of October 30th/31st, the British Embassy is urgently considering the necessity of asking the Allied Commission to request the Italian Government to make the Villa Wolkonsky available for immediate occupation by the British Embassy.

In the circumstances the Embassy believes it advisable not to consent to any additional use of the Villa Wolkonsky by fresh elements and would be grateful if the Allied Commission would suspend also the permission conveyed to the Italian Government in the Executive Commissioner's letter 6531/242/EC of the 24th October to the Italian Ministry of Foreign Affairs.

The British Embassy will of course inform the Allied Commission of its definite desires at the earliest possible date.

See 7 251

*A.C.E. Malcolm*

A.C.E. Malcolm.

3173

8/11/46

*Ally*

1848

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

785017

HEADQUARTERS ALLIED COMMISSIO

A P O 794

Office of the Executive Commissioner

249

Ref. : 6531/249/EO

5 November 1946

SUBJECT: Villa Volkonsky.

TO : The Ministry of Foreign Affairs,  
Rome.

245

Reference is made to your memorandum no. 6/3305/1289  
dated 29 October 46 on this subject.

Before this matter is considered by the Allied Authorities  
the following information would be appreciated:

a) your Ministry's views on the request of the Rector of  
the Russian Pontifical College and

b) a brief description of the "items which are deposited  
in the rooms in question" as mentioned in the last para of your  
memorandum.

FOR THE CHIEF COMMISSIONER:

A. W. Kinsely.

Brigadier,  
Executive Commissioner.

Copy to: Polad A

3172

Copy to  
6/1/47

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

HEADQUARTERS ALLIED COMMISSION

Office of the Political Adviser (A)

November 4, 1946.

My dear Capt. Knisley:

The Embassy has received the Executive Commissioner's memorandum of November 1, regarding the Villa Volkonsky (Ref: 6531/247/EC). I believe a formal reply would be greatly facilitated if you could informally:

1. Let me have a copy of the MIA letter referred to in para. 3 of the Foreign Ministry's memorandum;
2. Elucidate para. 4 of the Foreign Ministry's memorandum, particularly with reference to the sequestrator and items which are deposited in the rooms, and why this thorny problem need concern the Embassy.
3. <sup>Let me know</sup> What is the Foreign Ministry's view on the request of the Rector of the Russian Pontifical College.

Sincerely yours,

*Joseph N. Greene, Jr.*

Joseph N. Greene, Jr.,  
Political Adviser (A).

Captain Alan W. Knisley,  
Executive Commissioner's Office,  
HQ Allied Commission,  
R O M E.

3171

*AKK*  
*(Copy 4)*

*5/1/47*

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

HEADQUARTERS ALLIED COMMISSION

A P O 794

Office of the Executive Commissioner

*File*  
*247*

Ref. : 6531/247/20

November 1946

SUBJECT: German State Property - Wila Volkonsky.

TO : British Embassy,  
U.S. Embassy  
French Representative A.C.

Reference is made to previous correspondence on this subject.

Enclosed is a copy of a further request from the Italian Government concerning the use of some ground floor rooms to house 20 stateless Russian refugees.

Your approval, in due course, will be appreciated.

FOR THE CHIEF COMMISSIONER:

Brigadier,  
Executive Commissioner.

Encls. as above.

3170

*AT* *PA* *31 Dec 46*

Ministero degli Affari Esteri  
Val/To

6531

6 | 3305 | 1289 | 245

OCT 30 1946

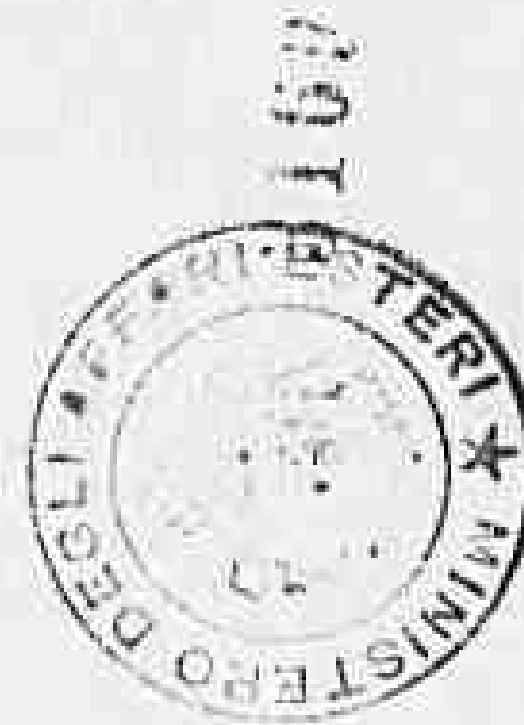
MEMORANDUM FOR THE ALLIED COMMISSION

SUBJECT: Villa Wolkonsky.

1. The Rector of the Russian Pontifical College has applied, through the Ministry of Finance, to the Ministry for Foreign Affairs, in order that some ground-floor rooms be granted to a group of 20 stateless Russian refugees, including Mrs. Olga PODOLSKY, a former Allied Commission's employee.
2. The aforesaid Russian refugees, who, previous to the war, were residing in Austria and Yugoslavia, are temporarily living in Rome, pending their departure for South-America.
3. It is to be pointed out that the "Land Forces Sub-Commission M.M.I.A. Italian Prisoners of War Division" has also taken steps on the matter with a letter dated October 23rd, 1946, a copy of which is herewith enclosed.
4. The Ministry for Foreign Affairs would be obliged to the Allied Commission if they could inform whether the Allied Authorities have no objection to the granting of the requested authorization, taking into notice the fact that the sequesterator will have to remove all the items which are deposited into the rooms in question.

Rome, October 29th, 1946.

ENCL.



6 3305/1001 249  
OCT 30 1946

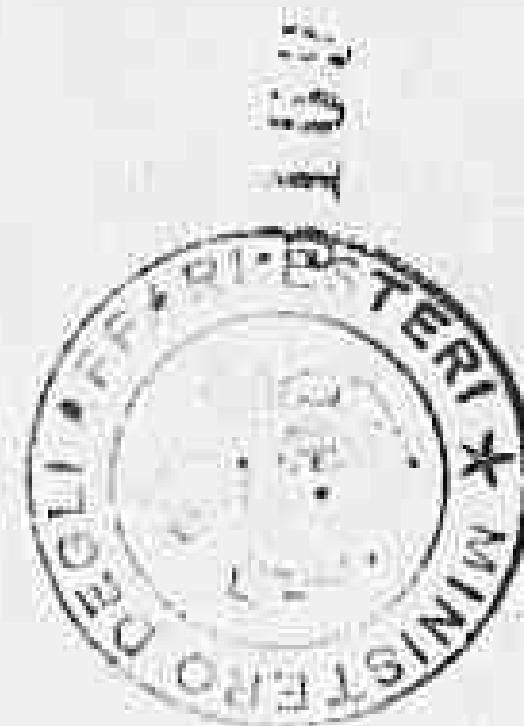
MEMORANDUM FOR THE ALLIED COMMISSION

SUBJECT: Villa Wolkonsky.

