

DEC File

Box #

7108

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894.515/1-145 -- 12-314~~5~~ - 47-48 - 49

**SECRET**  
9-4-75  
JFK

894.515/1-445

CROSS-REFERENCE FILE

NOTE

SUBJECT Rate of exchange to be established for yen in Japanese outlying islands. Memo attached stating Department's views to be used as basis for discussion on - .

cd

894.515/1-445

Confidential File

For the original paper from which reference is taken

See Memo  
(Despatch, telegram, instruction, letter, etc.)

Dated Jan. 4, 1945 From TS State Department  
Financial and Monetary Affairs  
From Reinstein

File No. SEE 800.515/1-445

FIS

894.515/1-945

## CROSS-REFERENCE FILE

## NOTE

**SUBJECT** Comments regarding military exchange rates to be established in areas of the Pacific.

894.515/1-945

FIS

For the original paper from which reference is taken

See # \_\_\_\_\_  
(Despatch, telegram, instruction, letter, etc.)

Dated Jan 9, 1945 From Treasury Dept.  
To ~~xxxx~~

File No. 800.515/1-945

db

DEPARTMENT OF STATE

INCOMING TELEGRAM 79235

DIVISION OF CENTRAL SERVICES TELEGRAPH SECTION

MS-328  
This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (RESTRICTED)

Chungking via Navy

Dated June 3, 1945

Rec'd 9:52 a.m.

~~271~~  
~~DPH~~  
~~PH~~  
~~DEAR~~

Secretary of State,  
Washington.

DIVISION OF PHILIPPINE AFFAIRS  
JUN - 4 1945  
6/4/45 Reply to Chungking + referred to Manila  
DEPARTMENT OF STATE  
PI: E W Mll: lead

905, June 3, 10 a.m.

Embassy requests information on behalf director of currency DEPT Finance Ministry, on US GOVT policy in regard to Jap sponsored currency notes and banks in Philippines, especially on following points:

One. Were such notes allowed to be circulated following reoccupation and, if so, for what period?

Two. If such banks (including regular branches of Jap banks) were liquidated, what was necessary procedure?

894.515/6-345

+ R  
894.51611  
file

HURLEY

M.H.  
MRM  
JUN 4 1945  
DEPT OF STATE  
LINDSON OFFICE

DOE OFD Unit  
RECEIVED  
JUN 4 1945

DIVISION OF FINANCIAL AFFAIRS  
JUN 8 1945  
DEPARTMENT OF STATE  
File

FILED  
JUN 9 1945

894.515/6-345

PREPARING OFFICE  
WILL INDICATE WHETHER

Collect

Charge Department:

Charge to

### TELEGRAM SENT

## Department of State

Washington.

TO BE TRANSMITTED  
SECRET  
CONFIDENTIAL  
RESTRICTED  
CLEAR  
RESTRICTED

AMERICAN CONSUL,  
MANILA.

279

AMEMBASSY Chungking has inquired on behalf of Director of Currency Dept of Finance Ministry regarding US GOVT policy in regard to Jap sponsored currency notes and banks in Philippines. Ministry desires to know (1) whether Jap notes were allowed to be circulated following reoccupation and if so for what period and (2) if banks (including regular branches of Jap banks) were liquidated what was procedure followed?

Please telegraph brief report on above points in order that DEPT may make reply to Chungking.

JUN - 4 1945  
7j

894.515/6-345  
CS/LE

DCR - OFD Unit

Crew Acting

SENT

894.515/6-345

PI: EWM111  
:FP Lockhart: MHP

FE  
Fid

945 JUN 4 PM 7:18  
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DIVISION OF  
CENTRAL SERVICES

894.515/6-345

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*Collect*

PREPARING OFFICE  
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TELEGRAM SENT

TO BE TRANSMITTED  
SECRET  
CONFIDENTIAL  
X RESTRICTED  
CLEAR

Charge Department:

Charge to

*via Navy*

This telegram  
**Department of State**  
before being communicated  
to anyone other than a  
Government Agency.  
**RESTRICTED**

Washington.

RESTRICTED

JUN - 4 1945

*7/2*

*ACTING*

AMEMBASSY

CHUNGKING (CHINA)

*854*

In as much as specific information lacking in  
DEPT concerning points one and two raised URTEL 905,  
June 3 Dept is referring your request to Consulate  
General in Manila for report. When reply is received  
you will be informed further.

*rest*

*Grew*  
Acting

*(Per F.O.L.)*

894.515/6-345

OS/LE

894.515/6-345

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DIVISION OF  
CENTRAL SERVICES

JUN 4 1945 P.M.

894.515/6-345

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N.S.

PREPARING OFFICE  
WILL INDICATE WHETHER

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Charge Department:

Charge to

### TELEGRAM SENT

**Department of State**

Washington,

RESTRICTED

TO BE TRANSMITTED  
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RESTRICTED

JUN 7 1945

*Jam*

AMEMBASSY,

CHUNGKING (CHINA).

874

Consul General Manila reports that Jap currency was declared illegal by Executive Order No. 25 signed by President Osmeña on Nov 18, 1944. (URTEL <sup>894.515/6-345</sup> 905, June 3 and DEPTTEL <sup>894.515/6-345</sup> 354, June 4.) Circulation of this currency not allowed for any period.

*Rest  
Rest.*

Jap banks Yokohama Specie and Bank of Taiwan now in custody of Alien Property Custodian and assets believed to be non-existent. Liquidation has not yet begun because of destruction of records and need of their reconstitution.

894.515/6-345

*Wren*  
Acting

*(Per F.H.)*

894.515/6-345

*ZAR*  
PI:FPLockhart:MHP

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RELEASE DESK

JUN 7 1945 P.M.

JUN 7 PM 7 24

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DIVISION OF  
CENTRAL SERVICES

CS/MA

894.515/6-345

SENT



DEPARTMENT OF STATE

INCOMING TELEGRAM

83541 DIVISION OF CENTRAL SERVICES TELEGRAPH SECTION

Manila

Dated June 5, 1945

Rec'd 10:58 a.m., 6th

EAS-1283  
This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (RESTRICTED)

Secretary of State,  
Washington.



~~PT~~  
DCIR  
JUN - 7 1945

308, June 5, 5 p.m.

One. Jap currency was declared illegal November 18, 1944 by Executive Order 25 signed by Osmena. Circulation not allowed for any period (referring to the Department's telegram No. 279, June 4)

Two. Japanese banks viz Bank of Taiwan and Yokohama Specie Bank now in custody of Alien Property Custodian assets believed nonexistent. Because of destruction of records and need of their reconstitution liquidation has not as yet begun.

STEINTORF

894.515/6-545

*File*  
*M.H.*  
DEPARTMENT OF STATE  
LIAISON OFFICE  
JUN 8 1945

*894.515/6-545*

EDL

RECORDS BRANCH

JUN 11 1945

JUN 9 1945

FILED

894.515/6-545

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DEPARTMENT OF STATE

SPECIAL DIVISION

6/25/45

BF:



W. S. Ssey.  
File, Div. of  
Budget & Finance

Here is the  
despatch from Rio  
concerning which I  
phoned you.

File, Div. of  
Budget & Finance  
action taken  
underead claim for  
payment  
6/28/45  
BF-D:W

sup: J H Chagman



EMBASSY OF THE UNITED STATES OF AMERICA

Rio de Janeiro, Brazil, June 11, 1945

No. 1671

Subject: Reimbursement Claimed for Yen Exchanged by Brazilian Minister

UNRESTRICTED SPECIAL WAR PROBLEMS DIVISION JUN 23 1945 DEPARTMENT OF STATE

The Honorable The Secretary of State, Washington, D.C.

Sir:

I have the honor to enclose a letter addressed to the Embassy signed Esther de Proença Lago.

She indicates that she is the wife of the former Brazilian Minister to China, and claims reimbursement for Japanese yen exchanged by the Minister en route to Brazil from China with the first diplomatic exchange group.

Respectfully yours, For the Chargé d'Affaires, a.i.:

DuWayne G. Clark Commercial Attaché

Enclosure: Letter of June 8, 1945, from Mrs. Esther de Proença Lago to the American Embassy, Rio de Janeiro, Brazil.

File: 851

AJH:ae

To Department in original and hectograph

DCR - OFD Unit

DEPARTMENT OF STATE JUL 17 1945 OFFICE OF THE CHIEF OF BUREAU OF CONSULAR AFFAIRS LIAISON OFFICE

DIVISION OF FINANCIAL AFFAIRS JUN 27 1945 DEPARTMENT OF STATE

FILED JUL 19 1945 894.515/6-1145

894.515/6-1145

File noted

Emer 782

94986

BF

File, Div. of Budget & Finance

Enclosure detached & retained in B.F.D. for vouchering purposes B.F.D. war

JUL 9

Forwarded check for \$138.90 with instruction to Rio de Janeiro 7/9/45 B.F.D. war File

XR 832.5151 894.515

DECLASSIFIED

E.O. 11652, Sec 3(E) and 5(D) or (E) NND

760050

Enclosure to Despatch No. 1671  
of June 11, 1945, from American  
Embassy, Rio de Janeiro, Brazil

*Enclosure retained  
& retained in B.F.D. for  
vouchering purposes  
B.F.D.: ecr*

JUL 9 1945

UNRESTRICTED

No. 2315

To the

Officer in Charge of the American Mission  
Rio de Janeiro

The Acting Secretary of State refers to Despatch No. 1671 dated June 11, 1945 from the Commercial Attache at the American Embassy at Rio de Janeiro, Brazil, with enclosure of a letter from Madame Esther de Proenca Lago in which she makes claim for reimbursement of the United States dollar equivalent of Japanese Yen turned over by R. de Lacerda Lago to the Swiss Delegate aboard the "Conte Verde" in connection with the first diplomatic exchange group from the Far East.

In accordance with Madame Lago's request there is enclosed, for transmission to her, a check drawn payable to the order of R. de Lacerda Lago in the amount of \$138.90, which is the United States dollar equivalent of 463 Yen, in final settlement of this account.

Enclosure:

Check for \$138.90.

894.515/6-1145

BF-D:ELEssex 7/4/45

JUL 7 1945

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894.515/6-1145

OS/LE

894.515-

6-1145

May 29, 1945 — *see* JC 51/2

Major Shaw, Finance Section, CAD,  
wishes to know whether State Dept  
has any objection to printing an additional 3 to 6  
months' supply of yen currency of the present  
design

Japan mainland  
outlying islands

orig. print. was 3 mos. supply

86-73766

allied or U.S.

let it as Military Proclamation to state authority issued by

May 24  
attached

STANDARD FORM NO. 64

DC/R File

Office Memorandum • UNITED STATES GOVERNMENT

TO : FE - Mr. Ballantine

FROM : FN - Mr. McGuire

SUBJECT: MILITARY YEN CURRENCY

Office of  
FAR EASTERN AFFAIRS  
JUL 13 1945  
DIRECTOR  
Department of State

DATE: July 12, 1945

Secret

Major Shaw of the Finance Section, Civil Affairs Division, War Department, called me yesterday, and said that the War Department would like to print an additional six months' supply of military yen currency, Type B, for use in Japan. You will recall that last November the State Department approved the printing of a three months' supply of this currency, but asked to be consulted before any additional supply was printed.

As you know, these notes carry the designations "Military Currency" and "Issued Pursuant to Military Proclamation." These are compromise designations; the Department had suggested the term "Allied Military Currency," but the War Department felt that the term "Allied" should not be used without the concurrence of at least one of our allies, and did not wish to discuss the matter with any ally until operations in Japan became in fact allied operations rather than solely U.S. operations as at present. The State Department acceded to the War Department's desires in the matter, but expressed the view that soon after occupation the operations would probably become "allied"; that at that time the designation on the currency should probably be changed; and that therefore only a limited supply of "Military Currency" should be printed, sufficient for a three months' period.

The War Department now apparently fears that more than three months may elapse after occupation before agreement can be reached on any other designation, and, to be on the safe side, would like to have more "Military Currency" printed. They apparently have not changed their minds about advance discussion of use of the term "Allied."

I suppose the State Department has also not changed its view that the way should be left open for a change in designation as soon as the operations become "allied" in nature. I suppose if an understanding could be reached that a change in designation would not be delayed simply because supplies of old-style ("Military") currency had not been used up, this Department would not care how much

old-style

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NOV 6 1951

894.515/7-1245

SECRET FILE

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- 2 -

old-style currency was printed. Without such an understanding, of course, there would be considerable pressure to use up all stocks of old-style currency before currency with a new ("Allied") designation was introduced, simply because of the cost element involved.

The War Department approach has so far been on a quite informal basis. Major Shaw merely desires to "sound us out" on the matter. Jack Reinstein has suggested that I talk it over with you at your convenience.

*After discussion with Messrs Ballantine and Dickover, I informed Major Shaw that when the matter becomes really urgent, the Department promises a speedy decision.*

*(Mr. Ballantine felt that since a decision to make the operations "allied" might come at any time, possibly as a result of the Three-Power Conference, we should stall as long as possible. However, if the matter becomes urgent and no decision has been reached, the Department will approve printing of a moderate additional amount of "military" currency.)*

FN:PFMcGuire:aps.

JmCG



FMA - Mr. Reinstein

## DEPARTMENT OF STATE

## Memorandum of Conversation

SECRET

DATE: April 24, 1944.

SUBJECT: MILITARY YEN.

PARTICIPANTS: Major General Hilldring) War Department  
 Major Hilliard )

Captain Pence )  
 Lt. Comdr. Gluckstadt) Navy Department

COPIES TO: Mr. Taylor) Treasury Department  
 Mr. Aarons)

Mr. Moffat ) State Department  
 Mr. Labouisse)

Copy to: FMA - Mr. Reinstein

GPO 1-1493

A special meeting was called by General Hilldring to discuss certain open questions concerning the production of military yen. Agreement was reached along the following lines:

1. Treasury will prepare two designs for currency to be used in the yen area, having in mind the possibility of using one design for Formosa and the other for Japan, the Bonins, the Kurils, and the Lewchoos. When the designs are prepared, they will be submitted to War, State, and Navy for comments or approval.

2. When approved, one design will then be engraved, the plate to show the denomination of the currency in both languages, to have the words "Issued in Japan" shown in English and the word "Nippon" shown in Japanese.

3. The notes for this design will be made in three sizes and in various colors.

4. The name of the issuing authority and the question as to whether or not it shall be shown in both languages need not be decided at this time.

5. The second design, when approved, will be held on ice with a view to using it as a basis for the Formosa notes in the event separate ones are issued.

EUR:HRLabouisse:EHS

SECRET FILE

Refer to:  
# 85523

Am. Bank  
8-29-45

LEGAL ADVISER  
SEP 6 - 1945  
DEPARTMENT OF STATE

F.N.  
45  
File  
8-29-45  
C/R

P.O. BOX 68  
Grace Miss  
July 30, 1945

State Department  
Washington D.C.  
Dear Sir

I have been advised by  
the Treasury of Foreign Fund  
Control to communicate your  
office with respect of filing a  
claim for the exchange of a  
Japanese bill \$50.00 into the  
currency of United State money.  
Please advise me as to procedure.

Sincerely your  
Miss Bessie Mae Young.  
MISS. BESSIE MAE YOUNG.

State Department.  
Washington D.C.  
refer to 85523 -

DIVISION OF FINANCIAL AFFAIRS

AUG 8 1945  
Referred to LE  
DEPARTMENT OF STATE

894515  
MA 3045

894515  
5157-3045

The attached letter appears to be concerned with matters within the jurisdiction of your agency. Accordingly, it has been forwarded to you for such action as may be necessary. The writer has ~~not~~ been informed of this referral.

The inter-agency referral service provided by this office is available to all Federal Agencies. Mail requiring referral should be sent to:

Division of Public Inquiries  
Office of War Information  
1400 Pennsylvania Avenue, N. W.  
Washington 25, D. C.

Republic 7500 - Extension 2301

*Miss O'Neil*

SEP 4 1945

SEP 4

In reply refer to  
Le 894.515/7-3045

My dear Miss Young:

Reference is made to your letter of July 30, 1945 in which you state that you wish to file a claim for the conversion into United States currency of what you refer to as a \$50 Japanese bill.

It is believed that the bill to which you refer is a 50 yen note. Under existing circumstances, and in as much as the legal state of war with Japan is not yet terminated, it does not appear that the Department is in a position to advise you at the present time of any course which you might take for conversion of the note.

Sincerely yours,

For the Secretary of State:

Green H. Hackworth  
Legal Adviser

Miss Bessie Mae Young,  
P. O. Box 68,  
Grace, Mississippi.

Le:WWBishop:vb  
8-29-45 *WWB*

FN  
*FN*

*WMB*  
SEP 4 CR

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SEP 5 1945  
*Z.W.*  
894.515/7-3045

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : LE

FROM : FN

SUBJECT: Letter of Miss Bessie Mae Young re Claim on Jap Yen Note.

