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ADV
TO
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10000/136/425

ADVANCE OF LIRE TO ADVISORY COUNCIL FOR ITALY &
TO REPRESENTATION ON ALLIED COMMISSION
AUG. 1944 - DEC. 1946

G. F. Form 353 (Old No. 400)
Revised July 26, 1918

LIST OF PAPERS

4602/CC

Office of the
Chief Commission

File under No. 4602 ADVANCE OF LIRE TO ADVISORY COUNCIL FOR ITALY
AND TO REPRESENTATION ON ALLIED COMMISSION

ALLIED COMMISSION

Vol. I Page 3
8-0789

SERIAL NUMBER	FROM—	DATE		SYNOPSIS
			TOP SECRET R	
28	Ltr 13005/F Stone	1 Mar 46	Savko	Issue of Currency
29	Ltr 13005/F Stone	1 Mar 46	Kirk	Advances of Lire to Soviet Repre to AC
30	Ltr Timmons	4 Mar 46	Stone	Lire to Advisory Council
31	Memo	Mar 16 Recd	CC	Discont of Advances by AFA to Advisory Council for Italy
32	Ltr 13260/F Stone	21 Mar 46	Key	Closing of branches of Slovene National Bank; Zone "A" Ven Giu
32	Ltr 156/A/46 Savko	21 Mar 46	Finance Branch AC	Issue of currency to USSR Rep AC
33	Ltr 13005/F Stone	21 Mar 46	Savko	Issue of Currency to USSR Rep AC
34	Ltr FA/3.25	29 Oct 46	Sec ACI	Re advances to ACI
35	Ltr 1831/46 Vel- jacic	19 Dec 46	Director AFA	Reply to ltr of 29 Oct 46
			R	

INSTRUCTIONS.—When papers on a subject become numerous they will be numbered serially and brief entries made on this form.

TOP SECRET

4602/CC

LIST OF PAPERS

Office of the
Chief CommissionerFile under No. 4602 ADVANCE OF LIRE TO ADVISORY COUNCIL FOR ITALY
AND TO REPRESENTATIONS ON ALLIED COMMISSION

ALLIED COMMISSION

TOP SECRET

Page 2

SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
15	Cbl AFHQ, MAT 578 FX-40877	10 Mar 45	CCS for CCAY	Request instructions as to whether more accounting data be required of payees.
16	13001/F, Menapace	8 Sep 45	ACI FA	Statement of disbursements of ACI will be furnished to IG monthly.
17	<i>Trans. to (4601)</i> Ltr 13242/F Stone	1 Nov 45	Parri	Currency issue unified under Italian Authority
18	Cbl F 51270 SACMED	1 Nov 45	AC	AFA authority revoked <i>Advance to ACI</i>
19	Ltr 13005/F Menapace	3 Nov 45	C/Sec. ACI	AC authority to issue lire revoked Nov
20	Ltr 5497 Sec ACI	30 Nov 45	Stone	Discontinuance of AM lire advances
21	<i>See 29F</i> Ltr 13005/F Stone	5 Jan 46	G-5 AFHQ	Advance of lire to Soviet Repre. ALCOM
20a	Ltr ASAA	29 Dec 45	CC	Columbia Club in Liquidation
22	Ltr 13005/F Timmons.	21 Jan 46	CC	Advances to Advisory Council for Italy
23	Ltr 13005/F Stone	22 Jan 46	Charles	Advances to Advisory Council for Italy
24	Ltr 13005/F Stone	22 Jan 46	Kirk	Advances to Advisory Council for Italy
<i>note</i> 25	Ltr Cleveland	31 Jan 46	Sec State W	Discrepancies Annual Leave Records
26	Ltr Cleveland	1 Feb 46	Sec State W	Italy Obligations
<i>see 29</i> 27	Ltr 13005/F Lush	12 Feb 46	AFHQ G-5	Advances of Lire to Soviet Represent- ative, Alcom

TOP SECRET

4602/CC

Office of the
Chief Commissioner

LIST OF PAPERS

ALLIED COMMISSION

File under No. 4602 ADVANCE OF LIRE TO THE ADVISORY COUNCIL FOR ITALY
AND TO REPRESENTATION ON THE ALLIED COMMISSION

TOP SECRET

Page 1

SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
1	Ltr A/CC 100 Stone	16 Aug 44	G-5 AFHQ	Advance of lire to ADV COUNCIL for ITALY. Statements, with request as to whether further sums should be advanced without requesting accounting
2	Ltr A/CC 100 Stone	23 Aug 44	G-5 AFHQ	Correction of figures in ltr of 16/8
3	Ltr G-5 Spofford	31 Aug 44	CC ACC	Not desired that delegations be called upon for explanations, but you should observe expenditures as closely as possible & report irregularities
4	Memo A/CC 100 Stone	10 Sep 44	Finance SC	Fwdg copy of G-5 ltr of 31 Aug 44
5	Ltr 13081/F Finance SC	19 Sep 44	A/CC	Advances to Representatives of the United Nations. Large funds have been asked for. May position be regularized
6	Memo Reinhardt	9 Oct 44	G-2 G-3 etc	Transfer of dollar credits from Soviet Accounts to order of Yugoslav Partisans in Italy
7	Ltr A/CC 100 Stone	18 Oct 44	Spofford G-5	Ref Reinhardt's letter. My letters of 16 & 23 Aug reflect views of ACC
8	Ltr 13081/F Finance SC	23 Nov 44	CC AC	Banking relations between USSR and Italy: re talk Grafftey-Smith - Gen Susloparov on resumption of reciprocal banking relations between State Bank of USSR & the Banca d'Italia. Found it impossible to refuse request
9	Ltr 6515/CCS Stone	29 Nov 44	Spofford G-5	Fwdg Finance SC ltr of 23 Nov 44
10	Ltr 13065/F Finance SC	15 Dec 44	CC AC	Control of expenditures.
11	Ltr 13081/F Finance SC	5 Jan 45	CC	Advances of Lire to Advisory Council for Italy - figures up to 31 Dec 44.
12	Ltr Vasiliev 124	10 Feb 45	Finance SC	Request for 16 million lire for ACI
13	Ltr Gen Kislenko	11 Feb 45	Finance SC	Request for 13 million lire for USSR representative on AC
14	Ltr 13081/F Stone	15 Feb 45	G-5 AFHQ	Ref enclosed drafts, decision pls on asking Russians for an accounting

TOP SECRET

Sant'io DFA

BPR101831/46

19 December 1946

SUBJECT : Advances to Advisory Council for Italy.

TO : Director,
Allied Financial Agency.

34

1. Reference is made to your letters PA/5.25 of 7 Dec. 46, and 29 Oct. 46, on the same subject.

2. I am instructed by the Yugoslav Acting Representative on A.C.I. to inform you that with reference to the decision of the Advisory Council for Italy of 2 April 1944, and to the Art. 23 and 28 of the Armistice Terms, the Yugoslav Delegation do not consider to be obliged to reimburse the received advances, which, on the contrary should be charged to the Italian Government.

C. Veljovic

CELOMIL VELJOVIC, Secretary,
Yugoslav Delegation A.C.I.

4602/46

TO

: Director,
Allied Financial Agency.

34

1. Reference is made to your letters FA/3.25/ of 7 Dec. 46,
and 29 Oct. 46, on the same subject.

2. I am instructed by the Yugoslav Acting Representative
on A.C.I. to inform you that with reference to the decision of
the Advisory Council for Italy of 2 April 1944, and to the Art. 23 and
28 of the Armistice Terms, the Yugoslav Delegation do not consider
to be obliged to reimburse the received advances, which, on the
contrary should be charged to the Italian Government.

C. VELJIC

CEDOMIL VELJIC, Secretary,
Yugoslav Delegation A.C.I.

4602/46

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GCT 2 1946

ALLIED FINANCIAL AGENCY

Branch of
Allied Force HQ
G-5 Section C&F

Postal Address
APO 794 US Army

29 Oct 46

FA/3.25

SUBJECT: Advances to Advisory Council for Italy.

TO : Secretary
Russian Delegation
Advisory Council for Italy
C.S.F.

1. In pursuance of the policy expressed in the letter from Allied Commission Finance Sub-Commission to the Chief of the Secretariat of your Council, reference 13005/F dated 3 Nov 45 (a copy of which is attached) we hereby request repayment of the sum of L 52,486,375 being the amount outstanding of the total advances made by this Agency to your Delegation as shown on the statement of your account we are now sending to you.

2. As the final statement of all the accounts of this Agency is now in course of preparation, with a view to the early cessation of our activities, it is requested that you will kindly give this application your immediate attention.

3. An early reply to this letter will be appreciated to enable us to make the appropriate report to higher Headquarters.

(Signed) L. R. BATTENSBY

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

Encl: as stated.

Copy to A.F.H.Q. G-5 Asst Chief of Staff
(Ref 905.06 23 Oct 46)
→ Chief Commissioner Allied Commission C&F.

LRS/ro

Spae
H602/10

STATEMENT OF RECEIPTS AND DISBURSEMENTS
for the

ADVISORY COUNCIL FOR ITALY as per A.F.A. Schedules.

--:--

R U S S I A N D E L E G A T I O N

YEAR	DISBURSEMENTS	REFUNDS	B A L A N C E
<u>1944</u>			
April	82.962	---	82.962
May	1.081.655	---	1.164.617
June	1.076.083	---	2.240.700
July	2,361.688	---	4.602.388
August	57.532	---	4.699.920
September	74.404	---	4.774.404
October	94.350	---	4.868.754
November	113.822	---	4.982.576
December	151.286	---	5.133.862
	B.F.		C.F.
<u>1945</u>	5.133.862	---	5.133.862
January	115.743	---	5.249.605
February	113.964	---	5.363.569
March	16.116.911	---	21.482.480
April	177.958	---	21.660.438
May	10.089.963	---	31.750.406
June	78.416	---	31.828.822
			41.904.937

July	2,361.688	-----	4,502.388
August	57.932	-----	4,699.920
September	74.484	-----	4,774.404
October	94.350	-----	4,868.754
November	113.822	-----	4,982.576
December	151.286	-----	5,133.862
1945			
	B.F.	-----	5,133.862
January	115.743	-----	5,249.605
February	113.964	-----	5,363.569
March	16,113.911	-----	21,482.480
April	177.958	-----	21,660.438
May	10,089.968	-----	31,750.406
June	75.416	-----	31,828.822
July	10,075.215	-----	41,904.037
August	84.160	-----	41,988.197
September	77.858	-----	42,066.055
October	10,075.123	-----	52,141.178
November	45.197	-----	52,186.375

OCT 30 1946

ALLIED FINANCIAL AGENCY

Branch of
Allied Force Hq
G-5 Section CMF

Postal Address
APO 794 US Army

29 Oct 46

FA/3.25

SUBJECT: Advances to Advisory Council for Italy.