1. The Rector of the Russian Pontifical College has applied, through the Ministry of Finance, to the Ministry for Foreign Affairs, in order that some ground-floor rooms be granted to a group of 20 stateless Russian refugees, including Mrs. Olga PODOLSKY, a former Allied Commission's employee.
2. The aforesaid Russian refugees, who, previous to the war, were residing in Austria and Yugoslavia, are temporarily living in Rome, pending their departure for South-America.
3. It is to be pointed out that the "Land Forces Sub-Commission M.M.I.A. Italian Prisoners of War Division" has also taken steps on the matter with a letter dated October 23rd, 1946, a copy of which is herewith enclosed.
4. The Ministry for Foreign Affairs would be obliged to the Allied Commission if they could inform whether the Allied Authorities have no objection to the granting of the requested authorization, taking into notice the fact that the sequesterator will have to remove all the items which are deposited into the rooms in question. *YH*

Rome, October 29th, 1946.

ENC.



*Lu 7-248, 249*

*(CAP 4)*

785017

C O P I A

244

ALLIED COMMISSION  
LAND FORCES SUB-COMMISSION  
M.M.I.A.  
Italian Prisoners of War Division

23 oct.1946

TO: THE MINISTRY OF FOREIGN AFFAIRS

Subject: Authorisation to reside at Villa Wolkonsky.

Reference our letter dated 2nd october 1946

It would be greatly appreciated if permission be granted to Mrs.Olga Podolsky with her family and her relations, to enter and reside in the villa Wolkonsky.

Mrs Olga Podolsky has been employed in this Division for over 18 months and her service are still needed. She her family are homeless and in very straightened circumstances and it is therefore extremely necessary that the matter of her residence be decided as soon as possible.

J.E. REGIS  
Lieut.Colonel CAC  
Chief  
IPW Division.

3167

See F-244

1852

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

785017

6531 4/9819

243

Ex Comm

ALLIED FORCE HEADQUARTERS  
G-5 Section  
APO 912

OCT 23 1946

G-5: 912.51

21 October 1946.

SUBJECT: Unkeep of German State Property in ITALY.

TO : Chief Commissioner,  
Allied Commission,  
APO 794.

240

202

Reference your 6531/240/EC of 14 October enclosing a  
reply from the Italian Government.

1. It appears from your letter 6531/202/EC of 23 May that this subject is being handled in diplomatic channels, both by the Foreign Office and by the State Department.
2. TAI 778, the text of which was forwarded to you, was given as an interim ruling to relieve the Italian Government of the burden of current expenses until a decision is reached. The words "pending final decision on accounting" being relevant.
3. It is suggested that if the Italian Government wish to discuss this matter of the reimbursement of expenses prior to TAI 778 they take it up through diplomatic channels. <sup>again</sup>

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

215

*[Signature]*

A.D. HANSEN,  
Colonel, C.S.C.  
Assistant Chief of Staff, G-5.

See M 244

3167

(CAP K)

1853

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

785017

HEADQUARTERS ALLIED COMMISSION

A P O 794

Office of the Executive Commissioner

242

Ref. : 6534/242/20

24 October 1946.

SUBJECT: Villa Volkonsky.

TO : The Ministry of Foreign Affairs,  
Rome.

1. Reference is made to your memoranda No. 6/3155/1223 dated 19 September 46 and No. 6/3869/1272 dated 21 October 46.

2. This Commission has no objection to the Ministry of Treasury using the available space in the Villa Volkonsky in accordance with the conditions set out in your last quoted memorandum.

For the Chief Commissioner:

A. E. Katsely.

Brigadier,  
Executive Commissioner.

Copy to: British Embassy,  
U.S. Embassy,  
French Representative.

3166

24/10/46

Ministero degli Affari Esteri

Vel/Di

MEMORANDUM FOR THE ALLIED COMMISSION

SUBJECT: Villa Wolkonsky.

1. Reference is made to the Allied Commission's note n. 6531/238/EC dated 3 October 1946, on this subject.

2. The Ministry for Foreign Affairs begs to confirm that the foregoing request does not interfere with the previous one regarding the "Opera Pia Vittorino di Camillo" and hereby declares that any conflicts which may arise over the use of the building and premises between the Ministry of Treasury and the Italian Red Cross, will be composed by the Italian Government.

3. The Ministry for Foreign Affairs would be much obliged to the Allied Commission if they could forward an early reply as to the decisions taken by the Allied Authorities on the matter.

Rome, October 21st, 1946.



Encl. D. 23.10.46.  
Info copy to P. 202 A'  
P. 202 B'

See F 202.

316

10/21/46

Val/DI

6/3269/1242

OCT 22 1946

MEMORANDUM FOR THE ALLIED COMMISSION

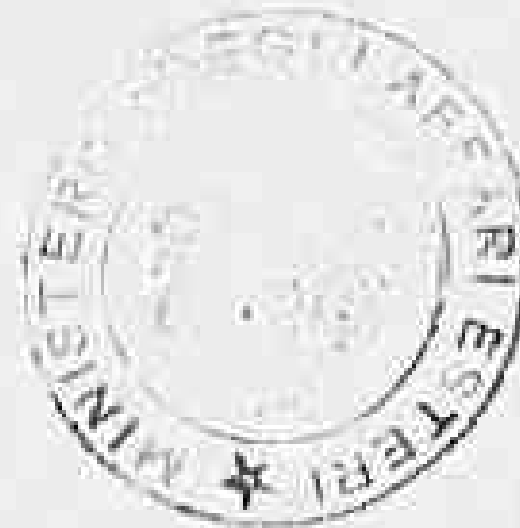
SUBJECT: Villa Wolkonsky.

238

1. Reference is made to the Allied Commission's note n. 65321/238/AC dated 3 October 1946, on this subject.

2. The Ministry for Foreign Affairs begs to confirm that the foregoing request does not interfere with the previous one regarding the "Opera Pia Vittorino di Camillo" and hereby declares that any conflicts which may arise over the use of the building and premises between the Ministry of Treasury and the Italian Red Cross, will be composed by the Italian Government.

3. The Ministry for Foreign Affairs would be much obliged to the Allied Commission if they could forward an early reply as to the decisions taken by the Allied Authorities on the matter.



Rome, October 21st, 1946.

Ex. Com. Dist. 23-10-46.

Info copy to Poles 'A'

Poles 'B'

3165

(CAPT 4)

785017

1855

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

HEADQUARTERS ALLIED COMMISSION

A P O 794

Office of the Executive Commissioner

Ref. : 6531/240/TC

14 October 1946.

SUBJECT: Maintenance of German State Property.

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

1. Reference is made to your cable No. FX 70127 dated 6 August 1946 on this subject.

2. The Italian Government were informed of the contents of this signal in accordance with your cable No. FX 70952 dated 25 August 1946 and a copy of their reply is enclosed.

Per the Chief Commissioner:

A. H. Kintner

Brigadier,  
Executive Commissioner.

See M 244, F 243.

Copy to: U.S. Embassy  
British Embassy  
Polad A  
Polad B  
Econ Sec  
AFA

3164

See F-243

Ministero degli Affari Esteri

Val/To

MEMORANDUM FOR THE ALLIED COMMISSION

SUBJECT: Upkeep of German State Property in Italy.

I. Reference is made to Allied Commission's note n. 6531/222/LC, dated August 28th, 1945.

2. The Ministry for Foreign Affairs brings to the notice of the Allied Commission that, though the contents of the a/m note appears to be concise and of not easy interpretation, it seems that the Allied Authorities would be willing to reimburse later on only the expenses which the Italian Government shall have to bear in the future for the upkeep of the German State Property in Italy.

3. The Ministry for Foreign Affairs is of the opinion that such a reimbursement should cover not only the future advances but, evidently, all the expenses borne by the Italian Government as from the date under which such property has been received in custody.