LEGAL ADVISER  
Fulmer  
AUG 21 1945  
Cottreand 8/20/45  
DEPARTMENT OF STATE

DATE: August 18, 1945

In FN's opinion, the Department should not undertake the filing of claims of the type contemplated in the attached letter. There does not appear on any Japanese bank note issued in recent years any promise of redemption in gold or in any non-Japanese currency. Accordingly there is no basis for a claim for such redemption against the Japanese Government or any Japanese bank. FN has advised Treasury Foreign Funds Control of its views on this point, and Treasury has agreed not to advise filing of such claims in future.

LE may find the second and third sentences of the foregoing paragraph useful in drafting its reply to the letter.

Incidentally, the bill the lady holds is undoubtedly a 50 yen note. Under certain circumstances, members of the armed forces in the Pacific theatre can turn in Japanese currency to finance officers and receive dollar credits, at rates varying from twenty to the dollar to ten to the dollar, or from \$2.50 to \$5.00 for a 50 yen note. However, Treasury does not like to suggest the obvious course of action open to the lady -- namely, that she send the note back to the soldier who sent it to her as a souvenir, and ask him to convert it and send her a money order for the proceeds instead. Treasury does not wish to encourage traffic in Jap currency; there is considerable unhealthy speculation in yen going on on the West Coast.

FW 894.515/7-3045

CS/LF

mm  
BF

894.515/7-30-45  
FN:PfMcGuire:AG  
pmc

8/18/45

SEP 6 1945

FILED

J.W. 894.515/7-3045

DEPARTMENT OF STATE

INCOMING TELEGRAM

DIVISION OF CENTRAL SERVICES TELEGRAPH SECTION

ACTION-DC/L

INFO:

FE MB-571 -Z  
PI This telegram must be  
DC/L-C paraphrased before being  
OFD communicated to anyone  
FN other than a Government  
ES agency. (SECRET O)  
FC  
A-C  
A-D

Manila

Dated August 22, 1945

Rec'd 10:55 a.m.

*DC/L*

*DC/R*

Secretary of State,  
Washington.

PRIORITY

560, August 22, 9 a.m.

FOR SECRETARY TREASURY FROM ALKNO 47

Two. REURT-1 offered services to General Crist and am continuing to assist in preparing and planning financial directives for Korea and Japan. Military considering advisability of Treasury representative accompanying first or second echelon to Japan but believe decision will be in negative.

Three. Separate directive for Korea being discussed. Proposal is being canvassed here that recommendation be made to War for issuance separate Korean currency as soon as possible to replace Bank of Chosen and supplemental yen notes. Meantime strict import controls on currency would be imposed to guard against infiltration from other areas. Basis for proposal is fact that Bank of Chosen

SECRET O

894.515/8-2245

894.515/8-2245

CONFIDENTIAL FILE

AUG 24 1945  
FILED

*file  
M.F.  
8/23/45  
H. Reed  
(special handling)*

*XR  
895.515/  
740.00113PW*

DCR OFD Unit  
Anal. *22*  
Rev. *B*  
Cat.  
Dist.

SECRET O

-2- #560, August 22, 9 a.m., from Manila

of Chosen notes widely circulated in Manchuria and other Jap occupied areas and assets of bank mainly Jap securities. Assuming Korea will become independent entite such a program appears desirable. Do you desire that we express any official views.

Four. Good possibility that pressure of time may prevent full clearance of revised directives with Washington. Consequently recommend strongly you advise us of any comments you desire brought to attention of General Crist and his staff.

Five. It is my understanding that theater has submitted to Washington for approval currency program covering following: Allied military occupation yen to be legal tender and interchangeable with Bank of Japan, Bank of Taiwan and Bank of Chosen notes and coins. Jap military occupation currency valueless. Imports and exports of currency prohibited. Circulation of US and other foreign currencies prohibited. Rate of conversion fifteen to one. Supplementary yen to be replaced by Bank of Japan notes as soon as possible.

Six. Believe recommendation will be made to close and seal Yokohama Specie Bank, Bank of Taiwan, Bank of  
Chosen

SECRET O

SECRET O

-3- #560, August 22, 9 p.m., from Manila

Chosen southern development and other banks and institutions which played large part in Jap expansion program. Bank of Japan, Sumitomo Bank and others which did a more legal business to remain open but all foreign assets to be segregated and placed under guard. Books and records will be preserved. No moratorium contemplated.

Seven. Disagreement here as to whether military governor should issue proclamations and ordinances in own name or whether he should operate by means of issuing directions to Jap Govt which in turn will issue regulations. Do you have any views to express? My feeling that to fullest extent possible operations should be conducted through Jap Govt. Question has also arisen as to extent of seizure of Jap property in Korea and particularly whether property of Jap nationals residing in Korea should be seized.

STEINTORF

BB

SECRET O



2/2m  
709

PREPARING OFFICE  
WILL INDICATE WHETHER

### TELEGRAM SENT

PREPARING OFFICE WILL  
TYPE HERE CLEARLY THE  
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MESSAGE:

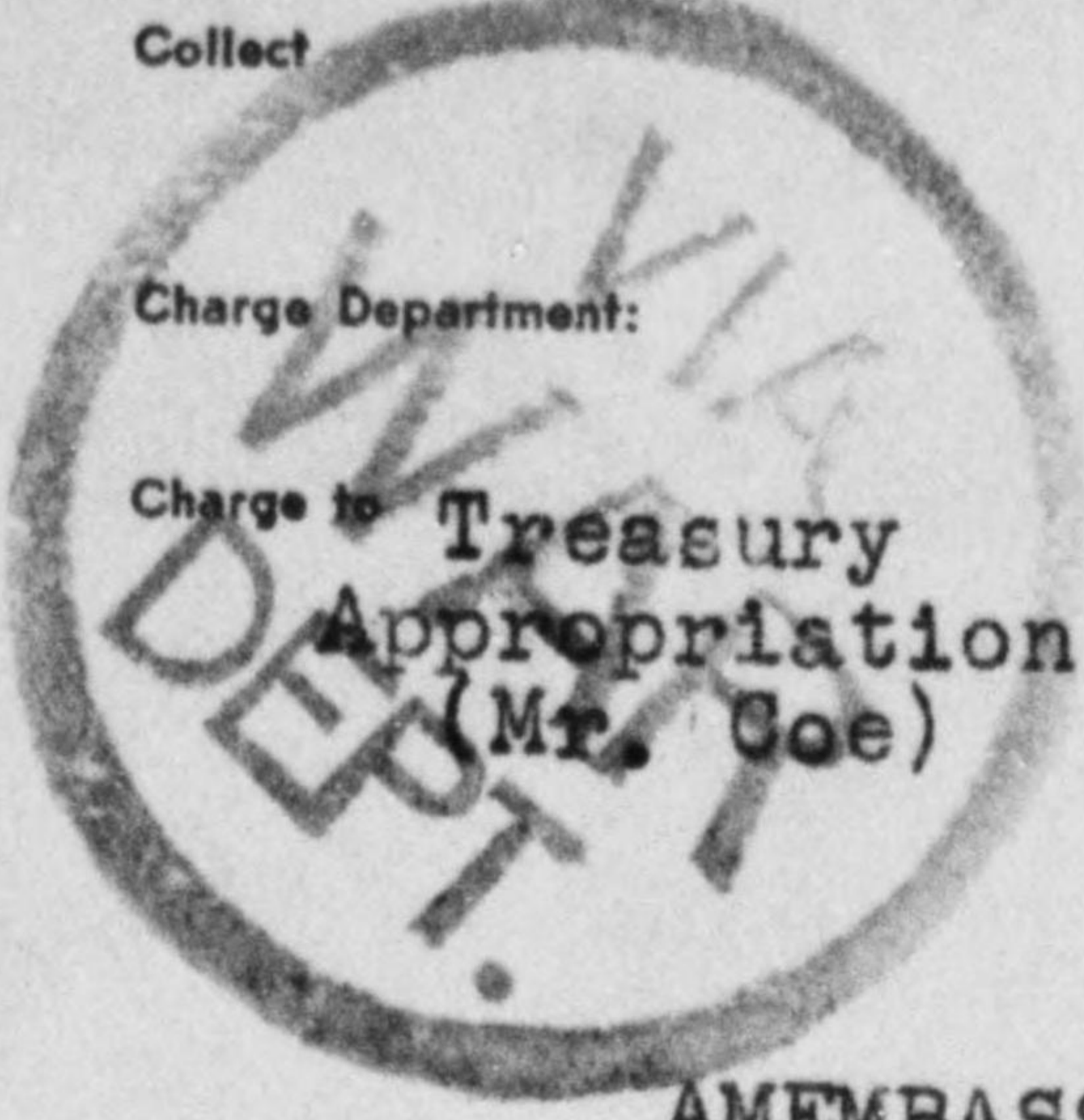
Collect

### Department of State

RESTRICTED

Charge Department:

Charge to Treasury  
Appropriation TX 387  
(Mr. Coe)



Washington telegram  
must be paraphrased  
before being communicated  
to anyone other than a  
Government Agency.  
**RESTRICTED**

SEP - 7 1945

8 P.M.

AMEMBASSY,  
CHUNGKING, (CHINA)

1418  
FOR AMBASSADOR HURLEY, ADLER AND CASADAY FROM  
TREASURY AND DEPARTMENT

PART 1. This information on plans for currency in Japan Proper is being sent to you for communication to the Chinese Government.

a. There has been prepared for use by the U.S. military forces in Japan, a supplemental military yen currency bearing the legend "Military Currency" on the face, and the legend "Issued Pursuant to Military Proclamation" on the reverse side. These two legends, together with the denomination of the note, appear in English and Japanese. The only other markings are serial numbers and an identification symbol, a large open-letter "B", to distinguish these supplemental military notes for Japan from yen notes which have been issued in certain Pacific Islands.

b. The military currency has been prepared in seven denominations, namely, 10 and 50 sen and 1, 5, 10, 20, and

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894.515/9-745

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894.515/9-745

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PREPARING OFFICE  
WILL INDICATE WHETHER

Collect

Charge Department:

Charge to

**TELEGRAM SENT**  
**Department of State***Washington*

-2-

PREPARING OFFICE WILL  
TYPE HERE CLEARLY THE  
CLASSIFICATION OF THE  
MESSAGE:

100 yen. The 20-yen and 100-yen notes are the size of the U.S. dollar note, the 5 and 10-yen notes are somewhat smaller than the dollar note, and the three smaller denominations are one-half the size of U.S. dollar currency.

c. The military yen currency will supplement the local Japanese currency, and will be interchangeable with other legal tender local currency without distinction at par. A conversion ratio of 15 supplementary military yen equal one U.S. dollar has been established solely for troop-pay and military accounting purposes.

PART 2. For your background information and guidance:

a. When U.S. forces use supplemental yen for military expenditures the relevant Army and Navy appropriations will be charged for the dollar equivalent at the conversion rate of 15 yen equal one dollar, and the amounts placed in special accounts held in the U.S. Treasury. As you know, this is done to maintain the control of the Congress over the expenditures of the U.S. forces.

PREPARING OFFICE  
WILL INDICATE WHETHER

# TELEGRAM SENT

PREPARING OFFICE WILL  
TYPE HERE CLEARLY THE  
CLASSIFICATION OF THE  
MESSAGE:

Collect

## Department of State

Charge Department:

Washington

Charge to

-3-

b. The conversion rate of 15 yen equal one U.S. dollar is solely for military accounting and payment of troops. It is understood that at some future time it might be necessary to change this ratio if conditions in Japan so warrant. Moreover, this ratio has been set for military purposes only; the establishment of a general rate of exchange is a separate matter for later determination.

*Acheson*  
Acting  
(PMCG)

*HR*  
SEP 7 45 P.M.

FN:PFMcGuire:AG 9/5/45

*Compared in FN AG*

*HR*  
FE  
*Feb*



TREASURY DEPARTMENT

WASHINGTON 25



OFFICE OF FINANCIAL AND DEVELOPMENT POLICY  
SEP 4 1945  
in FN Sept 5 1945  
DEPARTMENT OF STATE  
FILE

SEP 10 1945  
SEP 4 1945  
7 1945

To: Mr. Collado

From: Mr. Coe (C)

Restricted

It is suggested that the following cable be sent to Ambassador Harriman, American Embassy, Moscow, from Treasury and Department.

FOR AMBASSADOR HARRIMAN FROM ~~THE SECRETARY OF THE~~ TREASURY AND DEPARTMENT.

*Soviet* PART 1. This information on plans for currency in Japan Proper is being sent to you for communication to the appropriate agencies of the Russian Government.

a. There has been prepared for use by the U. S. military forces in Japan, a supplemental military yen currency bearing the legend "Military Currency" on the face, and the legend "Issued Pursuant to Military Proclamation" on the reverse side. These two legends, together with the denomination of the note, appear in English and Japanese. The only other markings are serial numbers and an identification symbol, a large open-letter "B", to distinguish these supplemental military notes for Japan from yen notes which have been issued in certain Pacific Islands.

b. The military currency has been prepared in seven denominations, namely, 10 and 50 sen and 1, 5, 10, 20, and 100 yen. The 20-yen and 100-yen notes are the size of the U. S. dollar note, the 5 and 10-yen notes are somewhat smaller than the dollar note, and the three smaller denominations are one-half the size of U. S. dollar currency.

c. The military yen currency will supplement the local Japanese currency, and will be interchangeable with other legal tender local currency without distinction at par. A conversion ratio of 15 supplementary military yen equal one U. S. dollar has been established solely for troop pay and military accounting purposes.

PART 2. For your background information and guidance:

a. When U. S. forces use supplemental yen for military expenditures the relevant Army and Navy appropriations will be charged for the dollar equivalent at the conversion rate of 15 yen equal one dollar, and the amounts placed in special accounts held in the U. S. Treasury. As you know, this is done to maintain the control of the Congress over the expenditures of the U. S. forces.

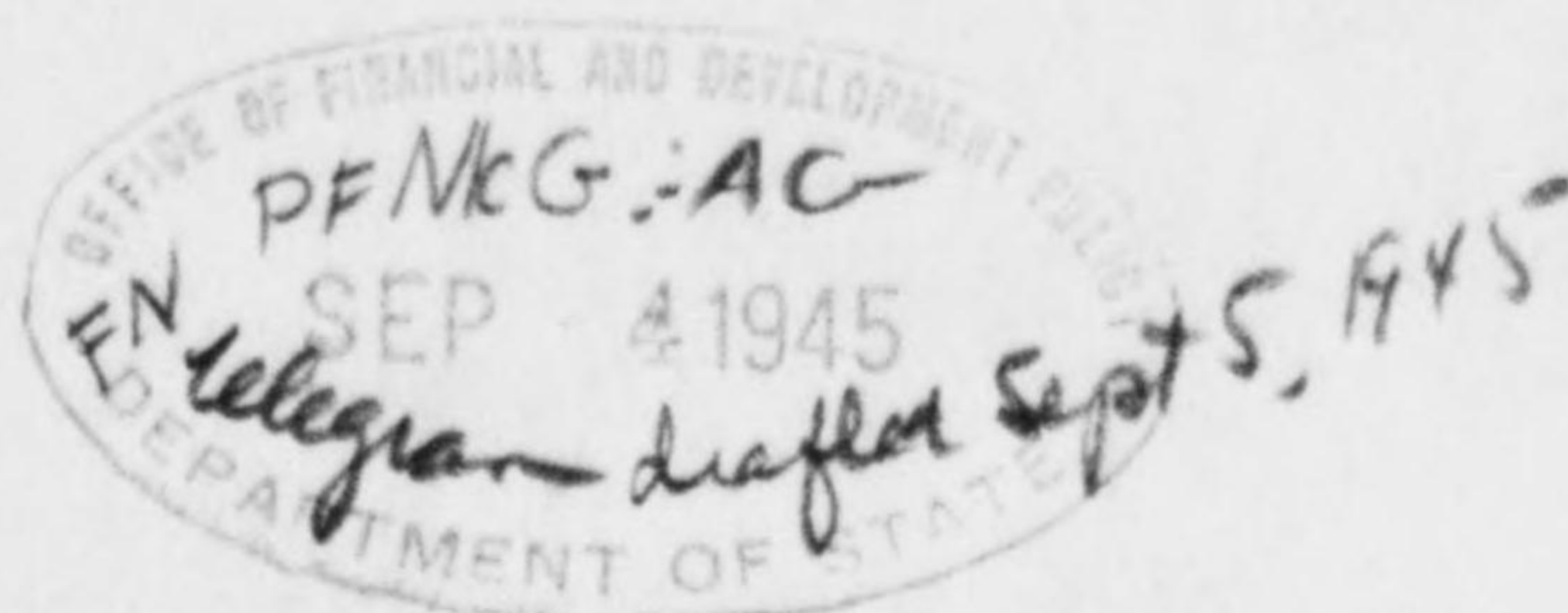
FEW. 894.515/9-745

- 2 -

b. The conversion rate of 15 yen equal one U. S. dollar is solely for military accounting and payment of troops. It is understood that at some future time it might be necessary to change this ratio if conditions in Japan so warrant. Moreover, this ratio has been set for military purposes only; the establishment of a general rate of exchange is a separate matter for later determination.

