

II-13/11

STANDARD FORM NO. 64

~~SECRET~~ 14814
Sally Hansen

Office Memorandum • UNITED STATES GOVERNMENT

TO : Col. Buxton DATE: 2 January 1945
FROM : Sidney Alexander, Economic Subdivision, Europe-Africa Div.
Sidney Alexander
SUBJECT: Suggested Letter of Transmission of Argus Materials

The following letter is suggested to accompany the transmission of the three tables drawn from the Argus materials to:

1. The Secretary of the Treasury
2. Will Clayton, Asst. Secy. of State

Suggested Text:

Portugal
There are submitted herewith three tables containing information on the purchases and sales of gold, Reichsmark transactions and purchases of foreign currencies by a certain neutral country. This information comes from a highly authoritative, but very delicate source.

It is thought likely that this information will be most useful in connection with "Safehaven" work in your Department. For reasons of security full information on the source and nature of these materials and on the region to which they apply is not submitted herewith. If you would designate some member of your Department to receive detailed description of the nature and validity of these materials, Lt. Sidney Alexander (OSS ext. 2895) would be glad to meet with him and furnish the required information. If additional data are required concerning the foreign trade and exchange activities of the country in question, it may be possible to procure that information.

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OFFICE OF STRATEGIC SERVICES

INTEROFFICE MEMO

TO: Maj. General Donovan (via Dr. Langer)

DATE: 28 December 1944

FROM: Sidney S. Alexander

SUBJECT:

I enclose five copies of tables drawn from the "Argus" materials. For reasons of security the country of reference is not indicated on these tables. Table I indicates the purchases and sales of gold made by the country in question from or to specified other countries. The item "Transfer to Domestic Accounts" indicates the amounts of gold put to the credit of individuals or institutions in the country concerned and so passing out of our purview. This item is not yet available for 1944. Table II indicates receipts and payments of reichsmarks by the country in question arising from three important types of transactions. Table III gives the 1945 net purchases of foreign currencies by the country in question.

It is suggested that these materials would be of particular interest to the State Department and to the Treasury Department.

William A. Langer

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29 November 1944

Information on Foreign Exchange Operations

Information has recently been received, and is now being processed in this office, covering all foreign exchange operations of the country in question from the beginning of 1943 through October 1944. (Similar information, although in less detail, is now available for 1939-1942, and more is expected shortly). The source of these data is such that there can be no question of their reliability.

Analysis of the material will reveal, in particular, the movement of funds between the country concerned and Germany, either in the form of reichsmark balances or gold transfers. Comparison of these movements with the normal volume of commercial transactions should throw light on the extent of capital flight from Germany.

The materials also indicate the daily foreign exchange holdings of the country in principal free currencies and monthly statements of the balances of all currencies held can also be derived.

The material makes possible a classification of foreign exchange operations according to the nature of the transaction as well as according to country. That is, the purchase of goods can be separated from capital movements, transfers of currency, etc. (Over thirty such categories are available).

This material should be of great value to this government in its representations to the foreign government concerned. Several governments have already demonstrated their concern to avoid the charge of receiving tainted money, to the extent of insisting that payments to them should be in the form of gold earmarked in London or Ottawa. Information of the type now available in this office would strengthen the hand of this government in negotiations with the country concerned.

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NET PURCHASES OF FOREIGN CURRENCIES
 (in thousands of dollars)

<u>1945</u>	<u>POUNDS</u>	<u>DOLLARS</u>	<u>SWISS FRANCS</u>	<u>ARGENTINE PESOS</u>	<u>OTHER</u>	<u>TOTAL</u>
January	8,027	2,013	15	64	- 443	9,674
February	6,666	- 731	-1,119	8	368	5,187
March	3,390	- 919	74	179	1,204	3,928
April	961	-9,076	-162	-319	-1,610	-10,206
May	5,257	2,013	10	129	- 44	7,365
June	5,730	1,202	381	-247	903	7,969
July	5,300	2,750	410	398	- 513	8,542
August	5,789	2,844	-161	-332	106	8,246
September	6,533	2,376	16	- 90	-1,550	7,285
October	8,066	5,391	706	-17	532	14,678
November	7,106	5,054	110	- 3	- 391	-11,876
December	<u>4,602</u>	<u>6,745</u>	<u>502</u>	<u>- 6</u>	<u>20</u>	<u>11,863</u>
TOTAL	67,427	19,662	780	-241	-1,221	86,407

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