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Authority <u>MND 708103</u>
By <u>DK</u> NARA Date <u>11/2/97</u>

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EXHIBIT 2

UNITED STATES  
WASHINGTON

October 14, 1942

CONFIDENTIAL

My dear Mr. Morgenthau:

This is in reply to your letter of September 18, 1942.

I am enclosing a copy of a confidential report embodying the personal views of Messrs. Cochran and Seltzer with respect to the Proclaimed List, foreign property problems and related matters in Argentina.

Officers of the Department, in consultation with Ambassador Armour during his recent visit here, carefully considered all of the problems raised by the attached report and all of the facets of the Argentine problem. After this study, an Argentine program was developed, which is designed (a) to conserve rigorously critical materials and ships; and (b) to prevent, within the limits of our control, economic operations beneficial to the Axis.

In order to implement the foregoing program in the financial field, the following specific measures of special interest to the Treasury Department are suggested for your consideration:

- (1) The Treasury Department should compile a list of "Argentine" accounts within the United States which are suspected of being used for cloaking operations on behalf of enemy interests, and a list of all Argentine accounts, the beneficial ownership of which is not clear from the

TFR 300

The Honorable

Henry Morgenthau, Jr.,

Secretary of the Treasury.

DECLASSIFIED
Authority <u>WMD-8775</u>
By <u>K2</u> NARA Date <u>1/2/00</u>

-2-

IFR 300 reports. Accounts in each of the foregoing categories should be subjected to ad hoc freezing until it becomes clear that these accounts are not being used for cloaking or for other operations beneficial to the enemy.

- (2) The Treasury Department should subject to ad hoc freezing all individuals in Argentina who are closely connected with firms on the Proclaimed List. This, for example would include partners and important personnel in Proclaimed List firms.
- (3) Data concerning persons and firms in Argentina which have been on the edge of the Proclaimed List should be re-examined with a view to determining whether or not some or all of those entities should be subjected to listing or to ad hoc freezing. It may, of course, be desirable to control some entities through ad hoc freezing, which involves no publicity, even though available evidence has not justified their being publicly stigmatized as enemies by inclusion on the Proclaimed List.

Before the controls described in items (1) - (3) above are applied to individual cases, it is requested that each case be cleared with this Department.

- (4) This Department is also considering the feasibility of subjecting to more rigorous control certain remittances to Argentina from European neutral accounts in the United States. This suggestion has already been informally made to officers of your Department, for their consideration.

In addition to the organization of the IFR 300 data relating to Argentina, a country-by-country analysis of such data by the Treasury Department would, as officers of this Department have repeatedly suggested, be of great assistance to all of our missions. In particular it would be

helpful

DECLASSIFIED

Authority: 50 USC 3025

By: 12 NARA Date: 1/27/01

- 1 -

helpful to receive a list of all accounts in the United States, ostensibly held for neutrals which have not been subjected to control, but which the Treasury Department believes are being used as vehicles of pro-Axis transactions.

Sincerely yours,

/s/ Dean Acheson

Dean Acheson  
Assistant Secretary

Enclosure:

Confidential Report  
with respect to the  
Proclaimed List and  
related matters in  
Argentina.