TO : Secretary
British Delegation
Advisory Council for Italy
C.R.P.

1. In pursuance of the policy expressed in the letter from Allied Commission Finance Sub-Commission to the Chief of the Secretariat of your Council, reference 13005/F dated 3 Nov 45 (a copy of which is attached) we hereby request repayment of the sum of L 3,498,396 being the amount outstanding of the total advances made by this Agency to your Delegation as shown on the statement of your account we are now sending to you.

2. As the final statement of all accounts of this Agency is now in course of preparation, with a view to the early cessation of our activities, it is requested that you will kindly give this application your immediate attention.

3. An early reply to this letter will be appreciated to enable us to make the appropriate report to higher Headquarters.

(Signed) L. R. BATTENSBY

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

Encl: as stated.

Copy to: A.F.H.Q. G-5 Asst Chief of Staff
(Ref 905.06 23 Oct 46)
Chief Commissioner Allied Commission CMF.

LRE/rs

Spare

4602/12

STATEMENT OF RECEIPTS AND DISBURSEMENTS
for the
ADVISORY COUNCIL FOR ITALY as per A.P.A. Schedules.

- 3 -

- BRITISH DELEGATION -

AS VALIDATED BY THE SECRETARY OF THE AIR FORCE AND THE SECRETARY OF THE ARMY

YEAR	DISBURSEMENTS	REFUNDS	BALANCE
<u>1944</u>			
April	62.527	—	62.527
May	70.714	—	153.241
June	141.374	—	294.615
July	82.413	—	377.228
August	218.469	—	595.697
September	67.450	—	663.147
October	8.725	—	671.872
November	9.447	—	681.319
December	260.823	—	942.142
	G.P.		B.P.
<u>1945</u>			
January	9.547	—	942.141
February	9.294	—	951.689
March	1.318.129	—	960.983
April	273.447	—	2.279.112
May	19.723	—	2.552.559
June	541.701	—	2.572.292
July	296.645	—	3.113.993
			3.410.538

May	10.714	294.815
June	141.574	377.228
July	82.413	595.697
August	218.469	663.147
September	67.450	671.672
October	8.723	681.319
November	9.447	942.143
December	260.823	942.141
1945	C.P.	942.141
January	9.347	951.609
February	9.294	960.983
March	1.318.129	2.272.112
April	273.447	2.552.559
May	19.733	2.572.252
June	841.701	3.113.993
July	296.545	3.410.538
August	18.729	3.425.267
September	21.315	3.450.582
October	22.726	3.473.308
November	25.088	3.498.396

ALLIED FINANCIAL AGENCY

OCT 29 1946

Branch of
Allied Forces HQ
G-5 Section CMF

Postal Address
APO 794 US Army

29 Oct 46

FA/3.25

SUBJECT: Advances to Advisory Council for Italy.

TO : Secretary
Yugoslav Delegation
Advisory Council for Italy
C.M.F.

1. In pursuance of the policy expressed in the letter from Allied Commission Finance Sub-Commission to the Chief of the Secretariat of your Council, reference 13005/T dated 1 Nov 45 (a copy of which is attached) we hereby request repayment of the sum of L. 29,975,538 being the amount outstanding of the total advances made by this Agency to your Delegation as shown on the statement of your account we are now sending to you.

2. As the final statement of all the accounts of this Agency is now in course of preparation, with a view to the early cessation of our activities, it is requested that you will kindly give this application your immediate attention.

3. An early reply to this letter will be appreciated to enable us to make the appropriate report to higher Headquarters.

(Signed) L. R. BATTENSBY

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

Encl: as stated.

Copy to: A.F.H.A. G-5 Asst Chief of Staff
(Ref 905.06 23 Oct 46)
Chief Commissioner Allied Commission CMF.

LRB/rs

Spate
4602/a

STATEMENT OF RECEIPTS AND DISBURSEMENTS

for the

ADVISORY COUNCIL FOR ITALY as per A.P.A. Schedules.

- 2 -

FUGGOS DAY DISBURSEMENT

YEAR	DISBURSEMENTS	RECEIPTS	BALANCE
<u>1944</u>			
April	84,350	-----	84,350
May	80,367	-----	164,717
June	347,649	-----	512,566
July	329,451	-----	842,017
August	1,649,497	-----	2,491,514
September	278,034	-----	3,309,548
October	899,643	-----	4,269,193
November	1,225,005	-----	5,494,198
December	1,665,690	-----	7,159,896
<u>1945</u>	B.F. 7,159,896	-----	7,159,896
January	2,141,895	-----	9,301,791
February	2,150,754	-----	11,452,545
March	2,134,490	-----	13,587,035
April	2,226,380	-----	15,813,415

April	84.350	84.350
May	80.367	154.717
June	347.849	512.566
July	329.451	842.017
August	1.649.497	2.491.514
September	878.034	3.382.548
October	899.643	4.269.193
November	1.225.005	5.494.198
December	1.665.638	7.159.896
1945	B.F. 7.159.896	7.159.896
January	2.141.825	9.301.791
February	2.150.754	11.452.545
March	2.134.490	13.587.035
April	2.526.380	15.813.415
May	2.625.310	18.438.725
June	2.127.470	20.566.195
July	2.570.158	23.136.353
August	2.060.976	25.196.929
September	2.086.915	27.283.844
October	2.993.756	29.377.600
November	97.938	29.975.538

ALLIED FINANCIAL AGENCY

OCT 30 1946

Branch of
Allied Force HQ
G-5 Section CMF

Postal Address
APO 794 US Army

FA/3.25

29 Oct 46

SUBJECT: Advances to Advisory Council for Italy

TO : Secretary
French Delegation
Advisory Council for Italy
C.M.F.

1. In pursuance of the policy expressed in the letter from Allied Commission Finance Sub-Commission to the Chief of the Secretariat of your Council, reference 13005/P dated 3 Nov 45 (a copy of which is attached) we hereby request repayment of the sum of L. 3.050.479 being the amount outstanding of the total advances made by this Agency to your Delegation as shown on the statement of your account we are now sending to you.

2. As the final statement of all the accounts of this Agency is now in course of preparation, with a view to the early cessation of our activities, it is requested that you will kindly give this application your immediate attention.

3. An early reply to this letter will be appreciated to enable us to make the appropriate report to higher Headquarters.

(Signed) L. R. BATTENSBY

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

Encl: as stated

Copy to: A.F.H.Q. G-5 Asst Chief of Staff
(Ref 905.06 23 Oct 46)
Chief Commissioner Allied Commission CMF

LRB/lm

STATEMENT OF RECEIPTS AND DISBURSMENTS
for the

ADVISORY COUNCIL FOR ITALY as per A.P.A. Schedules

- 1 -

- F R E N C H D E L E G A T I O N -

YEAR	DISBURSMENTS	REFUNDS	BALANCE
1944			
April	41.194	—	41.194
May	31.058	—	72.252
June	48.358	—	120.610
July	28.500	—	149.110
August	559.460	—	708.572
September	552.424	—	1.261.002
October	583.565	—	1.844.867
November	87.667	—	1.932.534
December	100.842	—	2.033.376
	B.F.		C.F.
1945	2.033.176	—	2.033.376
January	100.843	—	2.133.619
February	96.900	—	2.230.519
March	109.410	—	2.339.929

April	41.194	41.194	
May	31.052	72.252	
June	48.358	120.610	
July	28.500	149.110	
August	559.468	708.578	
September	552.424	1,261.002	
October	583.865	1,844.867	
November	87.667	1,932.534	
December	100.842	2,033.376	C.P.
1945	B.Y.	2,033.376	
January	103.243	2,133.619	
February	96.900	2,230.519	
March	109.410	2,339.929	
April	190.322	2,530.251	
May	81.483	2,611.734	
June	99.854	2,707.588	
July	65.333	2,772.921	
August	62.750	2,835.671	
September	83.185	2,921.056	
October	84.860	3,005.916	
November	64.563	3,050.479	

ALLIED FINANCIAL AGENCY

(Ref 905.06)

Branch of
Allied Force HQ
G-5 Section CMF

Postal Address
APO 794 US Army

FA/3.25

29 Oct 46

SUBJECT: Advances to Advisory Council for Italy.

TO : Secretary
Greek Delegation
Advisory Council for Italy
C.E.F.

1. In pursuance of the policy expressed in the letter from Allied Commission Finance Sub-Commission to the Chief of the Secretariat of your Council, reference 13005/F dated 3 Nov 45 (a copy of which is attached) we hereby request repayment of the sum of L. 12,582,363 being the amount outstanding of the total advances made by this Agency to your Delegation as shown on the statement of your account we are now sending to you.

2. As the final statement of all the accounts of this Agency is now in course of preparation, with a view to the early cessation of our activities, it is requested that you will kindly give this application your immediate attention.

3. An early reply to this letter will be appreciated to enable us to make the appropriate report to higher Headquarters.

(Signed) L. R. BATTENSBY

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

Encl: as stated

Copy to: A.F.H.Q. G-5 Asst Chief of Staff
(Ref 905.06 23 Oct 46)
→ Chief Commissioner Allied Commission CMF

LRB/lm

STATEMENT OF RECEIPTS AND DISBURSEMENTS

for the

ADVISORY COUNCIL FOR ITALY as per A.F.A. Schedules.

-- : --

CHECK DELEROGATION

OF THE ADVISORY COUNCIL FOR ITALY

YEAR	DISBURSEMENTS	REVENUE	BALANCE
1944			
April	35,741	---	35,741
May	134,152	---	169,893
June	150,944	---	320,837
July	831,974	---	1,152,811
August	449,263	---	1,602,074
September	849,554	---	2,451,628
October	566,840	---	3,017,868
November	581,997	---	3,599,865
December	1,115,855	---	4,715,730
1945			
January	1,104,969	---	5,820,699
February	1,109,877	---	6,930,576
March	890,215	---	7,820,791

H.F.

C.F.