FE

Charge appropriation TX 387



FILE

SEP 4 1945

To: Mr. Collado

From: Mr. Coe

It is suggested that the following cable be sent to Ambassador Harriman, American Embassy, Moscow, From Treasury and Department.

FOR AMBASSADOR HARRIMAN FROM THE SECRETARY OF THE TREASURY AND DEPARTMENT.

PART 1. This information on plans for currency in Japan Proper is being sent to you for communication to the appropriate agencies of the Russian Government.

a. There has been prepared for use by the U. S. military forces in Japan, a supplemental military yen currency bearing the legend "Military Currency" on the face, and the legend "Issued Pursuant to Military Proclamation" on the reverse side. These two legends, together with the denomination of the note, appear in English and Japanese. The only other markings are serial numbers and an identification symbol, a large open-letter "B", to distinguish these supplemental military notes for Japan from yen notes which have been issued in certain Pacific Islands.

b. The military currency has been prepared in seven denominations, namely, 10 and 50 sen and 1, 5, 10, 20, and 100 yen. The 20-yen and 100-yen notes are the size of the U. S. dollar note, the 5 and 10-yen notes are somewhat smaller than the dollar note, and the three smaller denominations are one-half the size of U. S. dollar currency.

c. The military yen currency will supplement the local Japanese currency, and will be interchangeable with other legal tender local currency without distinction at par. A conversion ratio of 15 supplementary military yen equal one U. S. dollar has been established solely for troop pay and military accounting purposes.

PART 2. For your background information and guidance:

a. When U. S. forces use supplemental yen for military expenditures the relevant Army and Navy appropriations will be charged for the dollar equivalent at the conversion rate of 15 yen equal one dollar, and the amounts placed in special accounts held in the U. S. Treasury. As you know, this is done to maintain the control of the Congress over the expenditures of the U. S. forces.

- 2 -

b. The conversion rate of 15 yen equal one U. S. dollar is solely for military accounting and payment of troops. It is understood that at some future time it might be necessary to change this ratio if conditions in Japan so warrant. Moreover, this ratio has been set for military purposes only; the establishment of a general rate of exchange is a separate matter for later determination.

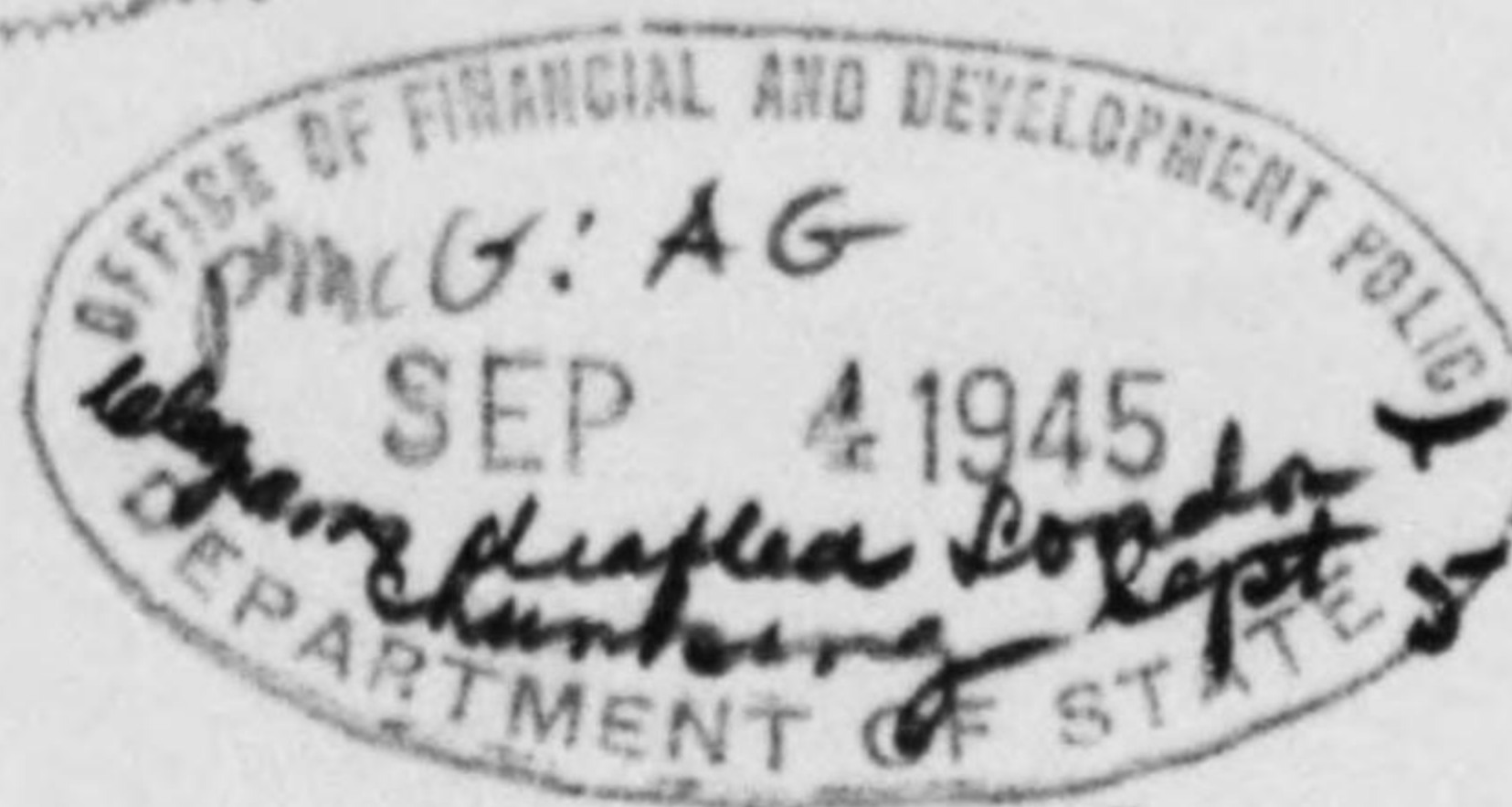
Charge appropriation TX 387



## TREASURY DEPARTMENT

WASHINGTON 25

*For Ambassador Wainwright and  
Taylor from Treasury and State  
for communication to the United Kingdom Government*



SEP 4 1945



To: Mr. Collado

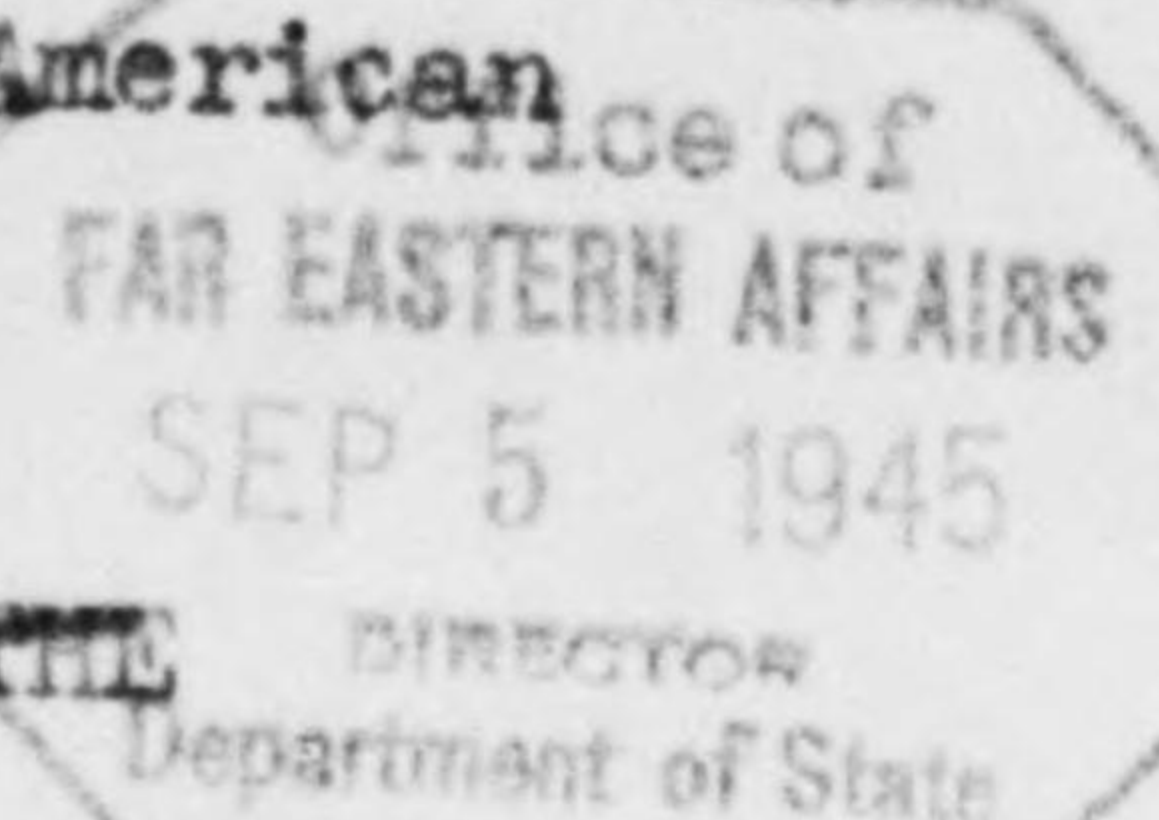
From: Mr. Coe FC

FILE

Restricted

It is suggested that the following cable be sent to the American Embassy, Chungking, China, from Treasury and State Department:

FOR AMBASSADOR HURLEY, ADLER AND CASADAY FROM THE SECRETARY OF THE TREASURY AND ~~STATE~~ DEPARTMENT.



PART 1. This information on plans for currency in Japan Proper is being sent to you for communication to the appropriate agencies of the Chinese Government.

a. There has been prepared for use by the U. S. military forces in Japan, a supplemental military yen currency bearing the legend "Military Currency" on the face, and the legend "Issued Pursuant to Military Proclamation" on the reverse side. These two legends, together with the denomination of the note, appear in English and Japanese. The only other markings are serial numbers and an identification symbol, a large open-letter "B", to distinguish these supplemental military notes for Japan from yen notes which have been issued in certain Pacific Islands.

b. The military currency has been prepared in seven denominations, namely, 10 and 50 sen and 1, 5, 10, 20, and 100 yen. The 20-yen and 100-yen notes are the size of the U. S. dollar note, the 5 and 10-yen notes are somewhat smaller than the dollar note, and the three smaller denominations are one-half the size of U. S. dollar currency.

c. The military yen currency will supplement the local Japanese currency, and will be interchangeable with other legal tender local currency without distinction at par. A conversion ratio of 15 supplementary military yen equal one U. S. dollar has been established solely for troop-pay and military accounting purposes.

PART 2. For your background information and guidance:

a. When U. S. forces use supplemental yen for military expenditures the relevant Army and Navy appropriations will be charged for the dollar equivalent at the conversion rate of 15 yen equal one dollar, and the amounts placed in special accounts held in the U. S. Treasury. As you know, this is done to maintain the control of the Congress over the expenditures of the U. S. forces.

SEP 5 1945

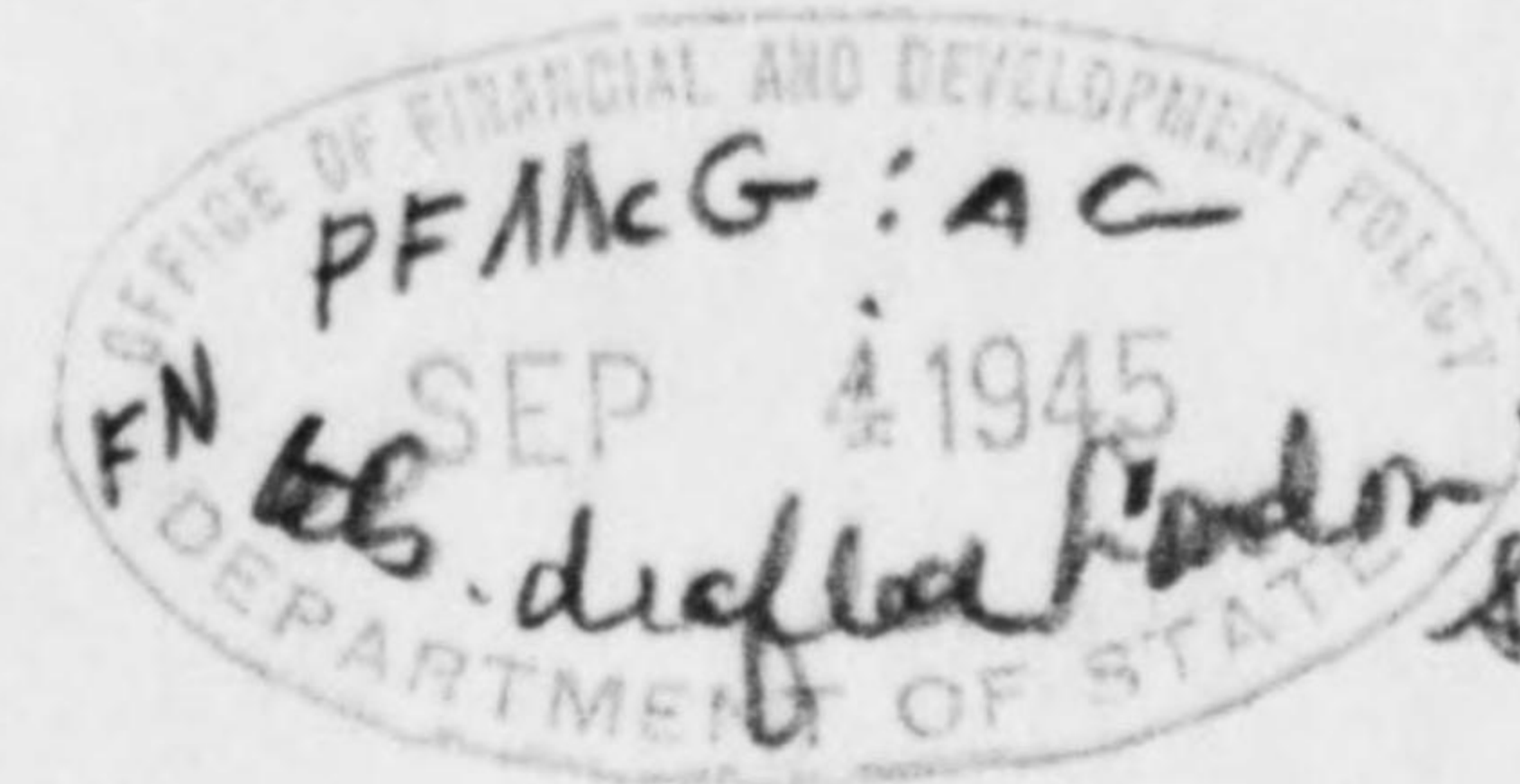


- 2 -

b. The conversion rate of 15 yen equal one U. S. dollar is solely for military accounting and payment of troops. It is understood that at some future time it might be necessary to change this ratio if conditions in Japan so warrant. Moreover, this ratio has been set for military purposes only; the establishment of a general rate of exchange is a separate matter for later determination.

FE ~~EE~~ EE

Charge appropriation TX 387



SEP 4 1945 FILE

To: Mr. Collado

From: Mr. Coe

It is suggested that the following cable be sent to the American Embassy, Chungking, China, from Treasury and State Department:

FOR AMBASSADOR HURLEY, ADLER AND CASADAY FROM THE SECRETARY OF THE TREASURY AND STATE DEPARTMENT.

PART 1. This information on plans for currency in Japan Proper is being sent to you for communication to the appropriate agencies of the Chinese Government.

a. There has been prepared for use by the U. S. military forces in Japan, a supplemental military yen currency bearing the legend "Military Currency" on the face, and the legend "Issued Pursuant to Military Proclamation" on the reverse side. These two legends, together with the denomination of the note, appear in English and Japanese. The only other markings are serial numbers and an identification symbol, a large open-letter "B", to distinguish these supplemental military notes for Japan from yen notes which have been issued in certain Pacific Islands.

b. The military currency has been prepared in seven denominations, namely, 10 and 50 sen and 1, 5, 10, 20, and 100 yen. The 20-yen and 100-yen notes are the size of the U. S. dollar note, the 5 and 10-yen notes are somewhat smaller than the dollar note, and the three smaller denominations are one-half the size of U. S. dollar currency.

c. The military yen currency will supplement the local Japanese currency, and will be interchangeable with other legal tender local currency without distinction at par. A conversion ratio of 15 supplementary military yen equal one U. S. dollar has been established solely for troop-pay and military accounting purposes.