4. Considering the fact that the German State funds available in liquid form in Italy, funds which should be used for the reimbursement of advances, have already been cashed by the Allies or paid into the accounts A.F.A. - Allied Financial Agency - the Allied Authorities will certainly find themselves in a position to effect the payment of the upkeep expenses with the a/m available funds, instead of following the complicated procedure of advances to be made by the Italian Government and the subsequent reimbursement to be effected on the part of the Allied Authorities.

5. As far as the nature of the above funds is concerned, the Italian Government wishes to confirm its point of view as follows: If it is true that the funds are made up of sums, bank accounts, and so on, which are headed with German or fascist authorities, it is also more true that such valuables are made up of Italian property which the Germans failed to take over and which, consequently, cannot be considered as war booty.

see F 240

1.

785017

1857

6531 239  
6/3235/1263

OCT 14 1946

227

Val/To

MEMORANDUM FOR THE ALLIED COMMISSION

SUBJECT: Upkeep of German State Property in Italy.

I. Reference is made to Allied Commission's note n. 6531/223/MC, dated August 28th, 1946.

2. The Ministry for Foreign Affairs brings to the notice of the Allied Commission that, though the contents of the a/m note appears to be concise and of not easy interpretation, it seems that the Allied Authorities would be willing to reimburse later on only the expenses which the Italian Government shall have to bear in the future for the upkeep of the German State Property in Italy.

3. The Ministry for Foreign Affairs is of the opinion that such a reimbursement should cover not only the future advances but, evidently, all the expenses borne by the Italian Government as from the date under which such property has been received in custody.

4. Considering the fact that the German State funds available in liquid form in Italy, funds which should be used for the reimbursement of advances, have already been cashed by the Allies or paid into the accounts A.F.A. - Allied Financial Agency - the Allied Authorities will certainly find themselves in a position to effect the payment of the upkeep expenses with the a/m available funds, instead of following the complicated procedure of advances to be made by the Italian Government and the subsequent reimbursement to be effected on the part of the Allied Authorities.

5. As far as the nature of the above funds is concerned, the Italian Government wishes to confirm its point of view as follows: If it is true that the funds are made up of sums, bank accounts, and so on, which are headed with German or Fascist authorities, it is also more true that such valuables are made up of Italian property which the Germans failed to take over and which, consequently, cannot be considered as war booty.

see F 240

(CAPT 4)

785017

1858

OCT 14 1946

227

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

785017

5. Therefore, the Ministry for Foreign Affairs, in view of the considerations explained above, will appreciate if the Allied Commission will consider the possibility of starting the payment of the expenses for the upkeep of German State Property in Italy. *[Signature]*



Rome, October 11th, 1945.

1860

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

785017

HEADQUARTERS ALLIED COMMISSION

APO 794

Office of the Executive Commissioner

238  
File

Ref: 6531/233/23

3 October 1946

SUBJECT: Villa Volkensky.

TO : The Ministry of Foreign Affairs,  
Moscow.

233

Reference is made to this Commission's letter No.  
6531/233/23 dated 26 Sept 46 on this subject.

Early confirmation that the assumptions mentioned  
are correct is requested, in order that the required approval  
may be given.

FOR THE CHIEF COMMISSIONER:

A. W. Kneely

Brigadier,  
Executive Commissioner.

Copy for Poland A  
Poland B

3162

3/10/46  
C.A.  
D.P.

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

785017

216/33/46

30th September, 1946.

To: H.Q., Allied Commission, Office of  
the Executive Commission.

From: British Embassy.

Your reference: 6531/234/EC of September 26th, 1946.

No objection is seen by this Embassy  
to the grant of permission to the Italian  
Government to allow the Italian Ministry  
of the Treasury to use part of the Ex-German  
Embassy, the Villa Volkonsky, Rome, for  
its Foreign Financial Affairs Division.

*H.A. Hankey*

H.A. Hankey.

*OK*

3161

*3/10/46*  
*H.A.*

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



THE FOREIGN SERVICE  
OF THE  
UNITED STATES OF AMERICA

OCT 3 1946

AMERICAN EMBASSY

Rome, October 1, 1946.

My dear Brigadier Carr:

With reference to your letter of September 26 (Reference 6531/234/EC), this Embassy sees no objection to use by the Italian Ministry of Treasury of part of the former German Embassy in Rome for its Foreign Financial Affairs Division as requested by the Italian Government. In this connection, I refer to my letter to Brigadier Lush of September 14, setting forth my understanding of the manner in which requests for use of this building will be handled.

Sincerely yours,

*David McK. Key*  
David McK. Key,  
Charge d'Affaires ad interim.

Brigadier M. Carr, CBE, MC,  
Acting Executive Commissioner,  
HQ Allied Commission,  
R O M E.

3160

P.A. 4/10/46

1863

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

785017

6531

Bu en file

HEADQUARTERS ALLIED COMMISSION

Office of the French Representative

APO 394

N° 3001

Rome, le 27 Septembre 1946

SEP 27 1946

From : FRENCH REPRESENTATIVE TO A.C.

To : EXECUTIVE COMMISSIONER A.C.

REFERENCE : 6531/234/EC du 26 Septembre 1946.

OBJET : Ex-German Embassy, Rome.

Comme suite à votre lettre citée  
en référence, j'ai l'honneur de vous donner  
mon accord complet sur ce sujet.

Le Capitaine de Vaisseau HEION de VILLEFOSSE  
Représentant Français à la Commission Alliée  
en Italie.

P.O. Le Capitaine de MAZAN  
Officier Adjoint

*Scherer*

*See with  
M + OS replies  
See 236, 237, 238*

3159

*(copy to)*

*AB*

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

HEADQUARTERS ALLIED COMMISSION

A P O 794

Office of the Executive Commissioner

*File* 234

Ref. : 6534/234/EC

26 September 1946

SUBJECT: Ex German Embassy - Rome.

TO : U.S. Embassy,  
Rome.  
British Embassy,  
Rome.  
French Representative to A.C.

231

The Italian Government, as Trustee of German State Property in Italy, has approached this Commission requesting permission for the Italian Ministry of Treasury to use part of the Ex German Embassy, the Villa Volkonsky, Rome, for the Foreign Financial Affairs Division of the said Ministry.

The Ministry of Foreign Affairs state that this Division is working most inadequate quarters and your approval is therefore requested, please.

FOR THE CHIEF COMMISSIONER:

A. W. Knisely.

Brigadier,  
Executive Commissioner.

*See 235 & 236 & 237.*

3158

P.A. 26/9/46

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

HEADQUARTERS ALLIED COMMISSION

A P O 794

Office of the Executive Commissioner

233

*File*

Ref. : 6554/233/EO

26 September 1946

SUBJECT: Villa Volkensky.

TO : The Ministry of Foreign Affairs,  
Rome.

231

I acknowledge receipt of your memorandum no. 6/3435/4123 dated 19 September 1946 requesting the use by the Ministry of Treasury of that part of the Villa Volkensky not occupied by the Italian Red Cross.

As no mention is made of the Opera Pia "Fondazione Vittorino di Canillo" and as that institution only required the use of the Villa Volkensky for the months of August and September, I presume that the request for the Ministry of the Treasury supersedes the earlier request in the name of the Opera Pia.

The matter is being referred to the Allied Governments for their approval and you will be advised of the result in due course.