April	35.741		35.741
May	134.152		169.893
June	150.944		320.837
July	931.274		1.152.811
August	449.263		1.602.074
September	849.554		2.451.628
October	556.240		3.917.868
November	581.997		3.599.865
December	1.115.865	C.F.	4.715.730
1945			
January	1.104.959	B.F.	4.715.730
February	1.109.377		5.820.699
March	890.215		6.930.576
April	675.637		7.820.791
May	602.205		8.496.428
June	609.100		9.099.033
July	574.757		9.705.333
August	1.034.986		10.283.090
September	582.949		11.367.176
October	587.041		11.950.125
November	49.197		12.537.166
			12.580.363

ALLIED FINANCIAL AGENCY

OCT 30 1946

Branch of
Allied Force HQ
G-5 Section CMF

Postal Address:
APO 794 US Army

FA/3.25

29 Oct 46

SUBJECT: Advances to Advisory Council for Italy.

TO : Secretary
U.S. Delegation
Advisory Council for Italy
C. M. F.

also To: British
Russian
Yugoslav
Greek
French

1. In pursuance of the policy expressed in the letter from Allied Commission Finance Sub-Commission to the Chief of the Secretariat of your Council, reference 13005/P dated 3 Nov 45 (a copy of which is attached) we hereby request repayment of the sum of L 675.988 being the amount outstanding of the total advances made by this Agency to your Delegation as shown on the statement of your account we are now sending to you.

2. As the final statement of all the accounts of this Agency is now in course of preparation, with a view to the early cessation of our activities, it is requested that you will kindly give this application your immediate attention.

3. An early reply to this letter will be appreciated to enable us to make the appropriate report to higher Headquarters.

(Signed) L. R. BATTENSBY

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

Encl: as stated.

Copy to: A.F.H.Q. G-5 Asst Chief of Staff
(Ref 905.06 23 Oct 46)
Chief Commissioner Allied Commission CMF.

LRB/mbr

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB COMMISSION

3 November 1945

13005/P

SUBJECT: Advances of Lire to Advisory
Council for Italy.

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

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

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

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

s/ROBERT B. KENAFAGE, Colonel
Director,
Finance Sub Commission

BBT/paf

(2)

STATEMENT OF RECEIPTS AND DISBURSEMENTS
for the

ADVISORY COUNCIL FOR ITALY as per A.F.A. Schedules.

-- : --

= U.S. DELEGATION =

YEAR	DISBURSEMENTS	REFUNDS	BALANCE
<u>1944</u>			
April	159.234	---	159.234
May	104.466	---	263.700
June	69.281	---	332.981
July	37.391	---	370.372
August	32.985	114.772	288.585
September	45.489	---	334.074
October	83.145	---	417.219
November	54.389	127.660	383.940
December	128.634	71.311	441.271
	B.F.		441.271
<u>1945</u>			
January	156.954	78.165	520.060
February	153.338	128.870	544.528
March	137.260	122.467	559.321
April	303.344	126.070	736.595
May	214.361	159.280	791.676
June	296.884	259.684	828.876

C.F.

August	32.985	114.772	208.585
September	45.489	---	334.074
October	83.145	---	417.219
November	94.389	127.660	383.948
December	128.634	71.311	441.271
1945	B.F.	---	441.271
January	156.954	78.165	520.060
February	153.338	128.670	544.528
March	137.260	122.467	559.321
April	303.344	126.070	736.595
May	214.361	159.280	791.676
June	296.884	259.684	828.876
July	291.063	275.765	844.174
August	342.151	279.231	907.094
September	378.355	256.135	1.029.314
October	193.980	348.399	874.895
November	225.880	---	1.100.775
1946	B.F.	---	1.100.775
April	---	424.787	675.988

24

13005/2

21 March 1946

SUBJECT : Issues of Currency

TO : Colonel Victor V. Savko
Acting USNR Representative
to the Allied Commission

1. I refer to your letter 156/A/46 of 21 March, 1946. 32a

2. In accordance with the instructions we have received from the Combined Chiefs of Staff, as notified to you in my letter 13005/2 of 1 March, 1946, [24]
the Allied Commission is authorized to advance to the USNR Representation to the Allied Commission, to cover its expenses during the second quarter of 1946, a lire amount not in excess of the maximum quarterly amount previously drawn by the Representation. 4/602/11

3. Accordingly, you may draw from the Allied Financial Agency, Banca d'Italia building, Via Nazionale, Rome, an amount not to exceed seven million five hundred thousand (7,500,000) lire to cover your expenses during the months of April, May, and June, 1946.

/s/ Elmer W. StoneELMER W. STONE
Rear Admiral, USNR
Chief Commissioner

Copy to: Allied Financial Agency

Executive Commissioner
Polad (B)
Polad (A)

RHR/gv

COPY

The Representative
of
THE UNION OF SOVIET SOCIALIST REPUBLICS
to the Allied Commission for Italy
H.Q. A.C. A.P.O. 394

N. 156/A/46

21st March 1946
Tel. 478740

SUBJECT : Issue of Currency

TO : Finance Branch, A.C.

, In view of the new rate of exchange of lire, it would be appreciated if you would take the necessary steps in order to make it possible to draw the sum of 16,500,000 (sixteen million five hundred thousand) lire, which is necessary for the maintenance expenses of the USSR Representation to the Allied Commission in Italy in the second quarter of 1946.

signed

VICTOR V. SAVKO
Col., Red Army USSR
Acting Representative

*Copies to Finance Branch
Chief Com
to Com
TVM*

32a

CONFIDENTIAL

13260/T

21 March 1946

My dear Mr. Key,

I write with reference to your letter of 15 March, 1946, enclosing the Department's note concerning a protest by the Yugoslav Government over the closing of the branches of the Slovene National Bank in Zone "A", Venezia Giulia.

As you know, the central Italian Government is not allowed any direct control in Zone "A", Venezia Giulia, and the area is administered autonomously by AMG. On the financial side, the Allied Military Government was instructed by the Chief Civil Affairs Officer to continue using the Banca d'Italia (the normal Italian central bank) as the central bank in Zone "A". The functions of the central bank are, inter alia, to receive revenues collected, to provide funds for duly authorized budget appropriations, and to finance any budget deficit. AMG continued to use the Banca d'Italia (operating under AMG direction and not under direction from the head office of the Banca d'Italia, Rome) to perform these functions because not only was it the only experienced and equipped organization, but also because under international law an occupying power has no right to suppress or alter fundamental Governmental institutions.

4601 cc

AMG Venezia Giulia found two branches of the Slovene National Bank operating in Zone "A", one in Trieste and one in Gorizia, which had been established during the period of Yugoslav military occupation. The branches claimed the right to continue operations as a state bank. It was clearly impossible to have two state or central banks operating in the same area, Governmental control

CONFIDENTIAL

over a commercial banking system is normally exercised through one central bank, and it would be administratively impracticable to have two central banks giving banking instructions, carrying out foreign exchange operations, controlling foreign funds, etc. AMG made it clear to the branches of the Slovene National Bank that if they desired to continue operations in Zone "A", they would have to file an application in accordance with the Italian law providing for the establishment of banks (this law was passed before 8 September, 1943; as you know all Italian law enacted before that date is in force in Zone "A", Venezia Giulia). No such application was filed, as the Yugoslav representatives on the Joint Economic Committee maintained that the Slovene National Bank was a state bank and not a commercial bank. The two branches of the Slovene National Bank were accordingly closed. The Allied Military Government of Venezia Giulia is unalterably opposed to the operation of the Slovene National Bank as a state bank in Zone "A"; it is further felt that it should not be allowed to function as a commercial bank, for the following reasons:

- (a) the banking facilities of Zone "A" are quite adequate to care for all legitimate needs
- (b) it has been the policy of AC/AMG not to allow important alterations in the Italian financial structure of an area while such area was under Allied Military Government.

I feel that the attention of the Department of State should be drawn to the fact that the question of the Slovene National Bank was raised in the 44th meeting of the Advisory Council for Italy (held on 26 October, 1945) by the Yugoslav representative on the Council. After hearing the same facts as are brought out in the note of 3 January, 1946, from the Yugoslav Ambassador in Washington to the State Department, I informed the

CONFIDENTIAL

Advisory Council that the operation of the Slovene National Bank was one relating to military government and not to duties of the Allied Commission. The U.S., British, and French representatives stated that the question was not within the competence of the Advisory Council to consider.

Very truly yours,

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

Mr. David McK. Key
Chargé d'Affaires ad interim
American Embassy
Rome.

Copy to the British Embassy, Rome.

BELT/gv

MAR 16 RECD

*Subj: Memo for CC re "Discontinuance
of Lire Advances by AFA to Advisory Council for Italy."*

The Government of the United States is prepared to support a request for an amendment of the Combined Chiefs of Staff directive ordering a discontinuance of the lire advances by the Allied Financial Agency to the Advisory Council for Italy which would permit lire advances by AFA for the disbursement of administrative expenses common to the Advisory Council for Italy.

The establishment of procedures to limit rigidly the disbursement of such advances is considered highly desirable by the Government of the United States.

4/602/2

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SECRETARIAT
ADVISORY COUNCIL FOR ITALY

Rome, March 4, 1946

SECRET

The Secretariat has the honor to transmit herewith a copy
of a communication dated March 1, 1946 received from the Finance
Sub-Commission of the Allied Commission regarding the subject of
lire advances to the Advisory Council for Italy.

Enclosure:

Note 13005/Y signed by
Lt.Col. Timmons

Rear Admiral Ellery S. Stone

Chief Commissioner

Allied Commission

Rome

(30)

46007/c

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MS

Copy

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION

SECRET

13005/P

1 March 1946

SUBJECT : Advances to the Advisory Council for Italy.

TO : Mr. John Goshie
Chief of Secretariat
Advisory Council for Italy
c/o U.S. Embassy, Rome.

We have received a letter from AMER conveying certain views and instructions of COS on advances of lire to the USSR Representative to the Allied Commission. Paragraph 5 of the AMER letter will, I think, be of interest to you and reads as follows:

" 5. If necessary you will acquaint the USSR Representative with the fact that expenses of Delegates to the Advisory Council are not chargeable to the Italian Government under the Armistice since the Advisory Council was not set up under the Armistice Terms, but under the Moscow Declaration of Oct 1943."

