October 4, 1943

MEMORANDUM FOR THE FILES

The following are the methods which Treasury has approved for financing the relief and evacuation of refugees from occupied and enemy areas:

(1) Local currency and necessary services may be acquired from persons in occupied or enemy areas who may be reimbursed, subject to the following conditions, from a blocked account established in the United States or Switzerland by deposit of funds by private groups in the United States:

(a) Funds in such blocked account will be allocated in favor of persons who furnish currency or services and who are certified by an agent of the interested American organization who is acceptable to this government.

(b) No funds may be paid from such account until the end of the war and in no event without the approval of the American organization's agent.

(c) Assignments of interest or expectancies in the account will be prohibited.

(2) Local currency may be purchased from persons in Switzerland provided the Legation or other responsible agency checks the sellers to insure that the local currency has been held by sellers since prior to a specified date or have since accrued to them through investments or dividends in the occupied area and similar transactions which would not give benefit to the enemy.

These two methods have been approved for financing the relief and evacuation of Jewish refugees from France to Spain, North Africa and Switzerland and from Rumania. French francs are the local currency involved in these two cases.

A third method of financing relief of refugees in occupied or enemy territory has also been approved by the Treasury, namely, the borrowing of local funds in the occupied or enemy country against a mere promise to pay by an American organization. Payment, of course, could not be made except under Treasury license. To date, this method has been approved only for the relief of Jewish refugees in Shanghai and in Italy.

The foregoing methods are subject to the general restrictions (1) that no foreign exchange be made available in enemy or enemy-occupied territory and (2) that the possibility of funds reaching persons who have furnished neither local currency nor services be reduced to a minimum.

F. Hodel

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