It is, of course, presumed that any conflicts over the use of the building and premises between your Ministry of Treasury and the Italian Red Cross will be composed by your Government as Trustee and will not involve the Allied Governments.

FOR THE CHIEF COMMISSIONER:

A. W. Knisch.

Brigadier,  
Executive Commissioner.

Copy to: Field A  
" B

*mi 232 + 230, 238*

3157

*PA 26/9/46*

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

785017

6531 9

232

BRITISH EMBASSY,  
ROME.

23rd September 1946.

216/28/46

SEP 25 1946

To: Executive Commissioner, Allied Commission, Rome.

Subject: Use of ex-German Embassy.

229

Please refer to your letter 6531/229/EC of September 12th enclosing a copy of a letter dated August 13th in which application was made for the use by a charitable organisation of a part of the Park of the ex-German Embassy during August and September, and to negotiate for a lease of certain rooms in the Villa.

2. The British Embassy has no objection to such use of the property.

*Ans*  
(initials)

*H.A. Hankey*

H.A. Hankey.

3156

PA 233

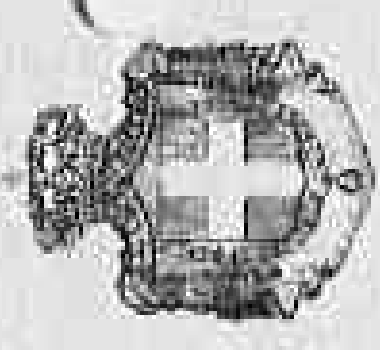
P.A. 26/9/46  
D.R.

1867

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231

6531. T. 90



Vol/III

Ministero degli Affari Esteri

6 / 3135 / 1223

SEP 23 1946

MEMORANDUM FOR THE ALLIED COMMISSION

SUBJECT: Villa Volkonsky.

1. The Ministry of Treasury has applied to this Ministry in order to obtain the disposal of the remainder premises of Villa Volkonsky, which have not been occupied by the Italian Red Cross.
2. The a/m Ministry would intend to use the premises in question for the Foreign Financial Affairs Division which actually is carrying on its activities into offices which are altogether inadequate for the effectual functioning of such an important branch.
3. The Ministry for Foreign Affairs, therefore, would be much obliged to the Allied Commission if they could kindly authorize the Ministry of Treasury to establish its offices into the available premises of Villa Volkonsky.

Rome, September 23th, 1946.

23.9.46 24.2.

201



Handwritten signature

Handwritten notes

*Ministero degli Affari Esteri*

6 / 2135 / 1223

SEP 23 1946

MEMORANDUM FOR THE ALLIED COMMISSION

SUBJECT: Villa Volkonsky.

1. The Ministry of Treasury has applied to this Ministry in order to obtain the disposal of the remainder premises of Villa Volkonsky, which have not been occupied by the Italian Red Cross.
2. The a/m Ministry would intend to use the premises in question for the Foreign Financial Affairs Division which actually is carrying on its activities into offices which are altogether inadequate for the effectual functioning of such an important branch.
3. The Ministry for Foreign Affairs, therefore, would be much obliged to the Allied Commission if they could kindly authorize the Ministry of Treasury to establish its offices into the available premises of Villa Volkonsky. *gfg*

Rome, September 18th, 1946.

201-4 2135 2421



*Handwritten signature/initials*



THE FOREIGN SERVICE  
OF THE  
UNITED STATES OF AMERICA

SEP 19 1946

AMERICAN EMBASSY

Rome, September 14, 1946

Dear Brigadier Lush:

I refer to your letter of September 12 (Ref. 6531/229/EC) regarding use of the ex-German Embassy by the Opera Pia "Fondazione Vittorino di Camillo". This Embassy has no objection in principle to use of part of the park of the Volkonsky Villa for the purpose indicated, it being understood that the Italian Government as Trustee of the property for the Governments of the United States, the United Kingdom, and France, approves. I note that the foundation requested use of the park for the months of August and September.

I assume that you have consulted the French, as well as the British, Embassy on the matter.

I also assume, with reference to your letter of April 27 (Ref. 6531/180/EC) and to subsequent correspondence regarding use of this property by the Italian Red Cross, that any conflicts over use of the building and premises which may be agreed to in principle will be composed by the Italian Government as Trustee and will not involve this Embassy.

Sincerely yours,

*David McK. Key*  
David McK. Key,  
Charge d'Affaires ad interim.

M. S. Lush, Brigadier,  
Executive Commissioner,  
HQ Allied Commission,  
Rome.

cc: POLAD (B)

1870

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

785017

229

*M. H. B.*

Ref. : 6531/229/EG

12 September 1946.

SUBJECT: Use of ex-German Embassy.

TO : U.S. Embassy  
British Embassy  
Rome

216

1. I enclose a copy of a letter dated 13 Aug 46 from the Prefectorial Commissary, Opera Pia "Fondazione Vittorino di Candillo" requesting the use of part of the Park of the ex-premises of the German Embassy in Via Conte Rosso, Rome.

2. This scheme has the blessing of the Italian Government and your approval is therefore requested, please.

For the Chief Commissioner:

A. W. Kniseig.

Brigadier,  
Executive Commissioner.

See 238153

See 7-232

PA 17/1  
11



Cr/To

*Ministero degli Affari Esteri*

6531

pa

6/3074/1205

228

SEP 11 1946

MEMORANDUM FOR THE ALLIED COMMISSION

SUBJECT: Benevolent Society Vittorino Di CAMILLO.

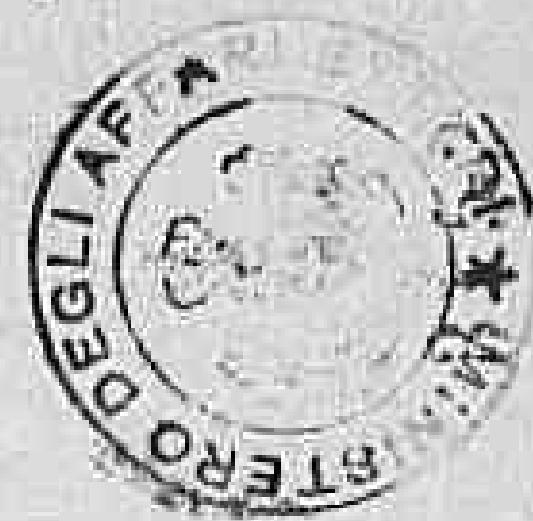
219

With reference to the Allied Commission's note n. 6531/EC dated August 17th, 1945, we beg to communicate that, according to favourable informations received from the Prefettura di Roma, it is believed that the cause is suitable and this case is really worth to be taken into consideration.

The Ministry for Foreign Affairs, therefore, would be much obliged to the Allied Commission if they could kindly approach the British and United States Embassies with a view to having a portion of the Park of the ex-German Embassy, Rome, placed at the disposal of this institution.

*Alluminio*

Rome, September 10th, 1945.



*See # 229*

*Ministero degli Affari Esteri*

SEP 11 1946

MEMORANDUM FOR THE ALLIED COMMISSION

SUBJECT: Benevolent Society Vittorino Di CAMILLO.