(signed) B.M.L. TILGNER
Lt.Col.
Director
Finance Sub-Commission

(30)

SECRETSECRET

13005/P

1 March 1946

My dear Sir Noel:

1. I attach for your information a copy of AFHQ letter 4-5/123-3 of 26 February, 1946, and a copy of my letter 13005/P of 1 March, 1946, to the Acting USSR Representative to the Allied Commission.

2. Copies of the various references cited in the first paragraph of the AFHQ letter are also attached, except MAT 974, which merely embodied my 13005/P of 5 January in telegram form to CGS. In order that you may have the whole picture before you, I also attach a copy of our 13005/P of 12 February to AFHQ.

Very truly yours,

/s/ Elmer W. Stone

ELMER W. STONE
Rear Admiral, USNR,
Chief Commissioner.His Excellency Sir Noel Charles,
British Embassy,
Rome.

BELT/ev

(29)

Sgt
4602/100

SECRETSECRET

13005/P

1 March 1946

My dear Mr. Ambassador:

1. I attach for your information a copy of AFHQ letter G-5/123-3 of 26 February, 1946, and a copy of my letter 13005/P of 1 March, 1946, to the Acting USSR Representative to the Allied Commission.

2. Copies of the various references cited in the first paragraph of the AFHQ letter are also attached, except MAT 974, which merely embodied my 13005/P of 5 January in telegram form to OSS. In order that you may have the whole picture before you, I also attach a copy of our 13005/P of 12 February to AFHQ.

Very truly yours,

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR,
Chief Commissioner.The Honorable Alexander Kirk,
U.S. Embassy,
Rome.*Copy to Sir Noel Charles*

(29)

BELT/gv

13005/P

1 March 1946

SUBJECT : Issue of Currency

TO : Colonel Victor V. Savko
Acting USSR Representative
to the Allied Commission

1. I refer to your letters Nos. 125/A/46 of 3 January, and 117/A/46 of 11 February, 1946, and to our letters 13002/P of 7 January and 13005/P of 12 February, 1946.

2. Your requests for additional advances of funds to the USSR Representative to AGO for the first quarter of 1946 were referred to higher authority for decision. I am now directed by the Combined Chiefs of Staff and Allied Force Headquarters to inform you that quarterly advances to the National Delegations to the Allied Commission will be limited to amounts not in excess of the maximum quarterly amounts previously drawn by the USSR Delegation. It is the agreed policy of the United States and United Kingdom Governments to moderate the burden of the Armistice Terms and it is not possible to issue lire in unrestricted amounts in view of the US/UK concern for the Italian economy. For this reason, Allied Commission expenditures which is ultimately chargeable to the Italian Government must be restricted to the minimum necessary for the personal expenditures of the individuals concerned. This will be estimated on a uniform basis and at a reasonable and generous rate per head, but drawings will be limited to the maximum previous drawings over a period of time, as set out above.

3. I am directed to explain to you that under the terms of the Currency Agreement recently concluded with the Italian Government, the latter is responsible for the issue of all Italian currency including currency required by the Allies. Should your Delegation require amounts of currency over and above the amounts which the Allied Commission is authorized to supply to you, you may utilize the normal banking remittance channels which were especially authorized for your benefit. Alternatively you may approach the Italian Ministry of the Treasury direct for any further currency you may need over the amounts supplied to you by ALCOM.

4. I am further directed to state for your information that the expenses of the National Delegations to the Advisory Council for Italy are not chargeable to the Italian Government under the Armistice, since the Advisory Council for Italy was not set up under the Armistice Terms, but under the Moscow Declaration of October, 1943.

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

BELT/ev

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ALLIED FORCE HEADQUARTERS
G-3 Section
APO 512

FILE : G-3/123-3

26 February 1946

SUBJECT: Advances of Lire to Soviet Representative, APOG.

TO : Headquarters, Allied Commission, APO 394

Reference is made to your letters 13005/7 dated 5 January and 13003/7 dated 21 February also to MAT 574 dated 9 January and G-3/123-3 of 15 February 1946.

1. A reply has not been received from the Combined Chiefs of Staff to MAT 574 in which approval is given of the action taken by you outlined in para 4 of the cable under reference.

2. This Headquarters is directed to inform you that quarterly advances to the National Delegations to the Allied Commission will be limited to amounts not in excess of maximum quarterly amounts previously drawn by the USSR Delegation.

3. You will explain to the USSR Representative that it is the agreed United States/United Kingdom policy to moderate the burden of the Armistice terms and that it is not possible to issue Lire in unrestricted quantities in view of United States/United Kingdom concern for the Italian economy. For this reason, Allied Commission expenditure which is ultimately chargeable to the Italian Government must be restricted to the minimum necessary for personal expenditures of individuals concerned. This will be estimated on a uniform basis and at reasonable and generous rate per head, but limited to maximum previous drawings over period of time as in para 2.

- 2 -

4. The Combined Chiefs of Staff directs that you will also explain to the USSR Representative that under the terms of the currency agreement with the Italian Government, the latter is responsible for the issue of all Italian currency, including currency required by the Allies, and that the USSR Representative will now have to ask the Italian Government direct for any further currency which they may require over and above that provided by you. Alternatively the USSR Delegation can use the banking channels which have been specially authorized for their benefit.

5. If necessary you will acquaint the USSR Representative with the fact that expenses of Delegates to the Advisory Council are not chargeable to the Italian Government under the Armistice since the Advisory Council was not set up under the Armistice Terms, but under the Moscow Declaration of Oct 1943.

6. You are also directed to report the outcome of any discussion you may have with the USSR Representative on the above lines for onward transmission to the Combined Chiefs of Staff in order that the matter may be considered by them in relation to the question of obtaining currencies for delegations to Control Commissions in ex-satellite States.

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

(Sgd) F. G. A. PARSONS,
Brigadier,
Acting Assistant Chief of Staff, G-5.

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0027

SECRET

13005/8

21 February 1946

SUBJECT : Advances of Lire to Soviet
Representative, AICOM.

TO : Assistant Chief of Staff,
G-5 Section,
AFHQ.

1. I refer to your G-5/123-3 of 13 February, 1946.

2. I note that in para. 3 you state "it appears that AFHQ has no authority to limit lire advances to the Russian Delegation". You will remember that in my letter 13005/7 of 5 January, 1946, I indicated that, in view of TAF 707, and what I believe to be its intent, I do not intend to advance to the Soviet Representative on the Allied Commission an amount in excess of the maximum quarterly amount previously drawn, i.e., 7,500,000 lire unless I received instructions to the contrary from your HQ. Your HQ, in TAF 974 of 9 January, 1946, requested confirmation from GCS that this course of action was in accord with TAF 707.

3. Having thus taken a definite stand and placed the question before GCS, I do not think we would be justified in conveying to the Soviet Delegation the sense of your para. 3, of which the logical corollary is that if the Soviet Delegation is prepared to press its original demand for 25,000,000 lire for the first quarter, plus an additional 10% because of the rate change, the Allied Commission would have no alternative but to grant the entire amount requested. We stated in our 13005/8 of 12 February, 1946, that 7,500,000 lire per quarter would appear sufficient to cover the expenses of the Soviet Delegation, even though the lire cost of certain items obtained from Allied sources has increased. You agree with this view in para. 3 of your reference letter.

29 C

4. I therefore suggest that no answer be made to the Soviet Representative until a reply to MAT 574 has been received from CDS. In order that CDS may have the whole picture before them, it might be well to inform CDS of the further Soviet request for a 135% increase on their present drawings for the first quarter of 1946.

5. I should be grateful for an expression of your views on these suggestions.

(Sgd) ELLERY T. STONE
Rear Admiral, USNR,
Chief Commissioner.

Copies to: Executive Commissioner
Political Adviser (Br)
Political Adviser (A)

CONFIDENTIALSECRET

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

15 February 1946

FILE : G-5/123-3

SUBJECT: Advances of Lire to Soviet Representative, ALCOR.

TO : The Chief Commissioner,
Headquarters Allied Commission, APO 354.

Reference is made to your 13005/E of the 12 Feb. 46.

1. The question of increased drawing of Lire based on the recent alteration of the Diplomatic and Military rate does not arise in that advances of Lire made to the Representative of the USSR bear no relation to Dollars or Sterling.

2. The military rate of exchange can have little effect on the expenses of the Russian Delegation. It will admittedly affect the prices of items purchased from military stocks e.g. RFI/RA stores rations etc. but this can be no justification for requesting an increase of 125% on the present drawings.

3. It appears that AFHQ has no authority to limit Lire advances to the Russian Delegation. The most therefore that can be done is to acquaint the Delegation with the provisions of para 1 and 2 above, and to request that any additional demand which they may make should bear some relation to the actual increase in the expenses of the delegation.

4. For your information we are asking CUS. for an early reply to MAT 974.

BY COMMAND OF LIEUTENANT GENERAL MORGAN:

(Sgd) F.G.A. HANSON
Brigadier,

Acting Assistant Chief of Staff, G-5

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13005/P

12 February 1946

SUBJECT : Advances of lire to Soviet Representative, Alcoa
 : Assistant Chief of Staff,
 G-5 Section
 AFHQ

1. I refer to our letter 13005/P of 5 January 1946, subject as above, and to LTR 974, dated 2 January 1946.

2. I have now received a request from the USSR Representative to the Allied Commission for an additional 9,375,000 lire for the first quarter of 1946. The USSR Representative bases this request upon the introduction of the new military rate of exchange. I attach hereto a copy of the request from the USSR Representative.

3. The lire advances to the USSR Representative, under the authority of para. 3 of SAN 707, are not based on dollars or sterling, and are not, therefore automatically affected or altered by any change in the military rate of exchange. Certain items purchased by the USSR Delegation to AG are of course affected by the new military rate of exchange, such as U.S. Army rations and P.X. supplies. For example, the USSR Delegation to AG draws from 2675 Regt. 24 U.S. rations per day, of which 6 rations cost \$ 1.00 per day and 18 cost \$.75 per day. The lire cost of such rations to the USSR Delegation has now increased. It should also be noted that no accounting is rendered by the USSR Delegation for the amounts drawn to cover their expenses. It would appear that the quarterly amount of 7,500,000 lire is sufficient to cover the expenses of the Delegation, including the increased lire cost of these commodities obtained from Allied sources.

4. The USSR Representative has been informed by us that his request has been referred for decision to higher authority. Your instructions are awaited.

M.3. LUSH
 Brigadier,
 Acting Chief Commissioner.