PART 2. For your background information and guidance:

a. When U. S. forces use supplemental yen for military expenditures the relevant Army and Navy appropriations will be charged for the dollar equivalent at the conversion rate of 15 yen equal one dollar, and the amounts placed in special accounts held in the U. S. Treasury. As you know, this is done to maintain the control of the Congress over the expenditures of the U. S. forces.

- 2 -

b. The conversion rate of 15 yen equal one U. S. dollar is solely for military accounting and payment of troops. It is understood that at some future time it might be necessary to change this ratio if conditions in Japan so warrant. Moreover, this ratio has been set for military purposes only; the establishment of a general rate of exchange is a separate matter for later determination.

Charge appropriation TX 387

*Handwritten initials*

PREPARING OFFICE  
WILL INDICATE WHETHER

### TELEGRAM SENT

PREPARING OFFICE WILL  
TYPE HERE CLEARLY THE  
CLASSIFICATION OF THE  
MESSAGE:

Collect

### Department of State

RESTRICTED

Charge Department:

*Washington*

Charge to Treasury  
Appropriation TX 387  
(Mr. Coe)

NO PARAPHRASE  
NECESSARY  
*restricted*

SEP - 7 1945  
8 P.M.

AMEMBASSY,  
LONDON

7725

FOR AMBASSADOR WINANT AND TAYLOR FROM TREASURY  
AND DEPARTMENT

PART 1. This information on plans for currency in Japan Proper is being sent to you for communication to the United Kingdom Government.

a. There has been prepared for use by the U.S. military forces in Japan, a supplemental military yen currency bearing the legend "Military Currency" on the face, and the legend "Issued Pursuant to Military Proclamation" on the reverse side. These two legends, together with the denomination of the note, appear in English and Japanese. The only other markings are serial numbers and an identification symbol, a large open-letter "B", to distinguish these supplemental military notes for Japan from yen notes which have been issued in certain Pacific Islands.

b. The military currency has been prepared in seven denominations, namely, 10 and 50 sen and 1, 5, 10, 20, and

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## TELEGRAM SENT

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CLASSIFICATION OF THE  
MESSAGE:

Collect

## Department of State

Charge Department:

Washington

Charge to

-2-

100 yen. The 20-yen and 100-yen notes are the size of the U.S. dollar note, the 5 and 10-yen notes are somewhat smaller than the dollar note, and the three smaller denominations are one-half the size of U.S. dollar currency.

c. The military yen currency will supplement the local Japanese currency, and will be interchangeable with other legal tender local currency without distinction at par. A conversion ratio of 15 supplementary military yen equal one U.S. dollar has been established solely for troop-pay and military accounting purposes.

PART 2. For your background **information** and guidance:

a. When U.S. forces use supplemental yen for military expenditures the relevant Army and Navy appropriations will be charged for the dollar equivalent at the conversion rate of 15 yen equal one dollar, and the amounts placed in special accounts held in the U.S. Treasury. As you know, this is done to maintain the control of the Congress over the expenditures of the U.S. forces.

PREPARING OFFICE  
WILL INDICATE WHETHER

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PREPARING OFFICE WILL  
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CLASSIFICATION OF THE  
MESSAGE:

Collect

## Department of State

Charge Department:

Washington

Charge to

-3-

b. The conversion rate of 15 yen equal one U.S. dollar is solely for military accounting and payment of troops. It is understood that at some future time it might be necessary to change this ratio if conditions in Japan so warrant. Moreover, this ratio has been set for military purposes only; the establishment of a general rate of exchange is a separate matter for later determination.

*Acheson*  
Acting  
(PMCG)

*NTA*  
SEP 7 5 P.M.

FN:PfMcGuire:AG

9/5/45

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*JW*  
BC

*Compared in FN AG*

*JMB*

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### TELEGRAM SENT

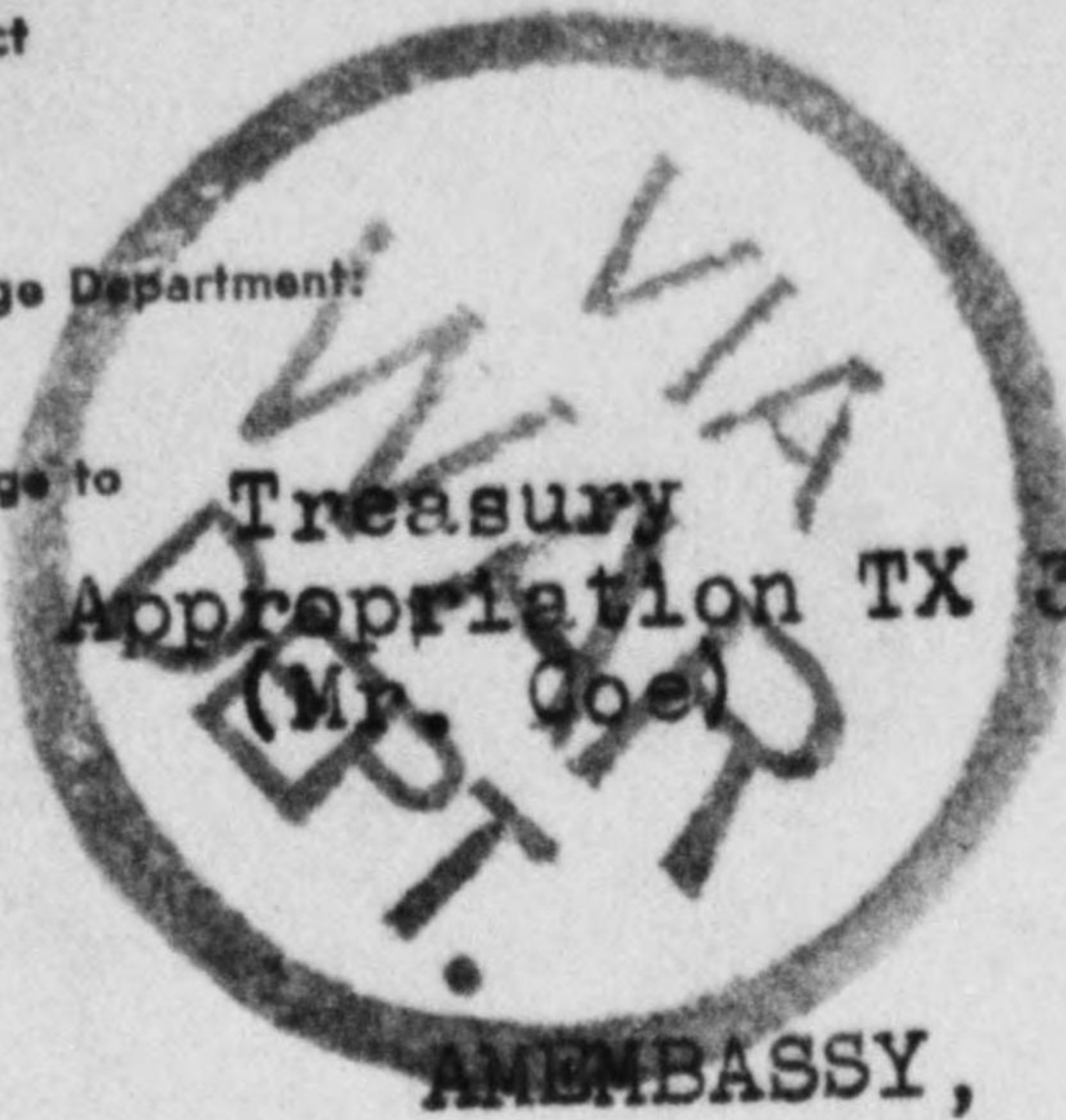
PREPARING OFFICE WILL TYPE HERE CLEARLY THE CLASSIFICATION OF THE MESSAGE:

Collect

Charge Department:

Charge to

Treasury  
Appropriation TX 387  
(Mr. Goel)



### Department of State

This telegram must be paraphrased before being communicated to anyone other than a Government Agency.  
**RESTRICTED**

RESTRICTED

SEP - 7 1945

8 P.M.

MOSCOW

1946

FOR AMBASSADOR HARRIMAN FROM TREASURY AND DEPARTMENT

PART 1. This information on plans for currency in Japan Proper is being sent to you for communication to the Soviet Government.

a. There has been prepared for use by the U. S. military forces in Japan, a supplemental military yen currency bearing the legend "Military Currency" on the face, and the legend "Issued Pursuant to Military Proclamation" on the reverse side. These two legends, together with the denomination of the note, appear in English and Japanese. The only other markings are serial numbers and an identification symbol, a large open-letter "B", to distinguish these supplemental military notes for Japan from yen notes which have been issued in certain Pacific Islands.

b. The military currency has been prepared in seven denominations, namely, 10 and 50 sen and 1, 5, 10, 20,

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PREPARING OFFICE  
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TYPE HERE CLEARLY THE  
CLASSIFICATION OF THE  
MESSAGE:

Collect

## Department of State

Charge Department:

Washington

Charge to

-2-

and 100 yen. The 20-yen and 100-yen notes are the size of the U.S. dollar note, the 5 and 10-yen notes are somewhat smaller than the dollar note, and the three smaller denominations are one-half the size of U.S. dollar currency.

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PREPARING OFFICE  
WILL INDICATE WHETHER

**TELEGRAM SENT**

PREPARING OFFICE WILL  
TYPE HERE CLEARLY THE  
CLASSIFICATION OF THE  
MESSAGE:

Collect

**Department of State**

Charge Department:

*Washington*

Charge to

-3-

b. The conversion rate of 15 yen equal one U.S. dollar is solely for military accounting and payment of troops. It is understood that at some future time it might be necessary to change this ratio if conditions in Japan so warrant. Moreover, this ratio has been set for military purposes only; the establishment of a general rate of exchange is a separate matter for later determination.

*Acheson*  
Acting  
(PMCG)

*OR*  
*SEP 7 15 P.M.*

FN:PfMcGuire:AG

9/5/45

*Compared in FN AG*

*EPD*  
FE *EEJ*  
*JMA*

DEPARTMENT OF STATE

INCOMING TELEGRAM

DIVISION OF CENTRAL SERVICES TELEGRAPH SECTION

*Amgen*

ACTION: FN

INFO:

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U This telegram must be  
C paraphrased before being  
EUR communicated to anyone  
FE other than a Government  
DC/L-C Agency. (RESTRICTED)

Moscow via War

Dated September 12, 1945

*DCR*

Rec'd 7:55 a. m.

OFD

FN

FC

L-C

Secretary of State,  
Washington.

3243, September 12, 11 a.m.

Information regarding military currency for Japan  
(Department's 1976, <sup>894.575/9-745</sup> Sept 7) made subject of letter (to  
<sup>PN FE EE</sup> Dept 3243; rptd Chungking 154) to Vyshinski which is  
today being delivered.

KENNAN

LMS

RESTRICTED

DIVISION OF FINANCIAL AFFAIRS

*Phob*

SEP 13 1945

*Eto*

DEPARTMENT OF STATE

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RECORDS SECTION

SEP 18 1945

**FILED**

894.515/9-1245

894.575/9-1245

DEPARTMENT OF STATE

INCOMING TELEGRAM

DIVISION OF CENTRAL SERVICES TELEGRAPH SECTION

ACTION - DC/L FN

INFO:

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- A-C

RK-794-J  
 This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (RESTRICTED)

London  
 Dated September 15, 1945  
 Rec'd 5:55 p.m.

DIVISION OF FINANCIAL AFFAIRS

SEP 19 1945

DEPARTMENT OF STATE

Secretary of State

Washington

9503, September 15, 5 p.m.

FOR STATE AND TREASURY FROM EMB AND TAYLOR

One. Information set forth in your 7725-September 7

communicated to Foreign Office British Treasury and War Office paraphrase of written reply from British Treasury immediately follows:

PARAPHRASE BEGINS: The British Treasury suggests that other things being equal there would be some advantage in requiring the Japs to provide (of course without charge and without limit of amount) all local currency required by the supreme commander. The British Treasury has seen a message which makes it clear that the Japs are in principle willing to do this. Any difficulties would thereby be obviated which might arise through unfamiliarity in Japan with the new currency or otherwise through

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*DC/R*

894.515/9-1545

SEP 25 1945

*894.5151*  
*9-1545*

RESTRICTED

-2-#9503, September 15, 5 p.m. from London

wise through the concurrent circulation of two yen currencies-difficulties which would of course have had to be faced if the occupation had taken place as a result of active operations and it had not therefore been possible to be sure of the free provision of the established local currency. It might also be useful to have in reserve the occupation currency which has been prepared against the possibility of a depreciation of the existing Japanese currency to an extent which would make it inconvenient or even impossible to use it.

The British Treasury agrees however that the decision is one which might have to be taken on purely military grounds. If the alternative suggested above has been considered and rejected for example on the grounds that the Supreme Commander is not satisfied, that in fact the Japs would provide promptly all the local currency which will be needed for any purpose whatever which he may approve that consideration might well outweigh the advantages of the alternative suggestion.

The feeling of the British Treasury as regards the rate would be in general that it should not be  
much out of line

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RESTRICTED

-3-#9503, September 15, 5 p.m. from London

much out of line with that suggested by the actual level of prices etc. prevailing in the conquered territory. On this the US Government probably has better and more up to date information than we have. Particularly if the occupation currency is used from the outset (and not held in reserve) it would seem to us to be in the interests of the Army of Occupation that the local authorities should be able to prevent the development of a runaway inflation. There is also the longer term consideration that since the military rate is more than likely to affect the future commercial rate any substantial undervaluation of the yen would tend to improve Japan's post war competitive position at least temporarily. This no doubt could be counteracted by measures of direct control; but it would be clearly undesirable in itself to increase the problems with which such controls will have to deal. PARAPHRASE ENDS.

Two. We understand that War Office is replying separately.

Three. Although discussions have not been requested British have indicated that they would be happy to discuss matter. In any discussions that may take place

guidance

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-4-#9503, September 15, 5 p.m. from London  
guidance provided in part two of your 7725 will be  
followed.

Your views in light of British Treasury comments  
would be appreciated.

WINANT

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RECEIVED  
DIVISION OF  
CENTRAL SERVICES

1945 OCT 1 PM 12 21

DC/R  
RECORDS BRANCH

P.O. Box 68  
Grace, Miss.  
September 17, 1945

*Miss Bishop  
10-8-45*

LE

The Secretary of state  
Washington 25, D.C.  
Le 894.515/7-30 45  
Dear Sir.

LEGAL ADVISER  
OCT 3 1945  
DEPARTMENT OF STATE

894.515/9-1745

Reference is made to your letter of September 11, 1945. And I am sending you to 50 Japanese Government Fifty Centavous for an exchain to the United State Dollars.

I looking to hear from you soon.

Your Very truly

Miss. Bessie Mae Young.  
Miss. Bessie MAE YOUNG.

Enc N/A

Office of  
FAR EASTERN AFFAIRS  
OCT 10 1945  
DIRECTOR  
Department of State

OCT 15 1945

CS/WFJ

894.515/9-1745

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In reply refer to  
Le 894.515/9-1745

OCT 11 1945

My dear Miss Young:

Reference is made to your letter dated September 12, 1945, in further relation to your Japanese bill referred to in your letter of July 30, 1945 as a \$50 Japanese bill. With your letter there is enclosed a Japanese note for fifty centavos, which you request that the Department exchange for American dollars.

I return your note herewith, as the Department is not in a position to exchange money. As was stated in the Department's letter dated September 5, 1945, it is not in a position to advise you at the present time of any course which you might take for conversion of such a note. It may be added that its value, if any, would appear to be merely nominal, in as much as, even at the time of issue, it was the equivalent of no more than twenty-five cents.

Sincerely yours,

For the Secretary of State:

Enclosure:  
Japanese note.

Green H. Hackworth  
Legal Adviser

Miss Bessie Mae Young,  
P. O. Box 68,  
Grace, Mississippi.

894.515/9-1745  
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OR  
OCT 11 1945  
Le:WWBishop:vb  
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A true copy of  
the signed original.



DEPARTMENT OF STATE

INCOMING TELEGRAM

DIVISION OF CENTRAL SERVICES TELEGRAPH SECTION

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PEM-1794 C  
This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (SECRET-O)

London  
Dated September 19, 1945  
Rec'd 1:25 p.m.

*Handwritten marks and initials*

Secretary of State,  
Washington.