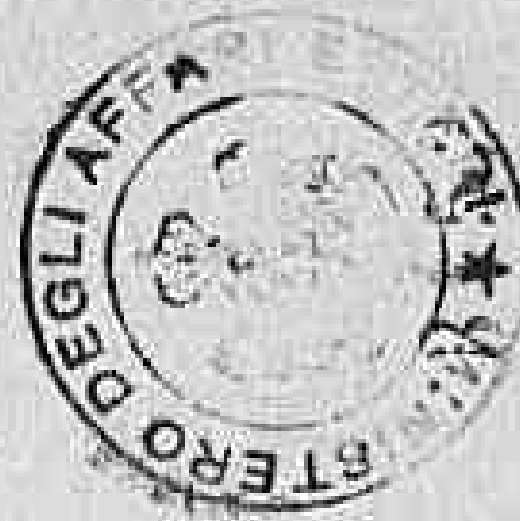
219

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The Ministry for Foreign Affairs, therefore, would be much obliged to the Allied Commission if they could kindly approach the British and United States Embassies with a view to having a portion of the Park of the ex-German Embassy, Rome, placed at the disposal of this institution.

*Alleluia*

Rome, September 10th, 1945.



*See 4. 229*

*(Copy 2)*

*12/9/46*

785017

1872

1873

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

785017

227

HEADQUARTERS ALLIED COMMISSIO  
APO 394  
Office of the Executive Commissioner

Ref : 6531/202/22

28 August 1946

SUBJECT : Unseiz of German State Property in Italy

TO : The Ministry of Foreign Affairs,  
Italian Government,  
ROME.

1. With reference to your memorandum No. 6/4040/1562 dated 17 October 1945 and my letter No. 6531/102/22 dated November 1945 on the above quoted subject.
2. I am now able to inform you that future advances to maintain German state property in Italy will be reimbursed out of German State funds available in liquid form in Italy.

For the Chief Commissioner:

S. LUSH  
Brigadier.  
Executive Commissioner.

Copy to: U.S. Embassy  
British Embassy  
Polad A  
Polad B  
Econ Sec  
APA

3151

See F-239

PA.  
NR  
28/8

1874

785017

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

INCOMING MESS. GE  
HEADQUARTERS ALLIED COMMISSION

Ex. Comm 226

Originator's Reference: FX 70952  
Date/Time of Origin: AUG 24 1439 B

Message Centre No: H/6012  
Date Time Rec'd: AUG 25 0930 B  
Precedence: ROUTINE

FROM: AFHQ SIGNED SACMED CITE PHGEG  
TO : ALCOM ROME, INFO ALLIED FINANCIAL AGENCY

AUG 26 1946

RESTRICTED

RESTRICTED.

Our FX 70575 now cancelled. Ref our FX 70575 dated  
16 August 46

TAM 778 as repeated to you in our FX 7027 dated 6 August  
FMUR 6 will now be implemented.

|        |                    |
|--------|--------------------|
|        | <u>AC DIST</u>     |
| ACTION | EX COMMISSIONER 2  |
| 3      | A F A              |
| INFO   | CHIEF COMMISSIONER |
|        | POLAD A            |
|        | " B                |
|        | FILE               |
|        | FLOAT 2            |

ACTION

See F 240

3150

HEADQUARTERS  
25 AUG 1946  
A. C.

RESTRICTED

(COPY K)

1875

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

785017

Y file 225

Ref: 6531/220/103

23 August 1946

SUBJECT: Interned Diplomats, Claim for Property.

TO : A.P.H.C.  
C-5 Section.

182

Reference my letter 6531/21 dated 26 April 46, the enclosed two documents are forwarded as they may be of assistance in tracing diplomatic property.

FOR THE CHIEF COMMISSIONER:

A. W. Kutsch 3143

Brigadier  
Executive Commissioner

P.A. 23/8/46

AS [Signature]

20

Encl: as above.

1876

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

*Dr. Gardner 224*

HEADQUARTERS  
LOMBARDIA REGION LIAISON GROUP  
ALLIED COMMISSION

Office of the Chief Liaison Officer

REFERENCE:- LOMB/CLO/165.

SUBJECT :- Correspondence.

TO :- Headquarters, Allied Commission,  
(Att:Investigating Division).

AUG 20 1946

*Re: 224/165*

1. During the closing down process at this Headquarters, the attached correspondence was discovered.
2. As there is no Investigating officer here and it is not known whether any action was taken, the documents are forwarded for your information.

*A.H. Gardner*  
A.H. GARDNER.  
Lt. Colonel. R.A.  
Chief Liaison Officer.

*per 225*

314

*[Signature]*

*23/8/46*

*P.A.*

RECEIVED LIAISON OFFICE

ALLIED COMMISSION

Office of the Chief Liaison Officer

REFERENCES:- LOMB/CLO/165.

SUBJECT :- Correspondence.

TO :- Headquarters, Allied Commission,  
(Att:Investigating Division).

AUG 20 1946

1. During the closing down process at this Headquarters, the attached correspondence was discovered.

2. As there is no Investigating officer here and it is not known whether any action was taken, the documents are forwarded for your information.

*A.H. Gardner*  
A.H. GARDNER.  
Lt. Colonel. R.A.  
Chief Liaison Officer.

*see 225*

314

*[Signature]*  
P.A. 22/8/46  
*[Signature]*

NOTED RECEIVED INVESTIGATING DIVISION

*[Signature]*

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

785017

1877

1 8 7 8

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

785017

6531

Ev. Com 223

FX 70575  
AUG 161743 B

H/5737  
AUG 170930  
ROUTINE

AFHQ SIGNED SACRED CITE FHGLE  
ALCOM ROME, INFO: ALLIED FINANCIAL AGENCY

RESTRICTED

215

RESTRICTED.

1. At request of US Embassy pending clarification of certain points suspend action on our above quoted signal repeating TAM 778. Ref our FX 70127.
2. Do not notify Italian Government as authorized in TAM 778 or if they have already been notified do not make any payments.

AC RIST

INFO ACTION A.F.A. 2

~~XXXXXXXXXXXXXX~~

"

"

EX COMMISSIONER 2 3147

INFO CHIEF COMMISSIONER

POLAD (A) (B)

FILE ~~XXXXXXXXXX~~

SKELETON

INFO-ACTION

RESTRICTED

HEADQUARTERS

17 AUG 1946

C.

See M-224

See 226

11/20/72

(CAPT K)

6531

97

222

*Capt Knisch, for information - July.*

15 August 1946

AUG 17 1946

Memorandum for Mr. Green

Subject: Use of German State Liquid Assets to meet Maintenance Expenditures for German State Property.

1. Italian Government is now financing maintenance of German property in Italy.
2. Italian Government has repeatedly raised question of return of German seized Italian lire and other lira assets, and question of Italian reparations against Germany.
3. Transmission of message in question serves no purpose;
  - a. It simply informs Italian Government regarding possibility of repayment at some future date; and
  - b. Raises issue of treatment of these assets for no apparent reason.
  - c.) *Notification is not timely now.*
4. Suggest the following:
  - a. Maintenance of status quo with no measure whatever being taken; and/or
  - b. Request CCS to make final settlement regarding assets in question.

3140

Henry J. Tasca

*AWB*  
(CAPT X)

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

785017

Ref. : 6531/246/EC

SUBJECT: Upkeep of German State Property  
in Italy.TO : The Ministry of Foreign Affairs,  
Rome.

August 1946.

1. With reference to your memorandum No. 6/4040/1862 dated 17 Oct 45 and my letter No. 6531/100/EC dated Nov 45 on the above quoted subject.

2. I am now able to inform you that future advances to maintain German State property in Italy will be reimbursed out of German State funds available in liquid form in Italy.