Copies to : Polad (B)
 : Polad (A)

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C O P YSecretSecret

13005/T

5 January 1946

SUBJECT : Advance of lire to Soviet Representative, ALBON
 TO : Assistant Chief of Staff
 G-5 Section
 AFM

1. I attach hereto a copy of a request from the Soviet Representative on the Allied Commission for the sum of 25 million lire to meet the expenses of the USSR Delegation on the Allied Commission for the first quarter of 1946.

2. The figures below indicate the amounts previously advanced during the last five quarters to the Soviet delegations to both the Allied Commission and the Advisory Council for Italy.

4th Quarter 1944	AG - 6,000,000 lire ACI - 7,000,000 lire
1st Quarter 1945	AG - 7,000,000 lire ACI - 9,000,000 lire
2nd Quarter 1945	AG - 7,500,000 lire ACI - 10,000,000 lire
3rd Quarter 1945	AG - 7,500,000 lire ACI - 10,000,000 lire
4th Quarter 1945	AG - 7,500,000 lire ACI - 10,000,000 lire
Total for year 1945	AG - 29,500,000 lire ACI - 39,000,000 lire

3. It should also be noted that from the formation of the Advisory Council for Italy through 30 September 1945, advances to the USSR Delegation on the Advisory Council for Italy totalled 42,066,055 lire.

(29 F)

4. TAM 707, dated 30 October 1945, revoked as of 1 November 1945, our authority to advance lire to the national delegations on the AOI, Para 3 of TAM 707 states as follows :

"Reference paragraph 5 MAT 578, provision of funds to National Delegations on Allied Commission should continue same basis as heretofore with information being made available, in accordance with paragraph 10A PAN 583, to Italian Government."

5. It will be seen that the current request for funds from the Soviet Representative on the Allied Commission is greatly in excess of the quarterly amounts advanced in the past to the Soviet Delegations on both the Allied Commission and the Advisory Council for Italy. In view of TAM 707, and what I believe to be its intent, I do not intend to advance to the Soviet Representative on the Allied Commission an amount in excess of the maximum quarterly amount previously drawn, i.e. 7,500,000 lire, unless I receive instructions to the contrary from you.

ELIERY W. SPENCE
Rear Admiral, USNR
Chief Commissioner

Incl. 1

29 F

13005/P

1 March 1946

SUBJECT : Issue of Currency

TO : Colonel Victor V. Savko
Acting USSR Representative
to the Allied Commission

1. I refer to your letters Nos. 125/A/46 of 3 January, and 137/A/46 of 11 February, 1946, and to our letters 13002/P of 7 January and 13005/P of 12 February, 1946.

2. Your requests for additional advances of funds to the USSR Representative to ALCOM for the first quarter of 1946 were referred to higher authority for decision. I am now directed by the Combined Chiefs of Staff and Allied Force Headquarters to inform you that quarterly advances to the National Delegations to the Allied Commission will be limited to amounts not in excess of the maximum quarterly amounts previously drawn by the USSR Delegation. It is the agreed policy of the United States and United Kingdom Governments to moderate the burden of the Armistice Terms and it is not possible to issue lire in unrestricted amounts in view of the US/UK concern for the Italian economy. For this reason, Allied Commission expenditure which is ultimately chargeable to the Italian Government must be restricted to the minimum necessary for the personal expenditures of the individuals concerned. This will be estimated on a uniform basis and at a reasonable and generous rate per head, but drawings will be limited to the maximum previous drawings over a period of time, as set out above.

3. I am directed to explain to you that under the terms of the Currency Agreement recently concluded with the Italian Government, the latter is responsible for the issue of all Italian currency including currency required by the Allies. Should your Delegation require amounts of currency over and above the amounts which the Allied Commission is authorized to supply to you, you may utilize the normal banking remittance channels which were especially authorized for your benefit. Alternatively you may approach the Italian Ministry of the Treasury direct for any further currency you may need over the amounts supplied to you by ALSCA.

4. I am further directed to state for your information that the expenses of the National Delegations to the Advisory Council for Italy are not chargeable to the Italian Government under the Armistice, since the Advisory Council for Italy was not set up under the Armistice Terms, but under the Moscow Declaration of October, 1943.

/s/ Elery W. Stone
ELERY W. STONE
Rear Admiral, USNR,
Chief Commissioner.

SECRET

13005/F

12 February 1946

SUBJECT : Advances of Lire to Soviet
Representative, AFHQ.

TO : Assistant Chief of Staff,
G-5 Section,
AFHQ.

1. I refer to your G-5/123-3 of 15 February, 1946.

2. I note that in para. 3 you state "it appears that AFHQ has no authority to limit lire advances to the Russian Delegation". You will remember that in my letter 13005/F of 5 January, 1946, I indicated that, in view of TAM 707, and what I believe to be its intent, I do not intend to advance to the Soviet Representative on the Allied Commission an amount in excess of the maximum quarterly amount previously drawn, i.e., 7,500,000 lire unless I received instructions to the contrary from your HQ. Your HQ, in MAT 974 of 9 January, 1946, requested confirmation from CCS that this course of action was in accord with TAM 707.

3. Having thus taken a definite stand and placed the question before CCS, I do not think we would be justified in conveying to the Soviet Delegation the sense of your para 3, of which the logical corollary is that if the Soviet Delegation is prepared to press its original demand for 25,000,000 lire for the first quarter, plus an additional 125% because of the rate change, the Allied Commission would have no alternative but to grant the entire amount requested. We stated in our 13005/F of 12 February, 1946, that 7,500,000 lire per quarter would appear sufficient to cover the expenses of the Soviet Delegation, even though the lire cost of certain items obtained from Allied sources has increased. You agree with this view in para. 2 of your reference letter.

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- 2 -

4. I therefore suggest that no answer be made to the Soviet Representative until a reply to MAT 974 has been received from CCS. In order that CCS may have the whole picture before them, it might be well to inform CCS of the further Soviet request for a 125% increase on their present drawings for the first quarter of 1946.

5. I should be grateful for an expression of your views on these suggestions.

/s/ Ellery W. Stone

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

Copies to: Executive Commissioner
Political Adviser (Br)
Political Adviser (A)

see 195a
4601/CC

BELT/pmf

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- 2 -

4. I therefore suggest that no answer be made to the Soviet Representative until a reply to MAT 974 has been received from CCS. In order that CCS may have the whole picture before them, it might be well to inform CCS of the further Soviet request for a 125% increase on their present drawings for the first quarter of 1946.

5. I should be grateful for an expression of your views on these suggestions.

/s/ Ellery W. Stone

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

Copies to: Executive Commissioner
Political Adviser (Br)
Political Adviser (A)

see 195a
4601/cc

(27)

BELT/pmf

13065/T

22 January 1946

My dear Sir Noel:

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1. I attach hereto for your information a copy of a memorandum prepared at my request, showing the advances to the various delegations of the Advisory Council for Italy, and any refunds made by such delegations.

Very truly yours,

/s/ Ellery W. Stone

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

4607/ce

His Excellency Sir Noel Charles,
British Embassy,
Rome.

Duffy
4/10/46

SecretSecret

Spares

13005/P

5 January 1946

SUBJECT : Advance of lire to Soviet Representative, ALCOM

TO : Assistant Chief of Staff
G-3 Section
AFHQ

1. I attach hereto a copy of a request from the Soviet Representative on the Allied Commission for the sum of 25 million lire to meet the expenses of the USSR Delegation on the Allied Commission for the first quarter of 1946.

2. The figures below indicate the amounts previously advanced during the last five quarters to the Soviet delegations to both the Allied Commission and the Advisory Council for Italy.

4th Quarter 1944	AC - 6,000,000 lire ACI - 7,000,000 lire
1st Quarter 1945	AC - 7,000,000 lire ACI - 8,000,000 lire
2nd Quarter 1945	AC - 7,500,000 lire ACI - 10,000,000 lire
3rd Quarter 1945	AC - 7,500,000 lire ACI - 10,000,000 lire
4th Quarter 1945	AC - 7,500,000 lire ACI - 10,000,000 lire
Total for year 1945	AC - 29,500,000 lire ACI - 39,000,000 lire

3. It should also be noted that from the formation of the Advisory Council for Italy through 30 September 1945, advances to the USSR Delegation on the Advisory Council for Italy totalled 42,066,000 lire.

4. TAM 707, dated 30 October 1945, revoked as of 1 November 1945, our authority to advance lire to the national delegations on the ACI. Para 3 of TAM 707 states as follows:

"Reference paragraph 5 MAT 578, provision of funds to National Delegations on Allied Commission should continue same basis as heretofore with information

4602/1
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- 2 -

being made available, in accordance with paragraph 10A
FAM 585, to Italian Government."

5. It will be seen that the current request for funds from the Soviet Representative on the Allied Commission is greatly in excess of the quarterly amounts advanced in the past to the Soviet Delegations on both the Allied Commission and the Advisory Council for Italy. In view of TAM 707, and what I believe to be its intent, I do not intend to advance to the Soviet Representative on the Allied Commission an amount in excess of the maximum quarterly amount previously drawn, i.e. 7,500,000 lire, unless I receive instructions to the contrary from you.

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner.

Incl. 1

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C O P Y

The Representative of
THE UNION OF SOVIET SOCIALIST REPUBLICS
To the Allied Commission for Italy
HZ. AC. - APO 394

N. 125/A/46
3 January 1946

SUBJECT : Issue of Currency.

TO : Finance Sub Commission, AC.

It would be appreciated if necessary steps would be taken in order to make it possible to draw 25,000,000 (twenty five million lire), - the sum required to cover the expenses of the USSR Delegation to AC in the first quarter of the current year.

Thanking you in anticipation

sd/ VICTOR V. SAVCO
Col., Red Army USSR
Acting Representative.

29 F

THE STATEMENT OF THE JUGOSLAV REPRESENTATIVE IN CONNEXION
WITH THE STATEMENT OF THE U.R.S.S. REPRESENTATIVE
REGARDING THE DISCONTINUANCE OF AM LIRE ADVANCES TO A.C.I.