DIVISION OF FINANCIAL AFFAIRS

*Reply sent by Treasury in early October*  
SEP 21 1945  
*Metc. file*

DEPARTMENT OF STATE

US URGENT

9650, Sept 19, 2 p.m.

FOR STATE AND TREASURY FROM EMBASSY AND TAYLOR

One. Reference to your 7725, Sept 7 and to paragraph two of our 9503, Sept 15. Paraphrase of written reply from War Office immediately follows.

PARAPHRASE BEGINS

War Office assumes that supplies of the military currency to be used in Japan proper will be available to the British and Dominion occupying forces and that we shall not be required to pay the face value.

It is noted that the military currency used in Japan will have an identification symbol to distinguish it from the military currency being used in certain Pacific Islands. Rate of exchange in the islands in question

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9/20/45  
DEPARTMENT OF STATE  
LIAISON OFFICE  
20 1945  
*DC/L*

*Handwritten notes:*  
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JAN 28 1946

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Confidential File

894.515/9-1945

894.515/9-1945

SECRET-O

-2- #9650, Sept 19, 2 p.m., from London.

question is believed to be 10 yen equal one dollar where as the rate in Japan is to be 15 yen equal one dollar. If therefore mistakes by army paymasters and perhaps speculation by troops are to be avoided the identifying symbol on the notes used in Japan will have to be clearly recognizable in the ordinary course of business and no doubt this is the case.

In a reply from the British Treasury to you some advantages of using Bank of Japan notes were mentioned. We should have no objection to using such notes provided that the troops could purchase what they required with them and that they were used generally by the armies. Some troops being paid in military currency and others in Bank of Japan notes would not be favored by us.

END OF PARAPHRASE

Two. It is our understanding that rate for Pacific Islands such as Gilberts and Tarawa was established at 20 yen equal one dollar. British believe 10 yen rate was established for Okinawa and other Japanese outlying islands. Please send full information on rates prevailing for yen

SECRET-O

SECRET-O

-3- #9650, Sept 19, 2 p.m., from London.

for yen in various areas, identifying characteristics of currency for each area and on measures taken to prevent yen currency from flowing from one area to another.

WINANT

BB

SECRET-O

PREPARING OFFICE  
WILL INDICATE WHETHER

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PREPARING OFFICE WILL  
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MESSAGE:

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Charge Department:

Charge to Treasury  
(Mr. Coe)

Department of State

NO PARAPHRASE  
Washington  
NECESSARY  
*Res*

RESTRICTED

OCT 12 1945

AEMBASSY,

LONDON.

9097

FOR EMBASSY AND TAYLOR FROM TREASURY AND STATE

1. Due consideration was given to the points raised by the British Treasury in our determination of the yen conversion rate. REURTEL 9503. The intention is to use Bank of Japan yen as well as supplemental military yen wherever practicable in Japan Proper. Bank of Japan notes are now being used, and supplemental yen were issued only at the beginning of the occupation. British here have been kept informed of discussions. For your information it is the view of this Government that since initial discussions on currency for Japan were conducted here, any further discussions with the British should be held in Washington for the present.
2. The ratio of conversion for military accounting and troop-pay purposes on Okinawa was changed on September 4 to 15 supplemental military yen equal one dollar. REURTEL 9650. This is the rate in all areas wherein yen currencies are permitted to remain in circulation.

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894.515/9-1945

SENT

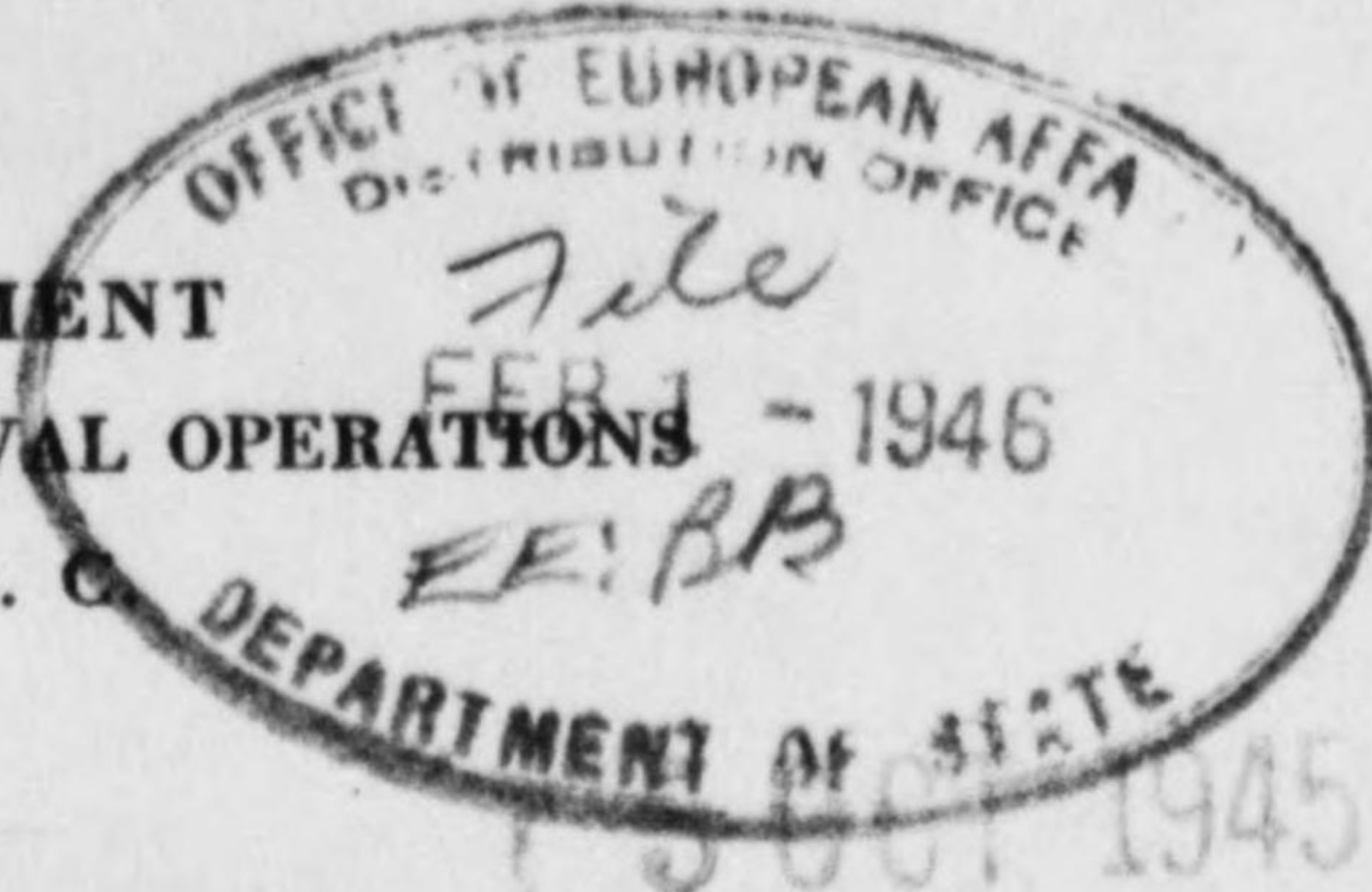
*Byrnes*  
(PMCG)

FN:PFMcGuire:AG 10/12/45  
*Compared in FA AG*

In reply refer to Initials and No.

Serial 363913  
Op-13-1H/mcm

NAVY DEPARTMENT  
OFFICE OF THE CHIEF OF NAVAL OPERATIONS  
WASHINGTON 25, D. C.



MEMORANDUM FOR: Chief, Foreign Activity Correlation  
Liaison War and Navy  
Department of State

Subj: Currency for use in Japan.

Ref: (a) Department of State telegram No. 1976 dated  
7 September 1945 8p.m., to American Embassy,  
Moscow.

1. In reference (a) it is stated that the currency used in Japan Proper is marked with a large open-letter "B", "to distinguish these supplemental military notes for Japan from yen notes which have been issued in certain Pacific Islands."

2. This statement is not correct. The only Pacific Islands in which supplemental yen have been issued are the Ryukyus where the above-mentioned type - "B" currency is used. It is expected that the same type "B" currency will be used in the Bonin and Volcano Islands. The open-letter type "B" is used to distinguish the currency from the supplemental military yen currency type "A" which has been authorized for exclusive use in Korea.

3. The foregoing is brought to the attention of the Department of State with the thought that the Department may wish to issue a correction to reference (a) in view of the Soviet Government's co-interest in Korea.

*J. L. McCrea*

John L. McCrea  
Rear Admiral, U. S. N.

*HB 93W*  
JAN 28 1946  
DEPARTMENT OF STATE

*Handwritten notes and stamps:*  
DIVISION OF FOREIGN ACTIVITY CORRELATION  
OCT 8 - 1945  
DEPARTMENT OF STATE  
*FILE*

DIVISION OF FINANCIAL AFFAIRS  
*Called to attention of Treasury which held no action necessary.*  
OCT 9 1945  
*File*  
DEPARTMENT OF STATE

FEB 11 1946

894,515/10-545

OS/894,515/10-545

*Fa/KA*

*FA*

*JA*

*EE*

*MSA*

*RS*

PF 1209



RECEIVED  
OCT 15 1945  
UNITED STATES  
TREASURY DEPARTMENT



TREASURY DEPARTMENT

WASHINGTON 25

OCT 11 1945

OCT 11 1945

To: Mr. Collado

From: Mr. Coe *FC*

Restricted

It is suggested that the following cable be sent to London Embassy and Taylor from Treasury and Department:

FOR EMBASSY AND TAYLOR FROM TREASURY AND STATE

1. Reurtel 9503. Due consideration was given to the points raised by the British Treasury in our determination of the yen conversion rate. The intention is to use Bank of Japan yen as well as supplemental military yen wherever practicable in Japan Proper. Bank of Japan notes are now being used, and supplemental yen were issued only at the beginning of the occupation. British here have been kept informed of discussions. For your information it is the view of this Government that since initial discussions on currency for Japan were conducted here, any further discussions with the British should be held in Washington for the present.
2. Reurtel 9650. The ratio of conversion for military accounting and troop-pay purposes on Okinawa was changed on September 4 to 15 supplemental military yen equal one dollar. This is the rate in all areas wherein yen currencies are permitted to remain in circulation.

*FW 894-515/10-1245*

*Telegram drafted in FN*  
OFFICE OF FINANCIAL AND DEVELOPMENT POLICY  
*Inc: AG*  
OCT 11 1945  
DEPARTMENT OF STATE  
*10/12/45*  
FILE

OCT 15 1945

*Handwritten initials*

PREPARING OFFICE  
WILL INDICATE WHETHER

Collect

Charge Department:

Charge to

*Stamp: VIA WAR DEPT*

**TELEGRAM SENT**  
**Department of State**  
*Washington*

PREPARING OFFICE WILL  
TYPE HERE CLEARLY THE  
CLASSIFICATION OF THE  
MESSAGE: 4479

**SECRET**

*DEC 21 1945*

*6 pm*

**SUPREME COMMANDER FOR THE ALLIED POWERS**

**TOKYO**

**223**

**FOR ATCHESON, ACTING POLITICAL ADVISER**

Questions regarding conversion of yen for repatriates leaving Japan, your 152, Nov 20, answered WARX 86386, Dec 1. For your information, since occupation forces receive all yen requirements from Bank of Japan free of charge, yen held by repatriates are of no (repeat no) value to US so Army Finance officers cannot pay dollars for them. Interested US agencies also unwilling to recommend that repatriates be permitted to exchange yen at Japanese banks for dollar currency which may be held by such banks, since all such dollar currency should remain blocked pending reparations or restitution decisions.

*Handwritten notes:*  
74000119 PW  
74000115 PW

WARX 87121, Dec 5, WARX 88430, Dec 12 and answer to MAT 928 being sent today contain further information on financial aspects of repatriation.

*Acheson*  
**ACTING**  
**(PMcG)**

**FN:PFMcGuire:jco 12/21/45**  
*PMcG*

**JA**  
*Cleared with*  
*Turner by*  
*PMcG*

**JK**  
*Cleared with*  
*Shayton by*  
*PMcG*

*DEC 21 PM 5*

**Confidential File**  
**RECEIVED**  
**DIVISION OF**  
**CENTRAL SERVICES**

894.515/12-2145

CS 740 515 / 12-2145

DCIR

DEPARTMENT OF STATE

Memorandum of Conversation

DATE: January 3, 1946

SUBJECT: Japanese Assets in Siam.

PARTICIPANTS: Mr. F. C. Everson, British Embassy;  
Mr. Abbot Low Moffat, SEA.

File  
Office of FAR EASTERN AFFAIRS  
JAN 4 - 1946  
DIRECTOR  
Department of State

COPIES TO: A-C, Mr. McDonald A-D

894.515/1-346

I telephoned Mr. Everson and informed him that this Government was agreeable to the suggestion in the British Embassy aide-memoire of January 2, 1946; that the British and American representatives in Siam should be instructed jointly to persuade the Siamese Government to seize and hold all Japanese assets in Siam.

I suggested that there be a meeting on January 4 of A-C, Mr. McDonald, himself and myself to work out a suggested draft of instructions so that the action of the two representatives might be coordinated.

CS/LE

|      |                               |
|------|-------------------------------|
| na   | DCR NE Unit                   |
| re   | <i>[Handwritten initials]</i> |
| dat  | <i>[Handwritten initials]</i> |
| Dist |                               |

*Able*

JAN 15 1946

FILED

SEA: ALMoffat:nrs

894.515/1-346



## DCR TRANSFER SHEET

IMPORTANT---ENTER ONLY ONE ENCLOSURE NO. ON SHEET

FILE NO. --- 894.515 / 1-846 --- Cir. 9:05 ---

TRANSFERRED TO --- 894.414 / 1-846 ---

NAME OF PERSON MAKING TRANSFER --- Donna Erikson ---

DATE --- Jan. 29, 1945 ---

STANDARD FORM NO. 64

# Office Memorandum • UNITED STATES GOVERNMENT

TO : Dr. Fahs, Chief, Division Far Eastern Intelligence ORI

DATE: January 16, 1946

FROM : JK - Mr. Martin

SUBJECT: Japanese Custody Accounts

W.D. CA 53202 13408.45

Advices from SCAP, Tokyo, October 13, 1945, gave considerable detail about the establishment and use of "Custody Accounts" in the Japanese diplomatic missions in the European neutral capitals, and showed how the Yokohama Specie Bank was involved in advancing funds from their accounts with correspondents.

The information offered by the YSB covered activities in Europe only. It seems likely that similar operations were carried out in other countries, notably Latin America. There is evidence of this in only one case, that of Panama, where liquid custody funds on hand were divided up and taken from the country by the several members of the Japanese Legation when they were repatriated.

It is evident that there may have been cases when cash, instead of being returned to Japan, was left in the country, in the hands of sympathizers or anyone thought to be a safe custodian. This merits investigation, and it is suggested that this proposal be added to the list of targets in Japan. It appears that no information whatever is available locally on this subject probably the Yokohama Specie Bank will be the best source.

This Document must be Returned to the RM/R General Files

CS/TJ

894.515/1-1646

|         |
|---------|
| DC/R    |
| Anal. 4 |
| Rev.    |
| Est.    |

*State Dept. Japanese and Korean Affairs Division from MacDonald*

JK:JEMacDonald:emh 1-16-46

JAN 18 1946 - 2

894.515/1-1646

*Dr. Lohr*  
CAD  
*File*

22 January 1946

SUBJECT: Japanese Custody Accounts

TO: Major General John H. Hildring  
Director, Civil Affairs Division  
Room 3B 932, Pentagon Building  
Arlington, Virginia

Attention: Colonel Malcolm Proudfoot  
Chief, Information Management Section

1. Mr. Edwin Martin, Chief, Division of Japanese and Korean Economic Affairs, Office of Economic Security Policy, Department of State, through Dr. Burton Fahs, Chief of the Far Eastern Intelligence Division, Office of Research and Intelligence, Department of State, has asked that a request be sent to SCAP, Tokyo, for further information concerning Japanese Custody Accounts.

2. The enclosed proposed cable has been prepared by Dr. Fahs, and if it meets with your approval, it will be appreciated if it can be sent out by CAD.

William H. Fisher  
Captain, CAC  
Special Assistant to the Chief  
Office of Research and Intelligence

CABLE

DEPARTMENT OF STATE DESIRES FROM YOKOHAMA SPECIE  
BANK INFORMATION SUPPLEMENTARY TO THAT CONTAINED IN CABLE  
CA 53202 OF 13 OCTOBER 1945 ON ESTABLISHMENT AND USE OF  
QUOTE CUSTODY ACCOUNTS UNQUOTE IN JAPANESE DIPLOMATIC  
MISSIONS. PARTICULARLY DESIRED IS INFORMATION ON SUCH  
ACCOUNTS IN LATIN AMERICAN COUNTRIES INCLUDING CASH LEFT  
IN HANDS OF LOCAL CUSTODIANS.

