

No. 2379

**GREECE
and
UNITED STATES OF AMERICA**

Exchange of letters (with annexed memorandum) constituting an agreement concerning the release of Greek assets in the United States. Washington, 10 July, 22 August, 9 September and 8 October 1946

Official text: English.

Registered by Greece on 21 November 1953.

**GRÈCE
et
ÉTATS-UNIS D'AMÉRIQUE**

Échange de lettres (avec mémorandum annexé) constituant un accord relatif au déblocage des avoirs grecs aux États-Unis. Washington, 10 juillet, 22 août, 9 septembre et 8 octobre 1946

Texte officiel anglais.

Enregistré par la Grèce le 21 novembre 1953.

No. 2379. EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT¹ BETWEEN GREECE AND THE UNITED STATES OF AMERICA CONCERNING THE RELEASE OF GREEK ASSETS IN THE UNITED STATES. WASHINGTON, 10 JULY, 22 AUGUST, 9 SEPTEMBER AND 8 OCTOBER 1946

I

TREASURY DEPARTMENT
WASHINGTON

No. 96798

FOREIGN FUNDS CONTROL

July 10, 1946

Dear Mr. Liatis :

There is enclosed a draft of the letter of assurances in the form generally agreed upon during the defrosting discussions of June 21, 1946 with representatives of this Department and of the State Department. A specific reference to payments on the bonded indebtedness of the Greek Government and of Greek corporations has been omitted pending further discussion of the problem at the next defrosting meeting. After the receipt of a mutually satisfactory letter signed on behalf of the Greek Minister of Finance, this Department will, as you have been informed, amend General License No. 95 by adding Greece to the list of specified countries.

There are set forth below detailed explanations of certain procedures which were mentioned briefly in the course of the meeting and a statement of the nature of the special assurances this Department will expect to receive in connection with the certification of dollar securities located in Greece. Also, there are enclosed for your guidance a memorandum on certification procedures (other than those special procedures outlined herein) and a suggested text of the certification form.

General License No. 95, as you know, permits the release upon appropriate certification of property in which more than one country specified in the license or national thereof have an interest. The procedure to be followed by your

¹ Came into force on 18 April 1947, the date of publication in the *Official Gazette* of the Kingdom of Greece.

Government in certifying such property is set forth in item (3) of the letter of assurances. In connection with the second paragraph thereof, which relates to property other than that of corporations, etc., organized in Greece, it is anticipated that in the case, for example, of securities held here by a Greek bank for the account of a resident of another country specified in General License No. 95, such as Czechoslovakia, your Government will certify the property only after receiving the proper assurances from the Czechoslovak Government, unless the amount involved is less than \$ 1,000.

To meet the problem of United States dollar securities located in liberated countries you will note that Section 2A of the Order and General Ruling No. 5 are waived with respect to any security to which a certification, under General License No. 95, is attached. In the case of registered securities, the certification issued by your Government to meet the requirements of paragraph (1) of the General License should be sent to the person within the United States with whom the securities are registered and a duplicate certification affixed to the security itself. In those cases where the accrued income on such securities has been transferred to a blocked account in a bank or other financial institution within the United States, it will also be necessary for the institution to receive a certification covering either the entire account or the particular accrued income. In the case of bearer securities, bonds, coupons, etc., the certification should be affixed to the relevant item prior to its import to the United States. In order to prevent misuse, each certification should contain a precise description of the security involved. In the case, however, of coupons being sent for collection, one certification may be used for each entire group being sent and need contain only a description sufficient for identification. These procedures will release the income on a registered security whether or not it is physically sent to the United States, and will also permit the importation into this country of any security, bond, or coupon to which a certification is affixed, as well as free it from any other special restrictions now imposed on securities by this Department. Before issuing such certifications, the Greek authorities will, of course, be expected to investigate the ownership of the securities consistently with the mutual principles and objectives referred to in the letter of assurances. This Department considers that the Greek authorities should give assurances in a separate letter along the following lines :

The provisions of the letter of assurances will, of course, apply with respect to securities issued in the United States which are located in Greece whenever such securities are made the subject of any certification under the proposed license. Moreover, to the end that the mutual principles and objectives referred to in the letter may be applied more generally to American securities in Greece,

the Ministry of Finance will promptly investigate the ownership of all such securities since April 28, 1941. A certification will be affixed to each security which is entitled to the benefits of the license while other securities will be appropriately segregated until the question of their final disposition is resolved. The Treasury Department will be informed of all securities in which there is reason to believe any enemy interest may exist.