The Yugoslav Delegation cannot agree with the decision of the combined Chiefs of Staff concerning the discontinuance of AM Lire advances to the ACI from 1. November 1945, for following reasons:

- 1) The original decision of the Combined Chiefs of Staff authorizing the advances of AM Lire to the ACI was taken in accordance with the unanimous agreement of the ACI of 2. April 1944, that the administrative costs of the Council might be charged to the Italian Government in the final settlement. By this decision, taken on proposal of the representative of the U.S.A., the member Governments had agreed that they will pay the salaries of the staff of their resp. Delegations.
- 2) The Combined Chiefs of Staff cannot revoke unilaterally their decision regarding the advances of AM Lire to the ACI, since this advance was connected with the a/m obligation taken by the Representatives of the member Governments.
- 3) Consequently no new decisions should have been taken concerning the same matter without a previous consulting the ACI.
- 4) Even in case that the Allied Financial Agency would not have any more Lire, it should not hamper the further advancing of funds to the ACI, because, in basis of the articles 23 and 38 of the Armistice, the Italian Government was obliged to make available such Italian currency as the Allied Authorities may require.
- 5) Consequently the Yugoslav Delegation considers that:
 - a) advances of AM Lire for administrative costs should not be discontinued neither to the Yugoslav Delegation nor to the Council as a whole;
 - b) the Yugoslav Delegation is not obliged to reimburse the past advances for administrative costs, this with reference to the decision of the ACI of 2 April 1944.Therefor the Yugoslav Delegation do not consider necessary their advancing of funds for administrative expenses of the Secretariat of ACI.
- 6) The Yugoslav Delegation expects that the Combined Chiefs of Staff will reconsiderate the matter and that they will authorize the Allied Financial Agency to further advancing of AM Lire to the Advisory Council for Italy.

4607/20

13005/T

22 January 1946

My dear Sir Noel:

1. I attach hereto for your information a copy of a memorandum prepared at my request, showing the advances to the various delegations of the Advisory Council for Italy, and any refunds made by such delegations.

Very truly yours,

/s/ Ellery W. Stone

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

22 for above
information

His Excellency Sir Noel Charles,
British Embassy,
Rome.

22
4604/11

13005/P

22 January 1946

My dear Sir Noel:

1. I attach hereto for your information a copy of a memorandum prepared at my request, showing the advances to the various delegations of the Advisory Council for Italy, and any refunds made by such delegations.

Very truly yours,

/s/ Ellery W. Stone

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

His Excellency Sir Noel Charles,
British Embassy,
Rome.

13005/P

22 January 1946

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Very truly yours,

/s/ Ellery W. Stone

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

His Excellency Sir Noel Charles,
British Embassy,
Rome.

13005/P

22 January 1946

My dear Sir Noel:

1. I attach hereto for your information a copy of a memorandum prepared at my request, showing the advances to the various delegations of the Advisory Council for Italy, and any refunds made by such delegations.

Very truly yours,

[Signature]

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

His Excellency Sir Noel Charles,
British Embassy,
Rome.

13005/P

22 January 1946

My dear Sir Noel:

1. I attach hereto for your information a copy of a memorandum prepared at my request, showing the advances to the various delegations of the Advisory Council for Italy, and any refunds made by such delegations.

Very truly yours,

Elmer W. Stone

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

His Excellency Sir Noel Charles,
British Embassy,
Rome.

13005/F

22 January 1946

My dear Mr. Ambassador:

1. I attach hereto for your information a copy of a memorandum prepared at my request, showing the advances to the various delegations of the Advisory Council for Italy, and any refunds made by such delegations.

Very truly yours,

/s/ Elery W. Stone

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

The Honorable Alexander Kirk,
U.S. Embassy,
Rome.

Re (22) for information
indicated above
SPM

4602/ce

13005/T

22 January 1946

My dear Mr. Ambassador:

1. I attach hereto for your information a copy of a memorandum prepared at my request, showing the advances to the various delegations of the Advisory Council for Italy, and any refunds made by such delegations.

Very truly yours,

/s/ Ellery W. Stone

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

The Honorable Alexander Kirk,
U.S. Embassy,
Rome.

13009/P

22 January 1946

My dear Mr. Ambassador:

1. I attach hereto for your information a copy of a memorandum prepared at my request, showing the advances to the various delegations of the Advisory Council for Italy, and any refunds made by such delegations.

Very truly yours,

/s/ Ellery W. Stone

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

The Honorable Alexander Kirk,
U.S. Embassy,
Rome.

13005/P

22 January 1946

My dear Mr. Ambassador:

1. I attach hereto for your information a copy of a memorandum prepared at my request, showing the advances to the various delegations of the Advisory Council for Italy, and any refunds made by such delegations.

Very truly yours,

/s/ Elmer W. Stone

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

The Honorable Alexander Kirk,
U.S. Embassy,
Rome.

13605/P

22 January 1946

My dear Mr. Ambassador:

I. I attach hereto for your information a copy of a memorandum prepared at my request, showing the advances to the various delegations of the Advisory Council for Italy, and any refunds made by such delegations.

Very truly yours,

Ellery W. Stone

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

The Honorable Alexander Kirk,
U.S. Embassy,
Rome.

13005/P

22 January 1946

My dear Mr. Ambassador:

22

1. I attach hereto for your information a copy of a memorandum prepared at my request, showing the advances to the various delegations of the Advisory Council for Italy, and any refunds made by such delegations.

Very truly yours,

/s/ Ellery W. Stone

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

The Honorable Alexander Kirk,
U.S. Embassy,
Rome.

Same to Br. Amb.

22

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB COMMISSION

13005/P

21 January 1946

SUBJECT : Advances to Advisory Council
for Italy.

TO : The Chief Commissioner.

1. Pursuant to your request, there is given below the total of advances to the various delegations on the Advisory Council for Italy, and any refunds made by such delegations.

2.

	<u>Total Advances</u>	<u>Refunds</u>	<u>Net Advances</u>
American Delegation	3,448,584	2,347,809	1,100,775
British Delegation	3,498,396	-	3,498,396
Russian Delegation	52,186,375	-	52,186,375
Yugoslav Delegation	29,975,538	-	29,975,538
Greek Delegation	12,582,363	-	12,582,363
French Delegation	3,050,477	-	3,050,477
Total	104,741,733	2,347,809	102,393,924
Less Refunds	2,347,809		
Total Net Advances	102,393,924		

4602/cc

3. These figures are complete through 4 December, 1945, the date on which the Financial Agent of the Advisory Council for Italy closed his books. No advances to the various delegations were made after 1 November, 1945, the date on which CCS terminated our authority to make such advances.

Robert L. Linneman
Director,
Finance Sub Commission. Lt. Col.

Col-5-

DEC 31 1945

ALLIED SUPPLY ACCOUNTING AGENCY

Branch of

ALLIED FORCE HEADQUARTERS
G-5 SECTION
CMF.

Postal Address

c/o FINANCE SUB-COMMISSION
HEADQUARTERS ALLIED COMMISSION
APO 394 CMF.

Ref

Subject: Columbia Club in Liquidation.

Date 29 December 1945

To : The Chief Commissioner
HQ Allied Commission
APO 394.

1. Further to the Receipts and Payments Account of the Columbia Club in liquidation; for the period 7th October 1945 to 7th November 1945 and my attached report dated 10th November 1945.
2. The cash balance of \$ 1,467.87 has been paid over to the Custodian, Theatre Central Welfare Fund (\$ 733.94) and the British Roman Relief Fund (\$ 733.93) in accordance with instructions furnished to me.
3. Official receipts in respect of the above donations are held in this office. The financial affairs of the Columbia Club in liquidation are now closed.

4602/c

Phoenician
Major R.A.
Chief Accountant
Allied Supply Accounting Agency.

Copies to: The Executive Commissioner,
Columbia Club Committee

*Noted by CC**IG - MTOUSA notified**File**20a*

NOV 30 REC'D

SECRETARIAT
ADVISORY COUNCIL FOR ITALY

Rome, November 30, 1945

The Secretariat has the honor to transmit herewith a copy
1/ of note 5497 dated November 27 of the Greek Delegation to the
Advisory Council for Italy regarding the CCS directive relating
to the discontinuance of AM lire advances to the Advisory Council
for Italy.

Enclosure:

Note No. 5497.

REAR ADMIRAL ELLERY W. STONE

CHIEF COMMISSIONER

ALLIED COMMISSION

RCE

(22)

H/S

Copy

GREEK DELEGATION
To The
ADVISORY COUNCIL
FOR ITALY

Ref. No. 5497

The Greek Delegation to the Advisory Council for Italy have the honour to acknowledge receipt of the Secretariat's Note dated November 3, 1945, transmitting a communication of the same date from the Finance Sub-Commission, Allied Commission, regarding the discontinuance as from 1 November, 1945 of AM Lira advances to the Advisory Council for Italy, following a directive issued by the Combined Chiefs of Staff, and would like to point out the following: -

It is remembered that while the Combined Chiefs of Staff were studying the question of the provision of funds for the Advisory Council's use in Italy, the Council itself, at the invitation of the United States Representative, had expressed its views on this question, at its 8th and 9th meetings.

The Greek Delegation are therefore of the opinion that before the Combined Chiefs of Staff take a measure such as the revoking of their previous authorization concerning AM Lira advances, it would be helpful if this question were again discussed by the Council as a whole.

This Delegation do not see why the principle of the "differentiation of accounts", accepted by the Council on its 9th meeting should be parted from.

It is understood that from the beginning of the Council's functioning, the salaries and allowances of the members of the various national Delegations have been borne by their respective Governments while administrative costs including expenditures for quarters, office space for the Secretariat, utilities, salaries of local employees, stationery and similar expenses were defrayed by AM Lira advances in order that they may be charged to the Italian Government in the final settlement.

The Greek Delegation hold the view that as long as the Advisory Council operated in Italy, the administrative costs of the said Council as a whole and of the various Delegations should continue to be defrayed as up to 1 November 1945. Instead of lump sums being advanced to the various Delegations for this purpose, these administrative costs could, in the future, be paid only by a single accounting unit such as the Liaison & Administrative Office to the ACI.

Finally, as regards the question raised in para 3 of the Finance Sub-Commission's letter, this Delegation point out that the agreement reached at the Council's meeting on 2 April 1944 was that administrative costs of the Council's work should be postponed for final settlement between the United Nations and the Italian Government.

Rome, November 27, 1945.

20
SECRETARIAT
ADVISORY COUNCIL FOR ITALY
D O M R

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION

13005/F

3 November 1945

SUBJECT : Advances of Lire to Advisory
Council for Italy.