90

PREPARING OFFICE WILL INDICATE WHETHER

TELEGRAM SENT

PREPARING OFFICE WILL TYPE HERE CLEARLY THE CLASSIFICATION OF THE MESSAGE:

Collect

Department of State

SECRET

Charge Department:

Washington

Charge to Dept

*SECRET*

FEB 1 1946  
*3pm*

AMEMBASSY,

BERN.

322

894.515/1-2246  
58, Jan 22: Following received by Dept from Caracas as telegram

QUOTE (Code room: Insert here text Caracas telegram 58, Jan 22, 1 p.m.)

UNQUOTE

Now follows Dept's reply:

QUOTE (Code room: Insert here text of underlying telegram to Caracas.)

UNQUOTE

Endeavor ascertain whether Swiss Charge Caracas has misinterpreted instructions Swiss Fonoff. If not matter should be clarified with Fonoff immediately.

Telegraph results obtained.

|              |                                     |
|--------------|-------------------------------------|
| DCR OFD Unit |                                     |
| Anal         | <i>ms</i>                           |
| Rev          | <i>15</i>                           |
| Cat          | <input checked="" type="checkbox"/> |
| Dist         | <input checked="" type="checkbox"/> |

*Byrnes Case*

TELEGRAPH DISTRIBUTION

1946 FEB 1 PM 3 19

RECEIVED DIVISION OF CENTRAL SERVICES

894.515/1-2246

Confidential  
CS/W/J

*WVH* *75*  
SPD: EWilliams, III: JSF

1/30/46

*WV*  
JA

*NWC*  
*ARA*

*WV*  
*WV*

894.515/1-2246

DIVISION OF  
CENTRAL SERVICES  
TELEGRAPH SECTION

DEPARTMENT OF STATE  
INCOMING TELEGRAM

*MacDonald*  
ACTION COPY

|     | ACT | INF |
|-----|-----|-----|
| ESP |     | 1   |
| ES  |     | 1   |
| GA  | ✓   |     |
| JK  | ✓   | 4   |

*DeR*

ME -1  
Paraphrase before communicating to anyone.

7695

Caracas

ACTION: ESP

INFO:

S

U

C

A-Br

ARA

FE

DC/L

OFD

SID

PC

DC/R

CONFIDENTIAL

*Del to Caracas*  
SPECIAL PROJECTS  
DIVISION  
JAN 25 1946  
DEPARTMENT OF STATE  
*file*

Dated January 22, 1946

Rec'd 1:50 p.m., 22nd

DIVISION OF JAPANESE AND KOREAN  
ECONOMIC AFFAIRS  
DEPARTMENT OF STATE

Secretary of State

DEPARTMENT OF STATE  
OFFICE OF  
AMERICAN REPUBLIC AFFAIRS  
JAN 31 1946  
58, January 22, 1 p.m.

JAN 25 1946

*Referred to SPD for action*

894.515/1-2246

Swiss Charge under instructions from his government is entirely willing to turn over Japanese funds to American Embassy acting as representative of Allied powers (DEPCIRSAICGRAM January 8, 9 a.m.). He wishes however to have protocol signed containing statement that since Swiss Government has decided to cease safeguarding Japanese interests Swiss Legation turns over to American Embassy not only all Japanese property in Venezuela but also all responsibility for safeguarding Japanese interests therein. He insists his instructions are definite to include latter clause. Since this is at variance with status indicated in previous instructions from Department request further advice.

DAWSON

JMS

CONFIDENTIAL

OCT 6 - 1947

FILED

DIVISION OF JAPANESE AFFAIRS  
JAN 30 1946  
DEPARTMENT OF STATE

CW

*894.515/1-2246*

DIVISION OF  
CENTRAL SERVICES  
TELEGRAPH SECTION

DEPARTMENT OF STATE  
INCOMING TELEGRAM

INFORMATION  
COPY  
ACTION MUST BE ENDORSED  
ON ACTION COPY

ME -II  
Paraphrase before communicating to anyone.

7695

Caracas

Dated January 22, 1946

Rec'd 1:50 p.m., 22nd

ACTION:ESF

INFO:

S

U

C

A-Br

ARA

FE

DC/L

OFD

SFD

FC

DC/R

CONFIDENTIAL RECORDS BRANCH

Secretary of State

Washington

58, January 22, 1 p.m.

Swiss Charge under instructions from his government is entirely willing to turn over Japanese funds to American Embassy acting as representative of Allied powers (DEPCIRSAIGGRAM January 8, 9 a.m). He wishes however to have protocol signed containing statement that since Swiss Government has decided to cease safeguarding Japanese interests Swiss Legation turns over to American Embassy not only all Japanese property in Venezuela but also all responsibility for safeguarding Japanese interests therein. He insists his instructions are definite to include latter clause. Since this is at variance with status indicated in previous instructions from Department request further advice.

DAWSON

JMS

CONFIDENTIAL

|                |    |
|----------------|----|
| DCR - OFD Unit |    |
| Anal.          | 28 |
| Rev.           | 5  |
| Col.           |    |
| Dat.           |    |

894.51571-2246

*Handwritten initials*

PREPARING OFFICE WILL INDICATE WHETHER

TELEGRAM SENT

PREPARING OFFICE WILL TYPE HERE CLEARLY THE CLASSIFICATION OF THE MESSAGE:

91

Collect

Department of State

Washington

SECRET

Charge Department:

Charge to Department

FEB 1 1946

3pm

AMEMBASSY,

CARACAS.

<sup>57</sup> Clause Swiss Charge desires inserted in protocol

(URTEL 58, Jan 22) concerning transfer to you protection Jap interests not repeat not acceptable to Dept.

Reason for misunderstanding by Swiss representative not clear since U S obviously unable accept responsibility of protecting Power without having agreed to do so upon formal request of Jap Govt.

No such request received and none anticipated.

894.515/1-2246

*Byrnes (etc)*

CS/10 894.515/1-2246

CONFIDENTIAL FILE

Feb. 1 3 P.M.

SPD:EWilliams III/REHibbard:MA 1-29-46 JA ~~ARA~~ NWC



*Handwritten initials: HJ, O.P.*

5809

PREPARING OFFICE WILL INDICATE WHETHER

TELEGRAM SENT

PREPARING OFFICE WILL TYPE HERE CLEARLY THE CLASSIFICATION OF THE MESSAGE:

Collect

*Handwritten: Via War*

Department of State

Charge Department:

Washington

SECRET-O

Charge to Treasury Dept. (Mr. Glasser) Appropriation TX 387

FEB 21 1946

Secret - 0

AMEMBASSY,

CHUNGKING, (CHINA).

334

FOR ADLER FROM SECRETARY OF TREASURY

Request information on whether banks in Shanghai are trading in Japanese yen. It is reported that plane crews acquire yen in Shanghai and secure profits by converting to dollars through Army in Tokyo.

*Handwritten notes:*  
XR 102.1  
XR 811.515  
XR 893.5151

*Handwritten:* Byrnes (PMCG)

894.515/2-2146

OS/70

*Handwritten:* CR FEB 21 1946

|                |           |
|----------------|-----------|
| DCR - OFD Unit |           |
| Trans.         | <i>mm</i> |
| Rev.           | <i>B</i>  |
| Det.           | <i>MF</i> |
| Dist.          |           |

TELEGRAPH DISTRIBUTION

1946 FEB 21 PM 6 29

CENTRAL SERVICES DIVISION OF FEDERAL RESERVE SYSTEM

894.515/2-2146

FN:PfMcGuire:AG

2/20/46



TREASURY DEPARTMENT

WASHINGTON 25



*See*

FEB 20 1946

TO: MR. COLLADO

FROM: MR. GLASSER *Key*

Will you please send the following cable to the American Embassy Chungking, China.

FOR ADLER FROM THE SECRETARY OF TREASURY:

Request information on whether banks in Shanghai are trading in Japanese yen. It is reported that plane crews acquire yen in Shanghai and secure profits by converting to dollars through Army in Tokyo.

*FN 894.515 / 2-2146*

CHARGE APPROPRIATIONS TX 387

*Cable drafted in FN*  
OFFICE OF FINANCIAL AND DEVELOPMENT POLICY  
PF McGUIRE:AG  
FEB 20 1946  
DEPARTMENT OF STATE

FILE

DIVISION OF  
CENTRAL SERVICES  
TELEGRAPH SECTION

DEPARTMENT OF STATE

ACTION COPY

**ACTION: DC/L**  
**INFO:**  
**FE**  
**OPD**  
**DC/R**

**MHU** INCOMING TELEGRAM 80629  
Paraphrase before communicating to anyone.

Chungking via War

Dated March 29, 1946

Rec'd 7 a.m., 29th

**SECRET**

**SECSTATE**

589, March 29, 10 a.m.

**FROM ADLER TO SECRETARY OF THE TREASURY**

Have inquired in Shanghai and found no reliable information on whether banks in Shanghai are trading in Japanese yen. (REUR 334 of February 23). Shall continue to make further inquiries.

MESSAGE UNSIGNED

RB

**SECRET**

*file*  
*mlf.*  
*3-29-46*  
*para for*  
*Treas*  
*Ans*  
*7f.*  
DEPARTMENT OF STATE  
MAR 29 1946

894.515/3-2946

*B.*

MAR 29 1946

FILED

**Confidential File**

## PARAPHRASE OF TELEGRAM RECEIVED

579

FROM: American Embassy, Chungking (via War)  
TO: Secretary of State, Washington  
DATED: March 29, 1946  
NUMBER: 589

5 June  
1377  
13R  
MAR 29 1946

SECRET

ADLER SENDS THE FOLLOWING FOR THE ATTENTION OF THE TREASURY  
SECRETARY.

Upon inquiry, have found no reliable information on whether  
Shanghai banks are trading in Japanese yen but shall continue making  
inquiries (see your February 23rd cable No. 334).

MESSAGE UNSIGNED

ER  
DC/L:ER 3/29/46

DEPARTMENT OF STATE  
Memorandum of Conversation

DATE: April 4, 1946

SUBJECT:

PARTICIPANTS: Mr. Dean Acheson, Acting Secretary of State  
Mr. N. V. Novikov, Soviet Chargé d'Affaires a.i.  
(Present--Mr. Elbridge Durbrow, Chief, Division of  
Eastern European Affairs)

COPIES TO: A-C/F - Mr. Collado  
FE - Mr. Vincent



FW 894.515/4-346

XR 861.51  
861.5151  
340.115

Mr. Novikov called today at his request and presented the attached aide-memoire relative to the desire of the Soviet Government to make use of 59 million Japanese yen which it either had in its possession before the war or obtained when the Soviet authorities took over the Kuril Islands and Sakhalin. It will be noted that the Soviet Government does not wish to exchange these yen for foreign currency but desires to use them to meet the expenses of their representatives in Japan. It is understood that the sum amounts to approximately 4 million dollars at present rates of exchange.

I told Mr. Novikov that I was not familiar with questions of this kind and, therefore, could not give him any indication as to what action could be taken. I added, however, that so far as I could see, I did not anticipate any particular difficulties in this regard.

Mr. Novikov mentioned that he had learned that a satisfactory reply had been sent by the Soviet Government to my recent request concerning Jan Czechel, the American citizen in Moscow who was endeavoring to return to the United States. I thanked Mr. Novikov for his assistance in this matter.

DCR United States.  
in this matter.

Anal .....  
Rev. .....  
Dat. EE:EDurbrow:la  
Dist. ....

See 340.115/4-246

Dean Acheson

1946

CS / VJ FW 894.515/4-346

April 4, 1946

A-C/F - Mr. Collado )  
FE - Mr. Vincent ) (Copies direct)

Mr. Acheson asked me to bring this to your attention in order that a satisfactory arrangement might be worked out by which the Soviet request can be given favorable consideration.

From the point of view of EE, we see no objection to making this comparatively small sum available to the Soviet Government.

Elbridge Durbrow

EE:EDurbrow:la

## ПАМЯТНАЯ ЗАПИСКА.

*file*

27 февраля 1946 года членом Союзного Совета генерал-лейтенантом Деревянко было направлено Главнокомандующему генералу МакАртуру письмо следующего содержания:

"Государственный Банк Союза Советских Социалистических Республик располагает наличными японскими иенами в сумме 59 миллионов иен. В эту сумму входят:

1. Иены, выкупленные Государственным Банком на Южном Сахалине и Курильских островах.

2. Остаток иен в кассе Государственного Банка до начала войны.

В связи с этим прошу Вас предложить японскому правительству произвести обмен указанной суммы иен путем зачисления ее на счет Государственного Банка Союза Советских Социалистических Республик в один из японских банков с правом свободного использования для платежей внутри Японии. Вся указанная выше сумма наличных японских иен будет доставлена в Токио

не позднее 31 марта 1946 г."

DCB OFD Unit

Analyst

Rev.

Cat.

Dist.

От штаба генерала МакАртура был получен письменный

ответ, датированный 21 марта, в котором сообщается, что

ЭТОТ

894.515/4-346

CS/WJ

894.515/4-346

-2-

этот вопрос передан на рассмотрение в Вашингтон.

Советское правительство просит Государственный  
Департамент дать указание Главнокомандующему генералу  
МакАртуру предложить японскому правительству незамедли-  
тельно произвести обмен упомянутых денег.

Посольство Союза Советских Социалистических Республик

Вашингтон

3 апреля 1946 г.



## TRANSLATION.

## AIDE-MEMOIRE.

On February 27, 1946 Lieutenant-General Derevianko, Member of the Allied Council, addressed a letter to General McArthur, the Supreme Commander for the Allied Powers, which reads as follows:

"The State Bank of the Union of Soviet Socialist Republics has at its disposal the amount of 59 millions of Japanese yens in cash. This sum consists of:

1. Yens redeemed by the State Bank on the Southern Sakhalin and the Kuril Islands.

2. Yens remained in the State Bank before the outbreak of war.

In view of this I ask you to propose to the Japanese Government to make an exchange of the said amount of yens by putting it on the account of the State Bank of the Union of Soviet Socialist Republics in one of the Japanese banks with the right of free utilization for payments inside Japan. The full amount of the Japanese yens in cash mentioned above will be delivered to Tokyo not later than March 31, 1946".

A written reply, dated March 21, has been received from General McArthur's Headquarters in which it is said that this matter has been transmitted to Washington for consideration.

The Soviet Government requests the Department of State to instruct General McArthur, the Supreme Commander for the Allied Powers, to propose to the Japanese Government to make the exchange of the said money with no delay.

Embassy of the Union of Soviet Socialist Republics.

Washington

April 3, 1946 .

(TRANSLATION)

W  
Sheet  
FE  
JA  
JK  
D of R  
894.515/4-346

The Embassy of the Union of Soviet Socialist Republics presents its compliments to the State Department of the United States of America and has the honor to refer to the Embassy's aide memoire of April 3, 1946 which was handed to the Under Secretary of State, Mr. Acheson, on April 4, 1946 by the Chargé d'Affaires of the Union of Soviet Socialist Republics, Mr. Novikov.

In this aide memoire the Embassy, in the name of the Government of the Union of Soviet Socialist Republics, requested the Department of State of the United States of America to issue instructions to the Commander-in-Chief, General MacArthur to propose to the Japanese Government the immediate exchange of 59 million yen which are at the disposal of the State Bank of the Union of Soviet Socialist Republics by the deposit of this sum to the account of the State Bank of the Union of Soviet Socialist Republics in one of the Japanese banks, with the right of free utilization for payments within Japan.

The Embassy would be very grateful if the Department of State of the United States of America would expedite a decision on this question which was set forth in the aforementioned aide memoire and would inform the Embassy thereof.

Embassy of the Union of Soviet Socialist Republics  
Washington

April 24, 1946.

EE: ~~EB~~ Stevens: la

DCR - OFD Unit

nal

Rev.

FILED

JUN 10 1946

894.515/4-2446

894.515/4-2446  
CS/

HR 894.515/

UNDER SECRETARY  
5  
APR 25 1946  
DEPARTMENT OF STATE

DIVISION OF JAPANESE AFFAIRS  
APR 29 1946  
DEPARTMENT OF STATE

4/27/46  
Translated  
EE:JK

EE  
FE

Office of  
FAR EASTERN AFFAIRS  
APR 29 1946  
Department of State

Посольство Союза Советских Социалистических  
Республик свидетельствует свое почтение Государственному  
Департаменту Соединенных Штатов Америки и имеет честь  
напомнить о Памятной записке Посольства от 3 апреля  
1946 года, врученной Поверенным в Делах Союза Советских  
Социалистических Республик г-ном Новиковым Заместителю  
Государственного Секретаря г-ну Ачесону 4 апреля 1946 года.