With respect to cash accounts maintained here in the names of banks and other financial institutions in Greece, this Department considers, for the purposes of defrosting, that persons holding dollar accounts with banking institutions in Greece have an interest in a corresponding portion of the dollar accounts maintained in the United States by such institutions. Accordingly, we have assumed that these cash accounts would not be certified, even though the institutions maintaining the accounts are eligible for certifications, until investigation of the ownership and control of the dollar deposits has been completed. If your Government feels that this procedure will cause undue delays before any part of the cash accounts of Greek banking institutions can be certified, and since the primary interest of this Department is to make certain that there will remain here in uncertified accounts an amount of dollars sufficient to cover the amount of dollar deposits in which an enemy interest has existed on or since the effective date of the Order, the following alternative procedure is acceptable to us :

The Greek Government will obtain from each banking institution in Greece which maintains a dollar account in the United States (1) an estimate of the total amount of dollar deposits which it holds for its customers in which there is likely to be an enemy interest, and of dollar accounts closed since the effective date of the Order in which an enemy interest appears to have existed and (2) a guarantee that, should it turn out that the estimate is less than the total amount of dollar deposits in which it later develops there is actually a direct or indirect enemy interest, such institution will make up the difference in dollars. Once these two requirements have been met, and if the institution itself is eligible for certification, the Greek authorities may certify the dollar cash account of the institution except for an amount equal to the amount estimated in (1). If it finally turns out in the case of any such institution that the uncertified part of the dollar cash account is insufficient to cover the dollar deposits actually held for enemy account, the Greek Government will make certain that the dollars necessary to cover the difference will be provided.

For the above purposes an enemy interest shall be considered to exist in the dollar deposits on the books of such banking institutions if, since the effective date of the Order, any interest direct or indirect has been held therein by the Government of Germany or Japan, or of Bulgaria, Hungary, Italy or Rumania, or any national thereof, other than a person who, under General License No. 95, is deemed to be a national solely of a country specified in that license.

In arriving at the estimate set forth in (1) above, banking institutions in Greece would be expected to include not less than 20 percent of the dollar deposits which they hold in the names of residents of other liberated countries and 50 percent of the dollar deposits in the names of residents of Spain, Portugal, Sweden, Switzerland, Liechtenstein, and Tangier. Moreover, such banking institutions should not make any disbursements from the dollar accounts on their books of their customers until it has been determined by the Greek Government that no enemy, as defined above, has had any interest therein on or since the effective date of the Order. With regard to the dollar accounts on the books of such banking institutions in the names of residents of other liberated countries or of the four neutrals, the Greek Government will not permit any disbursements unless the country concerned has been specified in General License No. 95 and its government has certified to the Greek Government that no enemy, as defined above, is or since the effective date of the Order has been involved in the ownership or control of such dollar deposits. For reasons of simplification, however, the Greek authorities may disregard the necessity of obtaining such certifications in cases where the dollar deposit is less than \$ 1,000.

With respect to the question of United States Government tax liabilities of Greek nationals, as discussed in the meeting, there are listed below for transmittal to your Government the names of those Greek nationals known to have such undischarged tax liabilities. The amount set forth opposite each name is approximately twice the indicated tax liability to allow for interest and other possible additions. It is requested that, for each person listed below, an amount of assets equal to that shown opposite his name not be certified until satisfactory arrangements have been made to discharge the liability.

Kulukundis, Manuel E., address unknown	\$28,000
Kulukundis, Michael, address unknown	10,000
Liverato, Mr. Gregoire A., Athens	3,150
Rethymis § Kulukundis (Hellas) S.A., address unknown	121,100

You will be notified by letter from the Bureau of Internal Revenue of any additions to or deletions from the above list.

Sincerely yours,

John S. RICHARDS
Acting Director

Mr. Alexis S. Liatis
First Secretary, Greek Embassy
2221 Massachusetts Avenue
Washington, D.C.

Enclosures

MEMORANDUM ON CERTIFICATION PROCEDURES

(1) If it is found after appropriate investigation that an account can be certified, the certifying agency will forward a certification directly to the person in the United States holding the property. At the same time a notice will presumably be sent to the owner of the account apprising him of the action. If a person has accounts with more than one institution in the United States a separate certification should be sent to each.

(2) In general, the certification should be as broad in term as accuracy of description in the circumstances of each case will permit. Thus, if the certifying agency is able to certify all the property in a particular account of a certain person, the certification should specify something along the line of "The account in the name of X corporation in the Y bank, New York". This approach will avoid difficulties which might arise if particular assets were specified inaccurately. Moreover, under numerous Treasury licenses changes in the exact composition of the accounts might occur after a certification was issued but before it was received. If a person maintains several accounts with a particular institution, it will be best to specify each account being certified.