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

1. I am directed by the Combined Chiefs of Staff to inform the Advisory Council for Italy that the previous authorization given to the Allied Commission to make advances of AM lire to meet the expenses incurred in Italy by the Advisory Council is revoked as of 1 November, 1945. No such advances will, therefore, be made after 1 November, 1945.
2. The Combined Chiefs of Staff further state that this decision was made in view of the fact that adequate remittance facilities to Italy have been established and in view of the agreement reached at the meeting of the Advisory Council held on 2 April, 1944, that each Government represented on the Council should be responsible for the payment of salaries and personal allowances of its delegations. Administrative expenses common to the Council should be divided equally among the participating Governments.
3. The Combined Chiefs of Staff have instructed that the various national delegations to the Advisory Council should be notified that in view of the agreement reached on 2 April 1944, referred to above, they should make reimbursement to the Allied Financial Agency for past advances. Full details of such advances may be secured from the Financial Agent of the Advisory Council or from the Allied Financial Agency. I am enclosing additional copies of this letter in order you may furnish one to each delegation to the Advisory Council.

Signed ROBERT B. MONTAGNE

Copies to:

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

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

Director,
Finance Sub-Commission

19

CONFIDENTIAL

F 51270

NOV 011140A

G/2581

NOV 011515A

ROUTINE

AFHQ SIGNED SACHED CITE FHGEG
ALCOM

CONFIDENTIAL.

Advances of Lire to Advisory Council for ITALY.

1. Authority for AFA to make Lire advances to Advisory Council to meet expenditure in ITALY is revoked with effect 1 November.

2. Provision of funds to national delegations on ALLIED COMMISSION should continue same basis as heretofore. Information on expenditure to be made available in accordance with para 10 A of FAN 583 to Italian Government. Para 5 MAT 578 refers.

3. Further details follow by letter.

DIST

ACTION: Finm co
INFO: Chief Commissioner
Econ Sec 2
File 2
Float

CONFIDENTIAL

(18)

HEADQUARTERS ALLIED COMMISSION
JG 394
FINANCE SUB-COMMISSION

13001/2

8 September 1945

SUBJECT: Data Furnished to Italian Government.

TO : Financial Agent,
Advisory Council for Italy.

1. Pursuant to instructions received from the Combined Chiefs of Staff we have furnished the Italian Government with a copy of the Statement of Disbursements of the Advisory Council for Italy for the Period to 31 July 1945.

2. It is our intention to furnish similar data for future months.

3. You are requested to bring this to the attention of the Council.

(Signed) R.G. ISHAPACK, Col.
JOINT DIRECTOR,
Finance Sub-Commission.

1st Ind.

FINANCIAL AGENT
ADVISORY COUNCIL FOR ITALY
JG 394
US Army

13 September 1945

TO: Mr. John Goshie, Chief Secretariat, Advisory Council for Italy.

The above letter is referred to your office for proper compliance with paragraph 3. It is suggested that all delegations be advised at the next meeting of the Council.

(Signed) STEVE REGGIO,
Captain, AMB.
L & A Officer
A G I

4602/c

16

P 15 RECD

SECRETARIAT
ADVISORY COUNCIL FOR ITALY

Rome, September 14, 1945

The Secretariat has the honor to transmit herewith a copy of
1/ a communication of September 8, 1945 from the Finance Sub-Commission
of the Allied Commission, which communication was addressed to the
Financial Agent of the Advisory Council for Italy who transmitted
it to the Secretariat for action.

Enclosure:

as stated

REAR ADMIRAL ELLERY W. STONE

CHIEF COMMISSIONER

ALLIED COMMISSION

ROME.

Noted by CC / *[initials]*4600/1 *[initials]**[initials]*

SECRETFX 40877
MAR 10/1118AD/4590
MAR 10/1350
ROUTINE

AFHQ SIGNED ALEXANDER SITE: FIDRO
AGUAR FOR CCS FOR CHAY HPT INFO: AMSSO FOR BRITISH CHIEFS OF
STAFF AND HQ USARV MAIN HTOUSA AND TO ALCON ROME.

SECRET.

This is MAT 578. Advances of lire to Advisory Council for ITALY is subject.

1. Our letter ⁸⁵ August 1944 on above subject, addressed to CCAC/L with copy to you, requested additional instructions on making of advances to members of Advisory Council, particularly with respect to accounting for expenditure of such advances. No reply has been received.

2. On 20 January Secretary of Advisory Council was instructed to request all members to file more detailed accounts with AFA of their expenditure of A £ lire drawn from AFA.

3. Early in February the USSR Representatives ~~on~~ on Advisory Council and on AC requested advances as follows: For last quarter 1944, seven million lire and six million lire respectively; For first 4 months 1945, nine million lire and seven million lire respectively. ^{4602/cc}
AC requested this Headquarters to approved letters to USSR Representatives calling for more detailed accounting or budget to justify above advances. BRITISH resident Minister and US political Adviser referred question to foreign office and STATE DEPARTMENT, respectively.

2. 4. In view of Russian insistence on 2 March for answer, this Headquarters authorized AC to detailed to make above advances but to advise USSR Representatives that question of more detailed accounting was under consideration. The AC did so.

15 5. Please advise, not only relative to advances to USSR Representatives but to all National Delegations on Advisory Council and AC,

Page 2

SECRET

whether budgets should be required before advances are made, and whether those budgets may be accepted if they contain large items for "miscellaneous" or "contingencies".

DIST

Info-Action: FINANCE S/C
Info: A/PRESIDENT
CHIEF COMMISSIONER
ECON SMC
ADVISORY COUNCIL
FILE 2
FLOAT

SECRETL
15

SECRETSECRET

15 February 1945

FILE : 13081/F

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

TO : G5, AFHQ.

1. Reference is made to Finance Sub-Commission's letter of 13 January 1945 (13081/F), your reply of 20 January 1945 (G5/123-3) and a recent discussion in which Cmdr. Southard informed Cmdr. Lawler that American and British representatives in Roumania are required to submit a budget before receiving funds from Russians.
2. We have recently received two letters, one from the representative of the Soviet Union of the Advisory Council of Italy, one from the representative of the Soviet Union of the Allied Commission, requesting respectively 16 million Lire and 13 million Lire. Copies of these letters are attached.
3. In view of the fact that the letter to Mr. Goshie referred to in your letter of 20 January 1945 was dispatched on 22 January 1945, it is proposed to reply to the two Russian requests in the terms of the drafts attached. The question of whether or not such a letter should be sent is being referred to G5 for decision. The drafts are attached for your consideration and comments.
4. It is our feeling that American and British representatives in Roumania are more apt to receive better treatment from the Russians if we refuse funds in Italy, without a more detailed accounting than provided in these two requests, than we would by acquiescing to the requests, with the hope that the Russians in Roumania would emulate our practice.

1st Ellery W. Stone

ELLELY W. STONE
Rear Admiral, USNR
Chief Commissioner

Encls: 4

JL:ra

SECRET

SECRET**DRAFT**

HEADQUARTERS ALLIED COMMISSION
APO 384
FINANCE SUB-COMMISSION

FILE : 13081/F

SUBJECT: Advance of Lire

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

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

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

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

Joint Director,
Finance Sub-Commission

14

SECRETDRAFT

HEADQUARTERS ALLIED COMMISSION
APC 384
FINANCE SUB-COMMISSION

FILE : 13081/P

SUBJECT: Advance of Lire.

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

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

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

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

Joint Director,
Finance Sub-Commission

JJL:rs

14

CONFSECRET

REPRESENTATIVE OF THE SOVIET
UNION ALLIED COMMISSION

Rome, February 11, 1945

SUBJECT: Advance of Lire

TO : Finance Sub-Commission
Allied Commission

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

The mentioned figure includes 6 million Lire to cover expenses of the Representative in the last quarter of 1944 and the rest is requested for the first four months of the current year.

Yours respectfully,

A. Kialenko
Maj. Gen. R. A.

Representative of the Soviet Union
Allied Commission

(13)

11 Feb

C O P YS E C R E T

REPRESENTATIVE OF THE SOVIET UNION
ADVISORY COUNCIL FOR ITALY

Ref 124

Rome, February 10 1945

SUBJECT: Advance of Lire.

TO : Finance Sub-Commission
Allied Commission

Referring to the conversation with Rear-Admiral Stone on 9th February when he advised to write directly to the Sub-Commission, I ask you to advance 10 million Lire to the Representative of the Soviet Union on the Advisory Council for Italy.

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

Yours respectfully,

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

(12)

SECRET

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

13081/F.

5 January 1945.

SUBJECT: Advances to Advisory Council for Italy.

TO : Chief Commissioner. ✓

1. Advances.

Up to 31 December, 1944, the aggregate amount of lire advanced to the various delegations of the Advisory Council for Italy was as follows:-

	(lire)
U.S. Delegation	512,582
U.K. "	942,142
Russian "	5,133,862
Yugoslav "	7,159,896
Greek "	4,715,730
French "	2,033,376
	<u>20,497,588</u>

2. Remittances.

The most recent figures received of remittances to representatives of the United Nations are:-

	(lire)
Russian	11,622,000
Yugoslav	24,999,900

No further remittances have been received for Russian account since November, 1944. The remittances for Yugoslav account have not been the subject of any special notification from London and Washington but have been abstracted from the list of remittances received by the Banca di Napoli from its correspondent banks in the U.S. Three amounts of \$130,000, \$29,999 and \$90,000 were remitted in August and September, 1944, to Mr. Milutinovitch, Representative and Attorney for Financial Affairs of the National Committee, Peoples' Yugoslavia at Bari by the Head of the Military Mission, in U.S.S.R., National Committee Peoples' Liberated Yugoslavia. ✓

A.P. Grassie Smith

Colonel,
Joint Director,
FINANCE SUB-COMMISSION.

4601/cc

7/11

5 Jan

cc 1171
16 Dec.
1445 hrHEADQUARTERS
ALLIED COMMISSION
FINANCE SUB-COMMISSION
A.P.O. 394.

13065/F

15 December 1944.

SUBJECT: Control of Expenditures.

TO : Chief Commissioner. ✓

1. No actual control is exercised: the functions of the Budget Sub-Section of the Finance Sub-Commission being mainly advisory.

2. No doubt the Ambassador's reference to 5,000 dollars refers to the restriction on the issue of what are called "ordini di accreditamento" which amount to authorities to draw on a given appropriation. This restriction, which is ordained by Italian Law, states that such sums may not be issued for sums exceeding one million lire (say \$10,000) except for purely war expenditures for which there is no limit. This is a normal practice followed by all governments to ensure some measure of financial control. The Corte dei Conti underlined this principle at its recent meeting.