В этой Памятной записке Посольство от имени Правитель-  
ства Союза Советских Социалистических Республик просило  
Государственный Департамент Соединенных Штатов Америки  
дать указание Главнокомандующему генералу МакАртуру  
предложить японскому правительству незамедлительно  
произвести обмен 59 миллионов иен, которыми располагает  
Государственный Банк Союза Советских Социалистических  
Республик, путем зачисления этой суммы на счет Государ-  
ственного Банка Союза Советских Социалистических Республик  
в один из японских банков с правом свободного использования

для

Drafted reply  
JK. C.S.  
5-16-46

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для платежей внутри Японии.

Посольство будет весьма признательно, если Государственный Департамент Соединенных Штатов Америки ускорит решение вопроса, изложенного в упомянутой Памятной записке, и информирует об этом Посольство.

Посольство Союза Советских Социалистических Республик  
Вашингтон

24 апреля 1946 года



The Acting Secretary of State presents his compliments to His Excellency the Ambassador of the Union of Soviet Socialist Republics and ~~(has the honor to)~~ refers to the ~~Ambassador's~~ <sup>Embassy</sup> note of April 24, 1946, requesting the Department to expedite a decision on the Embassy's request to the Department of April 3, 1946. In an Aide-Mémoire of that date the Embassy requested the Department to instruct the Supreme Commander for the Allied Powers in Japan to effect an exchange of the 59,000,000 yen held outside of Japan by the Union of Soviet Socialist Republics.

The appropriate governmental departments are currently considering the general problem of exchanging yen held outside of Japan and have requested the Supreme Commander for the Allied Powers in Japan to furnish information pertinent to that consideration. Until such

time

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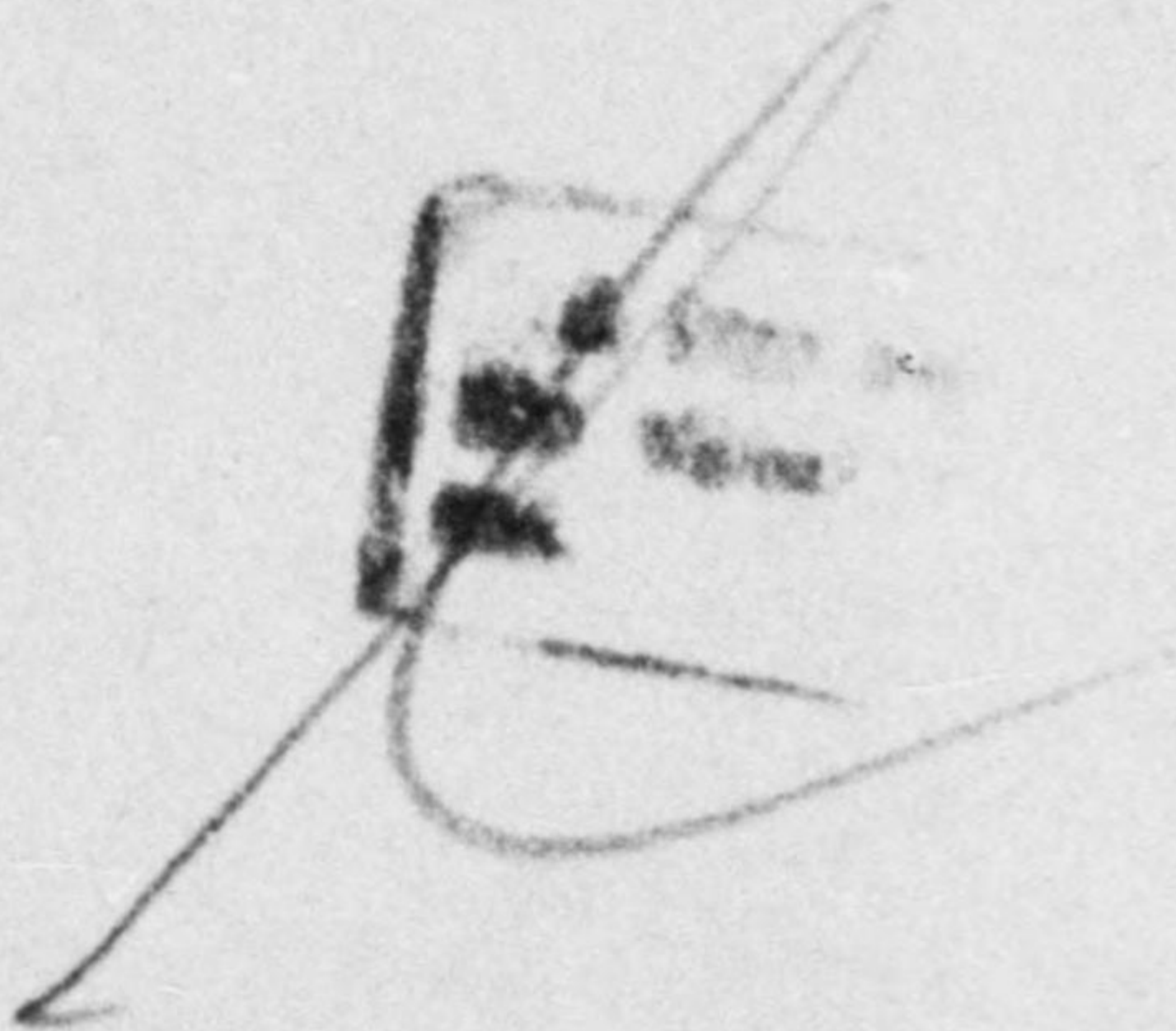
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time as a general policy can be established on this matter, it does not appear feasible to instruct the Supreme Commander for the Allied Powers to take unilateral action with respect to the yen holdings of the Union of Soviet Socialist Republics.

Department of State,

Washington ~~DC~~ May 18 1946



CR *HIS* ✓  
MAY 21 1946 P.M.

*RAM* 65/  
JK:Shaskan:emh 5-16-46

JA *JA* EE *EE* 17

*[Handwritten signature]*

SECRETARY  
MAY 16 1946  
DEPARTMENT OF STATE

DEPARTMENT OF STATE  
Eastern  
DIVISION OF EUROPEAN AFFAIRS

OFFICE OF EUROPEAN AFFAIRS  
MAY 17 1946  
DEPARTMENT OF STATE

May 14, 1946

U - Mr. Acheson

*I think we should give Novikov an interim written reply. DA.*

Soviet Request to Transfer 59 Million Japanese Yen to Tokyo.

In connection with Mr. Novikov's call this afternoon to ask that we expedite a decision relative to the possibility of transferring 59 million yen from the USSR to Japan, I learned the following:

- (1) The matter is being handled by JK.
- (2) It has not been possible to make a reply as yet since the question is much more complicated than it would appear from the Soviet request. JK stated that there are various sorts of yen, in billions, circulating in areas formerly occupied by the Japanese and before making a decision on the Soviet request the Army has found it necessary to effect a definite policy on the reconversion of all types of yen from all areas. If this is not done, and all of these yen are accepted in Tokyo, the already acute inflationary situation there will get completely out of hand.
- (3) For the above reason, JCS has put the entire matter up to SWNCC for a policy decision.
- (4) The Army is reluctant to act favorably on this Soviet request (a) because they do not wish to set a precedent until a final policy is decided, and (b) the Army has evidence to the effect that the Soviet representatives are bringing in large quantities of yen to Japan on each Soviet ship that calls there, which are immediately presented to the Central Bank for deposit so that the Soviet authorities apparently have plenty of yen at present and the Army is reluctant to accept any further deposits at this time.
- (5) JK has promised to give a written interim reply to the Soviet Embassy immediately.

\*\*\*\*\*

After obtaining this information I got in touch with Ambassador Novikov and informed him that I had looked into

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into the matter carefully and had learned that the question of making available the 59 million yen was considerably more complicated than Mr. Acheson or I had realized. I explained that there were literally billions of various types of yen in circulation in areas formerly occupied by the Japanese and that before making arrangements to redeem or permit the use of any of these yen it was necessary to obtain full information regarding them in order to work out a consistent policy in regard to this question. Mr. Novikov reiterated the desire of his government to have an expeditious reply to this request and I promised that we would inform him as soon as the question had been worked out.



Elbridge Durbrow

EE:ED:1a



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*Shastor*

DEPARTMENT OF STATE

Memorandum of Conversation

DATE: May 14, 1946

SUBJECT: Soviet Request for Transfer of 59 million Japanese Yen to Tokyo.

PARTICIPANTS: Acting Secretary, Mr. Dean Acheson  
Soviet Ambassador Designate, Mr. N. V. Novikov  
(Present--Mr. Elbridge Durbrow, EE)

COPIES TO: JK - Mr. Shaskan  
FN - Mr. Luthringer  
FE - Mr. Vincent

DIVISION OF JAPANESE AND KOREAN  
ECONOMIC AFFAIRS  
DEPARTMENT OF STATE

MAY 31 1946

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*XR 894.5151  
XR 745.00 119010*

1-1403

Mr. Novikov called today at his request and made the attached oral statement (copy left with me for my information), expressing the hope that a favorable reply would be received to the Soviet Government's request to permit the transfer of 59 million Japanese yen to Tokyo to meet the Soviet Government's expenses in Japan. I informed Mr. Novikov that since his first request, I had not heard any new developments in regard to this matter but stated that as far as I knew, there were no major obstacles to eventually effectuating the transfer. I promised to look into the matter immediately and to give at least an interim reply to Mr. Novikov as soon as possible. Mr. Novikov stated that he wished to have an indication as to whether there was any reason why this arrangement could not be made.

Mr. Novikov then brought up the question of news reports to the effect that the United States Government was no longer earmarking a billion dollars for the possible credit to the Soviet Government. He asked me whether this was correct. I explained that at the time the capital of the Export-Import Bank was increased last year Mr. Crowley had indicated that it was possible that a billion dollars of the \$3,500,000,000 capital of the Bank might be used for a credit to the Soviet Government but

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that this

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that this sum was not specifically set aside for this purpose since the Bank did not set aside sums until after the completion of concrete negotiations regarding credits.

I then explained that during the past few months several credit negotiations have been completed which depleted the capital available in the bank so that at the present time there was not actually a billion dollars available for further credits. I added, however, that the President had asked the Congress for \$1,250,000,000 additional capital for the bank, which it is anticipated would be approved by the Congress before its adjournment this year and that there would then be a billion dollars available in the event that the projected negotiations with the Soviet Government should bring about an agreement regarding the granting of a billion dollar credit.

Dean Acheson



EE:EDurbrow:la

During my conversation with you on April 4, 1946 and in the Aide-Memoire dated April 3, 1946 I informed you of the letter of Major-General Derevianko, Member of the Allied Council, of February 27, 1946 addressed to General McArthur, the Supreme Commander for the Allied Powers. In his letter Major-General Derevianko informed General McArthur that the State Bank of the Union of Soviet Socialist Republics had at its disposal the amount of 59 millions of Japanese yens in cash and asked General McArthur to propose to the Japanese Government to make an exchange of the said amount of yens by putting it on the account of the State Bank of the Union of Soviet Socialist Republics in one of the Japanese banks with the right of free utilization for payments inside Japan. Since General McArthur referred the matter of the exchange of 59 millions yens to Washington for consideration, the Soviet Government asked that General McArthur be instructed to direct the Japanese Government to make an exchange of the said money without further delay.

Having received no reply to this request the Embassy sent a note of April 24, 1946 to the Department of State in which it requested to expedite the settlement of the matter set forth earlier in the Aide-Memoire, and to inform the Embassy to this effect. The Embassy has not received any reply to its note of April 24, 1946 by the present time.

I express the hope that the request set forth in the Aide-Memoire of April 3, 1946 and in the note of the Embassy of April 24, 1946 has been now considered and that the Supreme Commander for the Allied Powers will be instructed in compliance with the request by the Soviet Government.

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*Handwritten notes:*  
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HEADQUARTERS ARMY SERVICE FORCES  
WASHINGTON 25, D. C.

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MAY 7 1946  
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MAY 15 1946

Mr. John Hazard  
Director, U.S.S.R. Branch  
OFLC, State Department  
Washington, D. C.

Dear Mr. Hazard:

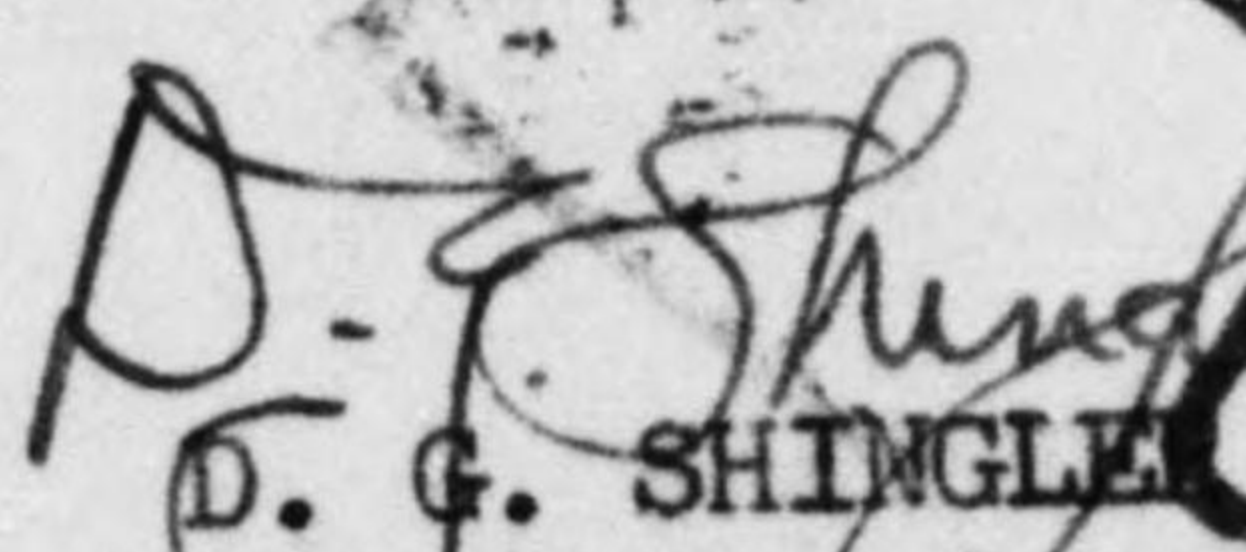
Reference is made to your 15 April 1946 letter wherein you request confirmation of the fact that vessels procured with funds appropriated to the War Department do not necessarily have to be returned to the Government of the United States. Also whether or not the return of any or all of these vessels will be desired for other than legal reasons.

There appears to be no legal restrictions with regard to any vessels procured from funds appropriated to the War Department, similar to those applicable to vessels procured from funds appropriated to the Navy, which require return of such vessels to the United States.

The War Department has no requirement for the vessels and barges previously made available to the U.S.S.R.

As you know, the War Department has consistently adhered to the position outlined in a letter of the Acting Lend Lease Administrator to the Secretary of War dated 16 June 1942, that the responsibility for the determination of the terms and conditions upon which war materials are lend leased to a foreign government and the benefit to be received by the United States therefrom rest with the State Department. Pursuant to your request for the recommendation of the War Department in this connection, however, it is the firm recommendation of the War Department that final disposition of vessels procured from funds appropriated to the War Department should be made under the same terms and the same restrictions as are applicable to vessels procured from funds appropriated to the Navy Department.

Sincerely yours

  
D. G. SHINGLE  
Brigadier General, GSC  
Chief, International Branch

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MAY 10 1946

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Harrie Goetz  
 25 South Street  
 Beacons Ch<sup>urch</sup> Institute  
 New York City 1946

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 JUN 27 11-PM '46

RECEIVED  
 DEPARTMENT OF STATE  
 THIS SIDE OF CARD IS FOR ADDRESS

Japanese Consulate  
 Washington, D.C.

DIVISION OF FINANCIAL AFFAIRS  
 RECORDS BRANCH  
 State Dept  
 JUN 5 1946  
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 DEPARTMENT OF STATE  
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Reply drafted  
 in EN 6-12-46

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DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND 760050

JUN 14 1946

In reply refer to  
FN

My dear Mr. Goetz:

Your communication of May 27, 1946 addressed to the Japanese Consulate, Washington, D.C., has been forwarded to the Department of State in as much as the present Japanese Government does not maintain a diplomatic office in this country.

With reference to your desire to exchange yen currency which you acquired in Japan for dollars, I must inform you that neither the United States Government nor the Government of Japan has any obligation under existing laws to convert Japanese currency into dollars.