For the Chief Commissioner:

Brigadier,  
Executive Commissioner.

copy to: U.S. Embassy  
British Embassy  
Polad A  
Polad B  
APA  
Econ Sec

See 221

3142

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

785017

File  
219

Ref. : 6531/EC

17 August 1946.

SUBJECT: Opera Pia "Fondazione Vittorino di Caiallo".

TO : The Presidency of the Council of Ministers.  
Rome.

216

1. The attached letter from the above named institution is forwarded to you for your recommendations on the proposals it contains.

2. If you agree that this is a suitable cause this Commission will approach the British and U.S. Embassies with a view to having a portion of the Park of the American Embassy, Rome, placed at the disposal of this institution.

For the Chief Commissioner:

A. W. Kinsley.

Brigadier,  
Executive Commissioner.

P.A. 7/3/46  
J

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

785017

Ref. : 6531/EC

17 August 1946.

SUBJECT: Use of ex-German Embassy.

TO : The Prefectorial Commissary,  
Opera Pia "Fondazione Vittorino di Candillo".

1. Receipt is acknowledged of your letter of 13 August 46 requesting the use of Park of the ex-German Embassy in Rome.

2. This matter has been referred to the Italian Government for their recommendation and you will be advised of the result in due course.

For the Chief Commissioner:

A. W. Knicker.

Brigadier,  
Executive Commissioner.

3144

PA. 7/2/46  
L

Translation 216

OPERA PIA "FONDAZIONE VITTORIO DI CAMILLO"  
Via Monza, 9 - Rome.

13 August 1946

TO : HQ. Allied Commission,  
Office of the Executive Commissioner.

Our Institution of Public Charity for poor children of both sexes has been carrying on its activity since 1919 in Rome. Every day the children receive a free meal with the aid of UNRRA.

There are more than 350 children assisted by this charitable organization distributed in Kindergarten and in the five elementary classes.

This Institution from humble beginnings has succeeded in establishing itself through its own work notwithstanding struggles and obstacles. It subsists from the profits received from the lower, medium and superior courses of instruction which take place on the same premises during the afternoons and evenings.

In 1944 after the entry of the Allies into Rome, our Institution was the object of considerable appreciation on the part of eminent American and British personalities and was one of the first schools whose beneficial activities were shown on the films by P.W.B.

It is frequently visited by personalities and Foreign Commissions, as can be seen from the periodical "IL SIMULATORE" which is distributed free and which may be considered the official organ of the charity: we send you herewith presentation copies from our collection.

The Institution carries out its activities in restricted surroundings which do not offer sufficient accommodation for its needs. For some time past we have been asking for larger and more commodious premises which would be more healthy for the children, but we do not find either backing or help.

If the afternoon activities were carried out in larger premises, the profits would be greater with the result that a larger number of children could be assisted.

We therefore earnestly beg your Commission to take into kindly consideration our request sent through the Ministry of the Treasury (Office for Allied and Enemy Property) whose object was:

- 1) Use of part of the Park of the ex-premises of the German Embassy in Via Conte Rosso during the months of August and September in the mornings only, with the idea of creating a colony for our children (about 150).
- 2) Commence negotiations as soon as possible for a temporary concession of renting premises which form part of the villa and consist of about 20 rooms, and of one or two of the existing pavilions, admitting liability for all possible consequences in the future.

Our Institution of Public Charity for poor children of both sexes has been carrying on its activity since 1919 in Rome. Every day the children receive a free meal with the aid of UNRRA.

There are more than 350 children assisted by this charitable organization distributed in Kindergarten and in the five elementary classes.

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It is frequently visited by personalities and Foreign Commissions, as can be seen from the periodical "IL SOTTOFOGNO" which is distributed free and which may be considered the official organ of the charity: we send you herewith presentation copies from our collection.

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1) Use of part of the Part of the ex-premises of the German Embassy in Via Conte Rosso during the months of August and September in the mornings only, with the idea of creating a colony for our children (about 150).

2) Commence negotiations as soon as possible for a temporary concession of renting premises which form part of the villa and consist of about 20 rooms, and of one or two of the existing pavilions, admitting liability for all possible consequences in the future.

We request this as quickly as possible in order that the Red Cross which has obtained part of the villa will not prejudice our case.

We feel confident that the noble aims of our request will be given kindly consideration by your Commission and we await an affirmative reply.

(Signed) THE PREFECTORIAL COMMISSARY

885

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

785017

INCOMING MESSAGE  
HEADQUARTERS ALLIED COMMISSION

Ex Comm.  
215

Originator's Reference: FX 70127  
Date/Time of Origin: AUG. 061542B

Message Centre No: H/5396  
Date Time Rec'd: AUG. 070900B  
Precedence: ROUTINE

FROM: AFHQ SIGNED SACMED CITE FHGEG KKKK  
TO: ALCOM ROME - ALLIED FINANCIAL AGENCY

AUG 7 1946

RESTRICTED.

Subject maintenance German state property. REUR letter 6531/202/EC dated 23 May 46.

The text of Tam 778 is reproduced for appropriate action:

"Authority granted Allied Commission, pending final decision on accounting, to notify Italian Government that Italian Government future advances to maintain German State property in Italy will be reimbursed out of German state funds available in liquid form in Italy."

ACTION

ACTION  
INFO

AC DIST

EX COMM 2  
CHIEF COMMISSIONER  
A.F.A.  
FILE  
FLOAT 2  
POLAD 'A'  
POLAD 'B'

3142

HEADQUARTERS

7 AUG 1946

221,240

See 215

See Fabio - 243

1A.46

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

1886  
7  
8635 6531 98  
Ex Comm 214  
ALLIED FORCE HEADQUARTERS  
G-5 Section  
APO 512

G-5: 912.51

22 June 1946

SUBJECT: Protection of German Interests.

TO : Chief Commissioner  
Allied Commission  
APO 794

Reference your letter 6531/EC of 18 June 1946,  
file 6531/EC Vol I was returned with our letter 386-8 on  
18th June.

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

*A. L. Hamblen*  
A. L. HAMBLÉN  
Brigadier General, G.S.C.  
Assistant Chief of Staff, G-5.

3141

*galt*  
(CAST K)

*PA*  
25/6  
8

1887

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

785017

213

PMT/eb

Ref: 6531/208/30

22 June 1946

SUBJECT: Italian Properties in Germany.

TO : Croce Rossa Italiana - AGIUS -  
Via A. Sclandra 34  
Rome

207

Reference your 2664/C-6-305 of 12 June 1946.

The Italian Government has already a Military Mission in Germany under Colonel Bruno and they are about to send an Italian Delegation to Berlin to deal with Italian citizens and their properties.

This office is unable to accept action of the above referenced letter.

FOR THE CHIEF COMMISSIONER

P. H. TUNNARD

Brigadier  
Executive Commissioner

3140

9/

22  
6  
11/1

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

8493  
6531  
Ex-Comm  
212  
ALLIED FORCE HEADQUARTERS  
APO 512

AG 386.3 GEG-O

18 June 1946  
JUN 21 1946

SUBJECT: Maintenance Costs and Rent of German State Property  
in Italy

TO : President  
Allied Commission  
APO 794  
211 refer  
210

Attached for your information are copies of two (2) letters, this  
headquarters, file, date and subject as above, to the Allied Control  
Commissions in Berlin and Austria.

