

Treasury Department  
Division of Monetary Research

Date September 8, 1947 ~~xxxx~~

Mr. Glasser

Mr. Schwartz *aps.*

This memo was originally drafted by Fred Smith and me. It was drafted some time ago and I think it should go out now and have initialed the file accordingly.

Orvis Schmidt in discussing this problem agreed with the general outline now presented in the memo and in view of his absence it is sent to you.

If it is retyped for your signature or Mr. Southard's, it could, in view of the State Department reorganization, be sent to someone other than Warren Silver, i.e. to Mr. Ness.

TO:

~~Mr. George Eddy~~  
Mr. Robert Schwartz  
Mr. O. A. Schmidt

Mr. Eddy questioned our asking Argentina for a statement of their gold acquisitions since January 1939, in view of the fact that the covering memorandum deals only with the Gold Declaration of February 22, 1944. The Gold Declaration is only one part of the Treasury's program for dealing with looted gold and other Safehaven problems. In commencing negotiations with neutral countries on looted gold and Safehaven matters we have always in the past requested them to give information as to their gold acquisitions since the beginning of the war. This is in line with other commitments of the United States Government such as the United Nations Declaration of January 5, 1943, regarding forced transfers of property, which refers to looted property whenever acquired. These matters are not discussed in the memorandum or the cable since the State Department is fully aware of them and it is felt that it would only complicate and weaken the memorandum if discussions of such matters were included therein.

*My views are above.*

*FBS*

FRED B. SMITH

DECLASSIFIED
Authority <u>UND 973023</u>
By <u>SS/HR-m</u> NARA, Date <u>1/16/97</u>

RG 56, NARA II  
TREASURY-ASIA  
Accession 66-A-155  
ARG/3/00-ARG/3/75  
Box 33

Folder "ARG/3/37 GOLD"



DIVISION OF MONETARY RESEARCH

TREASURY DEPARTMENT

WASHINGTON

~~SECRET~~



II 30/4

To: Mr. Warren A. Silver  
Acting Assistant Chief  
Division of Economic Security Controls  
Department of State

From: Orvis A. Schmidt  
Assistant Director  
Office of International Finance

Subject: Need for Information from Argentina relative to Gold Acquisitions by Argentina from Axis-occupied Countries.

Reference is made to your memorandum of June 20, 1947, relative to Argentina and the Gold Declaration issued by the Secretary of the Treasury on February 22, 1944. It has been noted that you do not feel an approach to Argentina for information as to its gold acquisitions is necessary, inasmuch as it had been determined that gold earmarked in the United States on February 22, 1944, was not subject to the Gold Declaration and that, accordingly, no problem as to the purchase of gold being shipped by Argentina to the United States existed.

In suggesting that this cable be sent to Argentina, we were not primarily concerned with the purchase of immediate shipments of Argentina gold to the United States, but desired to take steps to determine Argentina's status vis-a-vis the Gold Declaration in anticipation of further shipments of gold which might be subject to that Declaration. In this connection, we have now been advised by the Federal Reserve Bank of New York that they have received over \$10,000,000 in gold bars which were not held in the United States on February 22, 1944 and accordingly are subject to the Gold Declaration. In addition, according to the latest information received from the Federal Reserve Bank of New York, Argentina has issued instructions to ship in excess of \$315,000,000 of gold to the United States, and a substantial portion of such gold has already arrived in New York. The total amount of gold withdrawn from the United States by Argentina since the date of the Gold Declaration is only approximately 292.3 million dollars. In other words, we have already been advised of the proposed shipment of an amount of gold almost \$25,000,000 in excess of that which Argentina had in the United States on the date of the Gold Declaration. Moreover, some of the gold which was held under earmark at that time consisted of gold sovereigns which are not subject to absolute identification.

RG 56, NARA II  
TREASURY- OASIA  
Accession 66-A-155  
ARG/3/00 - ARG/3/75  
Box 33

Folder "ARG/3/37 GOLD"

Your memorandum of June 20 stated that "the Gold Declaration was adhered to by Argentina \*\*\* through its adherence to the Final Act of the International Conference of Problems of Peace and War \*\*\*. It is believed, particularly in view of the President's announcement of June 3, that an approach would not be warranted unless convincing evidence were available that Argentina had acquired looted gold." It is true, of course, that we have no direct evidence that Argentina has acquired looted gold and it is possible that on the basis of information received from Argentina as the result of the proposed cable it may be determined that Argentina did not acquire any such looted gold.

On the other hand, information concerning Argentina's transactions with the Axis is entirely inadequate and, it should be noted, the ultimate destination of substantial amounts of looted gold is still not known. In this connection, the Department has noted the statement in Cable No. 7378 of September 8, 1944, from the American Embassy in London that the British "feel that Buenos Aires is a key point for flight capital, loot and all other assets held by the Germans".

In view of all of the facts and circumstances, the Treasury Department believes that Argentina should be considered to be subject to the Gold Declaration until this Government is fully satisfied that Argentina did not acquire any looted gold or has made settlement for any looted gold which they did acquire. Since available information concerning the gold dealings of Argentina is clearly inadequate to form the basis for any conclusion, it is felt that the only solution is to obtain from Argentina at the earliest possible time the submission of information as to their gold acquisitions from the Axis or Axis-occupied countries, and also from Spain and Portugal, since January, 1939. The Department, therefore, renews its request that a cable along the original lines suggested be transmitted to our Embassy in Argentina.

In the meantime, if any gold which was not within the United States on February 22, 1944, is offered for sale to the United States by Argentina, the Treasury Department would not be disposed to buy such gold. If, before satisfactory information is received from Argentina, the State Department determines for political reasons that Argentina should not be considered subject to the Gold Declaration, the Treasury Department requests that it be so advised in writing.

RG 56, NARA II  
TREASURY - ASIA  
Accession 66-A-155  
ARG/3/00 - ARG/3/75  
Box 33  
Folder "ARG/3/37 GOLD"