*A. J. Graber*Colonel,
Joint Director,
FINANCE SUB-COMMISSION.

1-1-1

10

15 Dec

TOP SECRET

HHS/dfo

6515/COS

29 November 1944

Dear Chuck:

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

Sincerely,

ELERY W. STONE
Commander, USMA
Chief Commissioner

Brigadier General Charles M. Spofford, USA
Assistant Chief of Staff, G-3
Allied Force Headquarters
APO 512

1 Incl: 13081/F dtd 23 Nov 44, subject:
"Banking Relations between USSR and Italy"

cc: Political Section
Chief of Staff
Finance Subcommission
A Files

Original to AFMA
by hand of
Brig. Lusk
29/11/44
S3713

IP
29 Nov

TOP SECRET

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION
TEL: 417

13081/F

23 November, 1944

SUBJECT: Banking Relations between USSR and Italy.

TO : Chief Commissioner,
HQ Allied Commission.

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

See (7)

/2.....

TOP SECRET

(8)

23 Nov

TOP SECRET

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

	<u>Lire</u>
April	1,075
May	1,000,755
June	1,000,455
July	2,300,350
August	-----
September	145
October	<u>565,974</u>
	4,868,754

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

Relief to Nationals	11,200
Remittances through Bank of England (Of which 12,000,000 lire is awaiting transfer from the Banca di Sicilia, Palermo).	17,621,600
Currency exchange, i.e. £4,000 in sterling notes exchanged on 15 September, 1944	1,600,000

This gives a grand total of	<u>24,101,554</u>
-----------------------------	-------------------

A.P. Grassey Smith

Colonel,
Joint Director,
Finance Sub-Commission.

Copy to: Political Section (2)
Chief of Staff

TOP SECRET

(8)

TOP SECRET

RWS/dfe

A/CC 100

18 October 1944

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

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

1. You will have seen copy of TOP SECRET memorandum from U.S. Political Adviser, signed G. F. Reinhardt, dated October 9, on the above subject.

2. As you know, we wrote you on this subject on 16 August and 23 August, to which you replied on 31 August stating that you had taken up the matter with the Combined Civil Affairs Committee, London, with a request for guidance.

3. With respect to the last paragraph of Mr. Reinhardt's letter, my letters of August 16th and 23rd reflect the Commission's views on this subject.

ELMER W. STONE
Commodore, USNR
Acting Chief Commissioner

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

"A" Files
CofS Section

TOP SECRET

7

18 Oct

TOP SECRET

October 9, 1944

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

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

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

The Bank of Naples was recently authorized to pay in lire the equivalent of \$50,000 to Ivan Milutinovic, "Representative and Attorney for Financial Affairs National Committee People's Liberation of Yugoslavia." It would appear that this transaction was ordered by the head of the Yugoslav Partisan Military Mission in the Soviet Union.

Similar transactions, it is important to note, in the amounts of \$130,000 and \$30,000 respectively were made on August 3 and August 26.

The Department has suggested that this series of transactions be brought to the attention of the military authorities concerned with the activities of the Soviet Mission to the Partisans, as well as to the Control Commission, in view of recent reports concerning what appear to be excessive rates of expenditures on the part of the Soviet Representative on the Advisory Council for Italy and the fact that the accumulation of \$230,000 in a two months' period may also be in excess of the sum necessary for balancing the accounts of the Partisan Mission in Moscow and the Soviet Mission to the Partisans. The possibility that a part of these funds may be used for political purposes under the direction of the Soviet Mission in this theater cannot be excluded.

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

For the U.S. Political Advisor:

See (7)

G. F. Reinhardt

TOP SECRET

9 Oct

HEADQUARTERS
ALLIED CONTROL COMMISSION
FINANCE SUB-COMMISSION
AFO 394
Tel. Extns. 553 & 417.

13061/F.

19 September 1944.

SUBJECT: Advances to Representatives of United Nations.

TO: Acting Chief Commissioner.

1. Pending the establishment of a Dollar and Sterling remittance procedure direct to the Banca d'Italia, Rome the Allied Financial Agency is authorised by C.C.S. to make, at its discretion, temporary advances of limited amounts of Lire to United Nations representatives with the understanding that such advances will be repaid from proceeds of subsequent remittances to be effected through the remittance procedure. The purposes for which such advances will be made appear to be limited to personal and office expenses and any legitimate purpose such as advances to needy nationals voluntarily resident in Italy.

2. In reply to a letter addressed by the undersigned to the War Office indicating the unsatisfactory delay resulting from the use of the Banco di Sicilia, Palermo for remitting sterling to the mainland a signal was received from the War Office on 8 September instructing us to be "fully prepared make all necessary advances to Allied Representatives".

3. Since the beginning of September 3 requests for funds have been received which should be brought to your attention.

(a) On 2 September a letter was received by the undersigned from Dr. Gutej, the Yugoslav Minister of Finance, stating that the British Treasury had assigned 10,000,000 lire to the Banca d'Italia in his name. He asked that when the money arrived 5,000,000 lire should be placed at the disposal of the Yugoslav delegate to the Advisory Council. As no further information was received from London 3-5 APR were requested to ask the War Office for further particulars. As Dr. Krek has not asked specifically for this money no advance has yet been made.

(b) During a visit to the Allied Financial Agency this morning Mr. Vanek, Consul-General of the Czechoslovakian Government, stated that the sum of £12,000 was to have been sent to him in Rome. We have no knowledge of any such remittance. In conformity with the ruling set out in paragraphs 1 and 2 of this memorandum an advance of 400,000 lire was made to Col. Svoboda, head of the Czechoslovak Mission, against a promise of repayment when remittances are received. Mr. Vanek produced a letter from the British Foreign Office, informing him that he would be able to draw currency from the Allied Financial Agency in Rome. This case will also be referred to London as it is considered that all instructions of this kind should be centralised in the financial

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branch (F-5) of the War Office.

(c) A request for an advance of funds was made on 18 September to the Chief of the Allied Financial Agency by a member of the staff of the Greek Government now located in this country. The officer in charge replied that he had no authority to make advances to Governments of the United Nations. On the following day, 19 September, Capt. Riggio, Liaison Officer with Allied Representatives received a request from the secretary of the Greek Delegation to the Advisory Council for 5,000,000 lire "for extra expenses of this delegation". It is clear that the delegation has no need of a sum of this magnitude, which will almost certainly be passed to the Greek Government.

4. In the light of the foregoing it is suggested that the whole position should be regularised; and a signal will be drafted to G-5 to this effect.

A.P. Grassey Smith
Colonel

Joint Director,
Finance Sub-Commission.

Acting Chief Commissioner

Advance of Lire to Advisory Council for
Italy

A/CC 100

10 September 4

Finance Sub-Commission
(Thru: V.P., Economic Section)

1. Reference is made to attached copy of letter from G-5 AFHQ,
dated 31 August 44, subject as above.

2. Forwarded for your information and guidance.

1 Incl:
as above

Stone

100-1

Sec-170

FILES (A) B

Hq	A/CC	Sec'y Gen.
DISP		
Date	11 Sept 1944	
Via	msg.	
Initials	SLP	

(4)

10 Sept

SECRET

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

CMS/CF/jjr

31 August 1944 ²¹³
12 SEP 1944

SUBJECT: Advance of Lire to Advisory Council for Italy.

TO : Headquarters, Allied Control Commission HQ ACC APO 394
APO 394 (Attn: Acting Chief Commissioner) 131 9 Sep 1944
1042

1. Receipt is acknowledged of your two letters on the above subject, A/CC 100 of 16 August and of 23 August. You point to the disproportion which appears in the sums drawn by the various delegations, and ask whether further advances should be made without requiring supporting information. (2)

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

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

Charles W. Spofford

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

9 SEP 1944
A. C. C.

SECRET

31 Aug

ENS/hjp

A/CC 100

23 August 1944

SUBJECT: Advance of Lire to Advisory Council for Italy

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

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

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

	<u>American</u>	<u>British</u>	<u>Russian</u>	<u>Jugoslav</u>	<u>Greek</u>	<u>French</u>
April	10,625	1,075	1,075	51,518	1,070	1,070
May	1,212	305	1,000,755	50,305	100,295	295
June	3,610	110	1,000,455	300,055	100,055	55
July	3,149	425	2,300,350	300,200	800,000	---
	18,596	1,915	4,302,635	702,078	1,001,420	1,420

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

Hq ACC - Sec'y Gen.
DISPATCHED
Date: _____
Via: _____
Initials: _____

ELERY W. STONE
Captain, USNR
Acting Chief Commissioner

cc: The Hon. Alexander Kirk
Sir Noel Charles

FILES (A) B

100 frames

Sub 50

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23 Aug

CONFIDENTIAL

EWS/hjp

A/CC 100

Hq ACC Secy Gen.
DISPATCHED
Date-Time 16 AUG 1944
Via <i>Amey</i> 1030
Initials <i>ES</i>

16 August 1944

SUBJECT: Advance of Lire to Advisory Council for Italy

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

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

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

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

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

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

ELLERY W. STONE
Captain, USMR
Acting Chief Commissioner

CONFIDENTIAL

TMS/ha

A/CC 000.1

15 August 1944

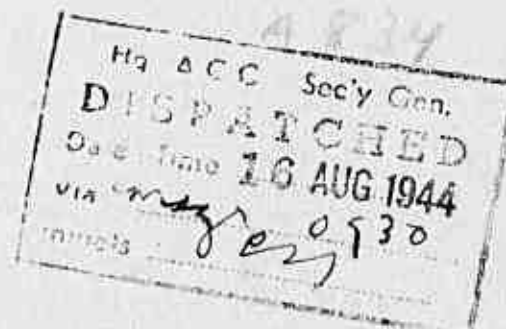
By Dear Mr. Prime Minister:

Thank you for your letter 11275/6/1 of 8 August, informing the Allied Control Commission of the proposed appointment of Messrs. Nicola Garrone, Carmine Mancinelli, and Ernesto Sanino as members of the Committee of Commissioners to the Banca Nazionale del Lavoro. These proposed appointments meet with the full approval of the Allied Control Commission.

Yours very truly,

MILLY W. STONE
Captain, USNR
Acting Chief Commissioner

His Excellency Ivanoe Bonomi
President of the Council of Ministers
Italian Government



Files (A) 3/20



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