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

M. Frances Aman  
M. FRANCES AMAN  
Captain, AGD  
Asst Adjutant General

2 Incls:  
a/s

Copy to Polack  
together with 209210  
sent 25/6  
✓

See 7271

3139

94  
(CHPT K)

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

6531-86 - EX-Comm 211  
8463

ALLIED FORCE HEADQUARTERS  
G-5 Section  
AFO 512

G-5: 386-R

18 June 1946

SUBJECT: Maintenance Costs and Rent of German State  
Property in Italy.

TO : Chief Commissioner,  
Allied Commission,  
AFO 794.

190  
Vol. II 202

1. Reference your letters 6531/6/EC of 1 May 46 and 6531/202/EC  
of 23 May 46.

2. Since you confirm that you have already represented the question  
of liability for the maintenance costs of German State Property in Italy  
in diplomatic channels, it is considered that the corresponding matters  
of lease and rental, raised in your first letter, should be similarly  
treated.

3. ACC Berlin and ACC Vienna have been notified, copy of letter  
attached, of the action you are taking.

4. Please keep AFHQ informed of any instructions you receive from  
diplomatic sources.

5. Your file reference 6531/EC Vol I, the use of which is appreciated,  
is returned herewith.

file received

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

  
A. L. HANBLEY  
Brigadier General, G.S.C.  
Assistant Chief of Staff, G-5

Incl:

as above

Copy to POLAD A  
POLAD B

3138

9/ (CART K)

210

ALLIED FORCE HEADQUARTERS  
G-5 Section  
APO 512

AG 86.3 G-5-0

18 June 1946.

SUBJECT: Maintenance Costs and Rent of German State  
Property in Italy.

TO : ACC Berlin  
ACC Vienna

209

1. The Italian Government has from time to time raised the question of responsibility for the maintenance costs of German State property in Italy (list attached). These costs, as a temporary expedient, are at the present borne by the Italian Government, in their capacity as trustees of this property on behalf of the custodians; the four occupying powers in Germany.

2. The Institute Storico Austriaco, Rome, has<sup>lately</sup> been occupied, with the consent of the Allied Commission Italy, by the Austrian Commercial Representative in Italy, Dr. Rotter, appointed in accordance with the Italo-Austrian Commercial Agreement of April 1946 which was approved by the Allied Council in Austria.

3. The Italian Government has now requested information as to the conditions under which Dr. Rotter may remain in occupation; that is, in regard to lease and rent.

4. Both matters have been represented diplomatically by the Allied Commission, Italy, for the rulings of the State Department and Foreign Office.

5. The foregoing is forwarded for your information.

FOR THE SUPREME ALLIED COMMANDER, MEDITERRANEAN THEATER:

3137

Encls:

PALPH C. TILLEY,  
Colonel, AGO,  
Adjutant General.

TO : ACC Berlin  
ACC Vienna

209

1. The Italian Government has from time to time raised the question of responsibility for the maintenance costs of German State property in Italy (list attached). These costs, as a temporary expedient, are at the present borne by the Italian Government, in their capacity as trustees of this property on behalf of the custodians; the four occupying powers in Germany.

2. The Institute Storico Austriaco, Rome, has <sup>lately</sup> been occupied, with the consent of the Allied Commission Italy, by the Austrian Commercial Representative in Italy, Dr. Rotter, appointed in accordance with the Italo-Austrian Commercial Agreement of April 1946 which was approved by the Allied Council in Austria.

3. The Italian Government has now requested information as to the conditions under which Dr. Rotter may remain in occupation; that is, in regard to lease and rent.

4. Both matters have been represented diplomatically by the Allied Commission, Italy, for the rulings of the State Department and Foreign Office.

5. The foregoing is forwarded for your information.

FOR THE SUPREME ALLIED COMMANDER, MEDITERRANEAN THEATER:

3137

Encls: as above.

RALPH C. TILLEY,  
Colonel, AGC,  
Adjutant General.

Copy to: AICOM.

See 14241

785017

1891

785017

APPENDIX "A"

209

LISTA DELLE PROPRIETA' GERMANICHE  
POSTE SOTTO LA TUTELA DELLA  
LEGASIONE DI SVIZZERA IN ITALIA

R o m a

1. AMBASCIATA TEFSCA presso  
il Quirinale Via Conte Rosso 25
2. EX-LEGAZIONE D'AUSTRIA Via Pergolesi 4
3. VILLA MASSIMO ( Accademia Tedesca) Via di Villa Massimo
4. ISTITUTO ARCHEOLOGICO Via Sardegna
5. ISTITUTO STORICO AUSTRIACO 111 Via Buozzi
6. BIBLIOTECA HERTZIANA ED  
ISTITUTO GERMANICO DI STORIA  
DELLA CULTURA o DELL'ARTE Palazzo Zuccari  
Via Gregoriana
7. VILLA AMELUNG (PROPRIETA' ,  
Istituto Archeologico) Via di Villa Patrizi
8. SCUOLA TEDESCA (gia' sequestrata  
dalla Autorita' Italiana) Via Savoia
9. CLINICA DELLE DIACONESSE Via Alessandro Farnese 18

F i r e n z e

1. KUNSTHISTORISCHES INSTITUT Piazza S. Spirito 10
2. VILLA ROMANA Via Senese 68
3. IMMOBILE appartenente alla  
Chiesa Tedesca Via de Bardi 20

P a l e r m o

1. EX-CONSOLATO di Germania (solo  
Mobili gia' in mano Italiana)

N a p o l i

1. EX-CONSOLATO DI GERMANIA Via Francesco Crispi 122

3130

1893

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

File 208

HEADQUARTERS ALLIED COMMISSION  
~~EXECUTIVE~~  
Office of the Chief Commissioner  
APO 394

Ref. : 6531/EC

18 June 1946.

SUBJECT: Protection of German Interests.

TO : G-5 Section  
(Attn: Major Thomson)  
AFB

Ref our letter 6531/EC of 6 May 46, it would be appreciated if you would please return Volume I of File No. 6531/EC as soon as possible as this is requested for reference at this Hq.

For the Chief Commissioner:

A. W. Kinsely

Brigadier,  
Executive Commissioner.

3132



AGIUS

ASSISTENZA GIURIDICA  
AGLI STRANIERI

ROMA - VIA A. SALANDRA 34

TELEF. 487425

L.P.

2664 2-6-308

LIAISON DIVISION

A.C.?

R O M E

JUN 15 1946

Roma, li June 12th., 1946

CROCE ROSSA ITALIANA  
SEZIONE AUTONOMA

Dear Sirs,

Many German citizens or other aliens apply to our office, inquiring about the necessary legal steps for taking care of the estates, money, insurances and so on, which they had when they were in Germany and which, of course, they have not been able to handle owing to the recent war.

Among the others, Mr. GARADELIO Augusto has applied to us, through the International Migration Service, S.S.I., Italian Section, Rome. He had a flat in Berlin and some cashes full of books, which he left in the cellar of the same house. He was forced to leave the house in a hurry in July 1943 and he could not settle his things in time. Since then, he has never known what happened of his things.

According to this application, we beg to ask you if Italians, Germans and other aliens, stateless included, are allowed to send a claim to the German Government about their lost property and have it recorded and forwarded. In this case, which is the right authority which they have to send the a/m application to, and through which channels.

If your office is not competent in this subject, will you be so kind as informing us about the right agency we have to apply to?