It is assumed from your request that you acquired Japanese currency as a merchant seaman aboard a United States vessel. If this is the case and if you acquired Japanese currency in partial payment of your wages and not in any other unauthorized manner, an opportunity should have been extended to you to convert the currency so acquired into dollars when you were paid off at the termination of the voyage. Similarly Japanese currency legitimately acquired by members of the Armed Forces of the United States may be reconverted before leaving the theater by Army finance officers and Navy supply officers. No other facilities at present exist for accomplishing such conversion.

Even

Mr. Larric Goetz,  
25 South Street,  
Seamen's Church Institute,  
New York, New York.

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Even if such conversion were possible the value of the yen in terms of dollars would be a little less than seven cents, or fifteen yen to one United States dollar. A sen is one one-hundredth of a yen.

Sincerely yours,

For the Secretary of State:

Paul F. McGuire  
Assistant Chief  
Division of Financial Affairs

JUN 13 1946 P.M.

EWD  
FN:EW Doherty:AG

6/13/46

August 1, 1946

**SECRET**

**MEMORANDUM FOR THE SECRETARY GENERAL,  
FAR EASTERN COMMISSION**

In accordance with instructions of July 30, 1946, from the State-War-Navy Coordinating Committee, there are enclosed directives to the Supreme Commander for the Allied Powers regarding Interim Procedures for Supply<sup>ing</sup>/Yen to Representatives of Allied Governments in Japan; Japanese Taxation of Aliens; and Restitution of Looted Property; to be filed with the Far Eastern Commission under the provisions of paragraph III, 4, of its terms of reference.

**J. H. Hilldring  
Assistant Secretary**

894.515/7-3046

CS/V

**Enclosures:**

Copies No. 1 (certified) of Directives to Supreme Commander for the Allied Powers, Serial Nos. 55, 56, and 57.

A true copy of the signed original

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FE *[Signature]*

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THE STATE-WAR-NAVY COORDINATING COMMITTEE  
WASHINGTON, D. C.

*file #*  
*8.7.46*  
*2/11*

SWN-4626  
30 July 1946



MEMORANDUM FOR THE SECRETARY OF STATE:  
(Attention: Mr. J. K. Penfield - FE)

Subject: Directives Transmitted to SCAP by  
the Joint Chiefs of Staff.

Enclosed are three copies each of directives serial  
numbers 55, 56 and 57 transmitted to SCAP by the Joint  
Chiefs of Staff.

Copies number 1 are for transmittal to the Far Eastern  
Commission and copies number 2 and 3 for the files of the  
State Department.

*XR 894.5129PW*  
*XR 740.00119PW*  
*XR 800.515*

*A. D. Reid.*

A. D. REID,  
Secretary.

894.515/7-3046

Enclosures  
As indicated above.



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SECRETCOPY-NO. 2Serial No. 55

23 July 1946

INTERIM DIRECTIVE TO THE SUPREME COMMANDER  
FOR THE ALLIED POWERS, ISSUED UNDER THE  
PROVISIONS OF PARAGRAPH III, 3, OF THE  
TERMS OF REFERENCE OF THE FAR EASTERN  
COMMISSION

INTERIM PROCEDURES FOR SUPPLYING YEN TO REPRESENTATIVES OF  
ALLIED GOVERNMENTS IN JAPAN

The following, received from the State, War and Navy Departments, is furnished for your guidance and supersedes directive on reports by Allied governments on yen expenditures by their occupation troops in Japan\* which is hereby cancelled:

1. You are authorized to advance yen to meet necessary official expenses incurred in Japan by Far Eastern Commission, national delegations of the Far Eastern Commission, authorized Allied commissions, missions assigned to the SCAP staff, national representatives and their staffs on the Allied Council for Japan, and Allied governments for their occupation forces in Japan.

2. Yen advanced under above authorization should be limited to such amounts as can reasonably be regarded as occupation expenses, including reasonable salary or other compensation to personnel to enable maintenance of reasonable standard of living in Japan, hire of Japanese or other local employees, and purchase of necessary official supplies and equipment which it is impracticable to import.

3. You should take appropriate steps and establish appropriate procedures to ensure that excessive amounts of yen are not issued under the above authorization.

\*Serial No. 32

S E C R E T

4. You should maintain a detailed record of all yen advances and submit monthly report to Joint Chiefs of Staff containing detailed statement of amounts of yen currency furnished by you under this authorization.

Serial No. 56COPY NO. 2

24 July 1946

DIRECTIVE TO THE SUPREME COMMANDER FOR THE ALLIED POWERSJAPANESE TAXATION OF ALIENS

The following statement of policy, adopted by the Far Eastern Commission on 18 July 1946, under the provision of paragraph II, A, 1 of its terms of reference has been received from the State, War and Navy Departments for transmission to you as a directive for your guidance in accordance with paragraph III, 1, of those terms of reference:

"1. No Japanese taxation should discriminate against aliens.

"2. No capital levy should be levied by the Japanese authorities in respect to property in or outside Japan owned by United Nations nationals. Any capital levy on corporations and unincorporated associations should be so devised as to exempt from the effects of the levy, the shares and interests in the said corporations and unincorporated associations held by United Nations nationals. If in your opinion exceptional circumstances justify the imposition of any such capital levy, you should refer the matter for consideration of the Far Eastern Commission."

In connection with the foregoing the Far Eastern Commission has requested through the State, War, and Navy Departments that you be informed as follows:

"The Far Eastern Commission has currently under consideration additional policy with respect to extraordinary taxation designed to meet war costs or other charges falling on the Japanese as a result of the war, such as the increased property tax law and the war profits tax law as imposed on juridical persons."

Serial No. 57COPY NO. 2

24 July 1946

DIRECTIVE TO THE SUPREME COMMANDER FOR THE ALLIED POWERSRESTITUTION OF LOOTED PROPERTY

The following directive, prepared by the State Department to implement the policy adopted by the Far Eastern Commission on 18 July 1946 under the provisions of paragraph II, A, 1, of its terms of reference, has been received from the State, War, and Navy Departments for transmission to you for your guidance in accordance with paragraph III, 1, of those terms of reference:

"1. Immediate steps should be taken to restore to Allied countries objects in the 4 categories listed below which are found in Japan and which are identified as having been located in an Allied country at the time of occupation of that country, and which were removed by fraud or duress by the Japanese or their agents. The fact that payment was made should be disregarded unless there is conclusive evidence that fraud or duress did not take place. Restitution of any object included in category a which follows should be deferred, however, so long as its retention is required for the safety of the occupation forces. In such cases the Supreme Commander for the Allied Powers (SCAP) should provide an explanation of reasons for retention and an estimated date of restoration.

"a. Industrial and transportation machinery and equipment.

"b. Gold, other precious metals, precious gems, foreign securities, foreign currencies, and other foreign exchange assets.

"c. Cultural objects.

"d. Agricultural products and industrial raw materials.

"2. Steps should be taken to restore to Allied countries ships of all types and sizes found in Japanese waters which are identified as having been registered in an Allied country at the time of seizure or sinking by the Japanese or their agents, or at the time of acquisition by the Japanese or their agents by fraud or duress. The fact that payment was made should be disregarded unless there is conclusive evidence that fraud or duress did not take place. Restitution of such Allied vessels should be accomplished as rapidly as conditions permit and should be completed not later than 31 December 1946.

"3. Within the limits of feasibility, ships damaged or sunk and found in Japanese waters, on the request of the claimant country should as a matter of priority be salvaged, repaired, or refitted, as may be necessary to permit their return in a condition substantially similar to that at the time they came into Japanese hands. The costs of necessary salvage, repair and refitting in Japan should be borne by the Japanese Government but should be applied against the reparations apportionment to the claimant country.

"4. The processing of claims for industrial and transportation machinery and equipment found in Japan should not be permitted in general to delay removals of machinery and equipment on reparations account, but no item for which restitution claim has been received by SCAP should be allocated on reparations account until the claim has been acted upon. On

the other hand, no restitution claim should be recognized for articles already allocated to particular countries on reparations account.

"5. The claimant government should take delivery at a point in Japan designated by SCAP except that in the case of Allied vessels subject to restitution SCAP may at his discretion make delivery at Western Pacific points outside Japan whenever delivery will thereby be facilitated. Expenses incurred after delivery to the claimant government should be borne by that government, except that in the case of delivery within Japan, relevant transportation expenses within Japan and any dismantling, packing and repairs necessary for proper transportation, including the necessary manpower, materials, and organization, should be borne by Japan and be included in restitution. The recipient government should indemnify SCAP against all claims made in respect of the property received.

"6. Restitution claims for property other than ships should be made by the government of the Allied country from whose territory the property claimed was removed; and restitution made to that government. In the case of ships restitution claims should be filed by, and restitution made to, the government of the country whose flag the vessels were wearing or on whose register of shipping the vessels were borne at the time of sinking, seizure or acquisition as specified in paragraph 2.

"7. No items should be included in Japanese export programs which SCAP considers as probably subject to restitution as defined above. If items later found to be subject to restitution should be exported, equitable compensation should be made to that country to which the items exported should have been restored.

"8. Without prejudice to other arrangements which may be made between the interested parties, the foregoing restitution



policies especially those in paragraph 6, are not intended to give the Allied government concerned the right to withhold from a person who is a National of another Allied Power any property as to which he may establish a legitimate title.

"For SCAP's information the Far Eastern Commission has recommended to the government of those countries within whose territories may be found looted objects such as:

"a. Industrial and transportation machinery and equipment;

"b. Gold, other precious metals, precious gems, foreign securities, foreign currencies, and other foreign exchange assets;

"c. Cultural objects;

"d. Agricultural products and industrial raw materials;

"e. Ships;

that bilateral arrangements be drawn up providing for restitution according to these principles.

"The Far Eastern Commission has also requested the U.S. Government to forward this statement of policy through the usual channels to States which are not represented on the Far Eastern Commission and within whose territories such looted objects may be found."

STANDARD FORM NO. 64

*Letter signed  
15 Jan 47*

*col*

Office Memorandum • UNITED STATES GOVERNMENT

TO : JK - Mr. Martin

DATE: January 8, 1947

FROM : JA - Mr. Borton

SUBJECT: Draft Letter to Mr. Atcheson.

I have held up your proposed reply to George for several days in trying to determine in my own mind why your proposed letter as drafted bothers me. As you say in the introductory sentence of the second paragraph, I am not sure that I grasp the point of George's note. I wonder, however, if he isn't pointing out the fact that we may be way off on our figures here and that consequently the real question is distribution of Japanese external assets rather than assets within Japan. Although I don't feel very strongly about it, what would you think of a second paragraph reading as follows:

"I am not sure that I grasp the point of your note. However, I gather it implies that if the valuation compiled in Tokyo for Japanese assets is accepted, the amount is so large in areas under Soviet jurisdiction that it is not only questionable whether the Soviets have any proper claim against assets in Japan, but also whether some of these assets should be made available to other claimants."

I also wonder whether the third paragraph is pertinent in view of the fact that I read Atcheson's letter and the attached report as concerning itself primarily with assets in Soviet-controlled areas rather than in China.

Borton

*HB*

I concur in your assumption that the document is directed at the Soviet share; but it is so by inferring that all Jap assets in Manchuria to a value of 11 billion should be charged off against the Soviet claim. This is so clearly sloppy thinking I thought taking the position they intended to refer to China, which does have possession of most Jap assets in Manchuria might be the best way of countering their own vague & misleading statements

JA:HBorton:mls

*[Signature]*

*7-8-8-1-1-4-8-7-0 894.515/1-8-47*

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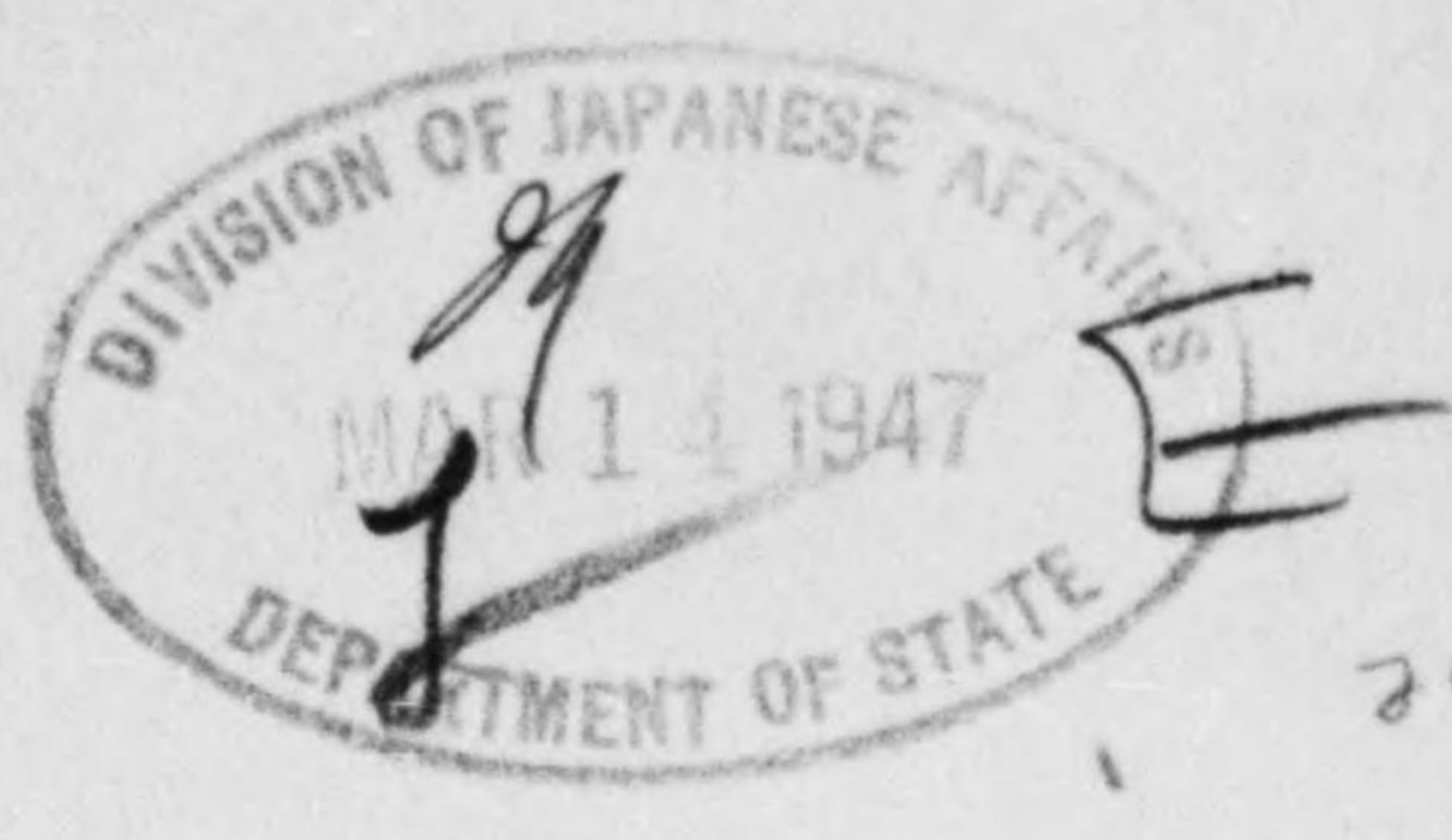
DEPARTMENT OF STATE  
**Memorandum of Conversation**  
CONFIDENTIAL



DATE:  
March 12, 1947

SUBJECT: Japanese Assets in Siam.

PARTICIPANTS: Mr. F. C. Everson, British Embassy;  
Mr. W.S.B. Lacy, SEA.



894.515/3-1247

COPIES TO: FE JA JK ES FN BC

Mr. Everson called at his request to say that his Embassy had received a communication from Anderson, South-east Division, Foreign Office, describing a conversation which had taken place between himself and Mr. Drumright, American Embassy; according to Anderson Mr. Drumright had stated that it was the position of the United States Government that Japanese assets in Siam should be vested in the Siamese Government to help meet Allied claims and that Allied claims should not exceed the amount of Japanese assets so vested. Mr. Everson stated that his Government was astonished to discover that such was the position of the United States Government.

I told Mr. Everson that I understood the Department to believe that Japanese assets in Siam should be vested in the Siamese Government and that such Japanese assets should be used by the Siamese to meet Allied claims, but that it was by no means the intention of the Department that Allied claims should be limited to the amount of Japanese assets so vested; that, moreover, it was not the Department's position that the Siamese should retain Japanese assets in excess of Allied claims brought against her. Mr. Everson expressed himself as considerably relieved.

Mr. Everson

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[Handwritten initials and signatures]

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Mr. Everson continued to say that his Government wished to approach the matter of vesting Japanese assets in Siam in the Siamese Government as a matter quite apart from bringing British claims against Siam. I replied that I felt the Department had no objection to such procedure.

*J.S.L.*

SEA:WSBLacy:nrs