Thanking you beforehand, we remain,

Truly yours,

(Adv. R. Aghababian)  
MANAGER

*R. Aghababian*

3131

*See 213*

SEZIONE AUTONOMA

AGIUS

ASSISTENZA GIURIDICA  
AGLI STRANIERI

ROMA - VIA A. SALANDRA 34  
TELEF. 487425

L.P.

2664 C-G 308

LIAISON DIVISION

A.C.?

ROME

Rome, li June 12th., 1946

JUN 15 1946

Dear Sirs,

Many German citizens or other aliens apply to our office, inquiring about the necessary legal steps for taking care of the estates, money, insurances and so on, which they had when they were in Germany and which, of course, they have not been able to handle owing to the recent war.

Among the others, Mr. GARADELLO Augusto has applied to us, through the International Migration Service, S.S.I., Italian Section, Rome. He had a flat in Berlin and some cashes full of books, which he left in the cellar of the same house. He was forced to leave the house in a hurry in July 1943 and he could not settle his things in time. Since then, he has never known what happened of his things.

According to this application, we beg to ask you if Italians, Germans and other aliens, stateless included, are allowed to send a claim to the German Government about their lost property and have it recorded and forwarded. In this case, which is the right authority which they have to send the a/m application to, and through which channels.

If your office is not competent in this subject, will you be so kind as informing us about the right agency we have to apply to?

Thanking you beforehand, we remain,

Truly yours,

(Avv. R. Aghababian)  
MANAGER

*Rapman*

3131

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

785017

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

785017

206

Ref. : 6531/205/NO.

15 June 1946.

SUBJECT: Interned Diplomats Claim for Property.

TO : C-5 Section,  
A.P.H.Q.

141  
Vol. II

With further reference to your letter No. C-5; 091.112-75 dated 5 March on the a/q subject.

I enclose for your information and any action you consider necessary, a copy of a letter dated 13 June from the United States Embassy, Rome.

205

The vehicle referred to is in all probability the "OPIN. CAPTAIN" - Roma - OD 0250 said to be the property of GILBERT GENEARD.

For the Chief Commissioner:

A. W. Knisely.

Brigadier,  
Executive Commissioner.

Copy to:- James Parker Wilson Esq.,  
Senior Economic Analyst and Attache  
U.S. Embassy  
Rome.

3137

PA 15  
1/2  
1946

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

785017

6531

205

Rome, Italy, June 12, 1946

Captain A.W. Knisely,  
Allied Commission,  
Rome.

JUN 12 1946

My dear Captain Knisely:

With reference to my conversation with you in your office on Tuesday, June 11, 1946, I wish to state, for the record, that neither I nor the American Embassy can assume responsibility for the old German vehicle which was left here by Major James Sunliffe, U.S. Army, and which is now in safe-keeping in a parking space in the gardens between the Consular Building and the U.S. Embassy to the Vatican.

It will be greatly appreciated, therefore, if you will kindly inform the proper, responsible authorities that until some plan of disposal for the vehicle is devised I shall be pleased to continue to use, and to take every reasonable precaution to safeguard, the vehicle but that, with the increasing number of robberies in Italy today and the ever present possibilities of damage or destruction, no responsibility of any kind can be assumed for the machine by either the undersigned or by the Embassy. Will you kindly let me know that proper notification has been given and of any other steps that should be taken in the premises.

Sincerely yours,

*James Parker Wilson*  
James Parker Wilson  
Senior Economic Analyst and Attache

see 206

3132

(CART K)

1898  
Declassified E.O. 12356 Section 3.3/NND No. 785017

Ref. : 6531/204/EG

706  
304  
3 June 1946.

SUBJECT: German Consulate General at NAPLES.

TO : British Political Adviser  
Allied Commission

197  
Ref your letter No. 107/46 dated 3 May 46 on the above  
quoted Subject.

Confirming our telephone conversation, I have to advise you  
that the Italian Minister of Foreign Affairs has informed the Allied  
Commission that the Prefect of Naples has been instructed to hand  
over the premises of the ~~ex~~-German Consulate General to the British  
Consul General in Naples in accordance with the suggestions contain-  
ed in your a/q letter.

For the Chief Commissioner:

A. W. Knisely.

Brigadier,  
Executive Commissioner.

Copy to: U.S. Polad  
Br. Embassy

3131

PA 3/4  
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Declassified E.O. 12356 Section 3.3/NND No.

785017

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203

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6/29/46



Fa/To

Ministero degli Affari Esteri

MAY 31 1946

MEMORANDUM FOR THE ALLIED COMMISSION

SUBJECT: German Consulate-General at Naples.

198

With reference to note n.6531/198/EC dated 9 May, 1946, the Ministry for Foreign Affairs beg to inform the Allied Commission that the Ministry of Treasury has been asked to instruct to Prefettura of Naples to hand over the premises of the ex-German Consulate General to the British Consul-General at Naples, in accordance with the suggestions referred in the a/m letter. A



Rome, May 31st, 1946.

204

3130

*Ministero degli Affari Esteri*

MAY 31 1946

MEMORANDUM FOR THE ALLIED COMMISSION

SUBJECT: German Consulate-General at Naples.

With reference to note n. 6531/198/EC dated 9 May, 1946, the Ministry for Foreign Affairs beg to inform the Allied Commission that the Ministry of Treasury has been asked to instruct to Prefettura of Naples to hand over the premises of the ex-German Consulate General to the British Consul-General at Naples, in accordance with the suggestions referred in the a/m letter. *R*

Rome, May 31st, 1946.



*204*

*3130*

*(88/11)*

1901

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

202

Ref. : 6531/202/10.

23 May 1946.

SUBJECT: Upkeep of German State property in Italy.

TO : G-5 Section,  
A.P.H.C.

1. With reference to telephone conversation of today, (Major Trauman - Capt. Knisely speaking).

2. The Foreign Office consider that if the upkeep of German State property in Italy were changed to the Italian Government, it would prejudice the title of the Allied Control Commission which has vest & all German external assets in the German National Property Commission. The Foreign Office hold, therefore, that, pending decisions on accounting, the Allied Commission in Italy should arrange for the advance by the Italian Government of the sums required on the understanding that the Italian Government will be re-imbursed out of any German State funds in liquid form which may be available in Italy or by foreign exchange credit.

3. The Allied Commission has at the present time no authority to approach the Italian Government along the lines suggested by the Foreign Office. A COM directive to ANCH would be required before we could inform the Italian Government that their expenses of managing German State property located in Italy will be re-imbursed in one of the following two ways:

- (a) from liquid German State assets in Italy; or
- (b) by a foreign exchange credit (which I assume means a dollar/sterling credit).

4. It has been requested that the Foreign Office take up this matter with the U.S. State Department in order that an agreed COM directive may be sent to ANCH through A.P.H.C.

5. In view of this it would seem unnecessary to ask you to contact A.C. Austria or A.C.G. Germany in this matter.

For the Chief Commissioner:

A. W. Knisely.

Copy to: - Pined 'A'  
Pined 'B'

Brigadier,  
Executive Commissioner.

3120

See F-215-243

PA 24  
202

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

785017

16/ /46

Office of British  
Political Adviser

Executive Commissioner

MAY 9 1946

Subject: German property in Rome

With reference to your memorandum 6531/180/ec of April 27th, I write to inform you that the British Embassy has no objection to the projected use of the Villa Volkonsky by the Italian Red Cross.

5.v.46

  
Political Adviser(BR)

Copy to Political Adviser(A)

See min 193 + 7195

3128

PA 9/5

  
(C. K.)

1903