When less than all of the property held in a particular American institution in the name of a national can be certified, the broadest possible certification should still be used. Thus, if a person maintains two accounts and all of one can be certified but only a part of the second, the first should be certified in the manner described above and the second should be handled by either (a) certifying the account except for specifically designated property, fully described, which is ineligible for certification, or (b) certifying particular property, with an exact description. When only a portion of the property in an income-producing account is certified, as may particularly be necessary in case of omnibus accounts held in the name of foreign banking institutions, the certification, if possible, should not refer in general terms to income accrued on the property which is specifically designated but should state the precise sum of money involved in addition to the property itself.

(3) In dealing with property in the hands of persons other than financial institutions, the same principles should be followed as far as possible.

(4) With respect to an organization outside of Greece which is blocked as a national of that country because of the interests of persons within Greece, the certifying agency will certify only the ownership for the interests held by persons within Greece. Whenever such a certification is issued with respect to an organization which is known or believed to be holding assets for blocked persons of another nationality, the Greek authorities will be expected to inform the Treasury Department of both the amount and location of the assets held in the United States for such other persons and the nationality of those persons. The interests of persons in a country other than Greece which may cause the organization to be blocked also as a national of the other country, will be certified separately by the government of that country. In accordance with the letter of assurances, accounts of organizations within Greece in which a person in another foreign country designated in the Order, within the meaning of General License No. 95, has an interest will not be certified until the Greek Government has obtained a certification from the government of the other country indicating that no national of Germany, Japan, Hungary, Bulgaria or Rumania has any interest in the organization.

(5) Property held in the name of a person within Greece for a resident of another country specified in General License No. 95 will not be certified until the Greek Government has obtained assurances from the other government that the interest of such resident is entitled to certification. The interests in property held jointly by residents of Greece and another country specified in General License No. 95 may, however, be certified separately by the governments of the two countries.

SUGGESTED TEXT OF CERTIFICATION FORM

The Bank of Greece, acting upon instructions of the Minister of Finance, certifies that no foreign country designated in Executive Order No. 8389 or national thereof, within the meaning of General License No. 95, other than a country specified in such license or a national thereof, as defined in the license, has had any interest in the following property, rights and interests between April 28, 1941, and the date of this certification.

II

TREASURY DEPARTMENT
WASHINGTON

FOREIGN FUNDS CONTROL

No. 97792

August 22, 1946

Dear Mr. Liatis :

With respect to paragraph 4 of the proposed letter of assurances, it is our view that if property in which there is an enemy interest is transferred under the license inadvertently or by mistake, there is no obligation to restore such property or its equivalent from the acquirer thereof if such person is a *bona fide* purchaser for value and without notice of the enemy interest. In the case suggested by you of property in which there is an enemy interest being transferred under the license inadvertently or by mistake to the Bank of Greece, presumably the bank would be such a *bona fide* acquirer and there would be no obligation to restore the property from its assets. Neither would there be any obligation to restore any property from the assets of a *bona fide* acquirer of the drachma equivalent.

Sincerely yours,

John S. RICHARDS
Acting DirectorMr. Alexis S. Liatis
First Secretary, Greek Embassy
2221 Massachusetts Avenue
Washington, D.C.

III

Washington, D.C.
September 9, 1946

No. 4679

My dear Mr. Secretary :

In recent discussions held between representatives of the Greek Embassy acting on behalf of the Ministry of Finance and members of the United States Treasury, it was indicated that your Department is now prepared to institute a procedure for the release of Greek assets now blocked under Executive Order No. 8389 and the U.S. Trading with the Enemy Act of 1917 as amended. During these discussions it was emphasized that in the exercise of its control over Greek assets in the United States your Department has been inspired by

the principles and aims which were solemnly set forth in the United Nations Declaration of January 5, 1943, and resolution No. VI of the United Nations Monetary and Financial Conference, principles and aims which, as you know, are being fully endorsed by the Greek Government. Application of those principles by your Department has effectively prevented the enemy from looting Greek assets in the United States during the war to the great detriment of the common enemy and to the advantage of the Greek people.

The Minister of Finance has studied General License No. 95 of your Department which it has been suggested might be made applicable to Greece, and has authorized me to confirm in this connection his agreement on the following points :

1. The Ministry of Finance will assume the responsibility for carrying out the procedure of certification provided for by the license. No property will be certified until the Greek Government has ascertained, by appropriate investigation, that the property is not excluded from the benefits of the license. Moreover, in regard to certain accounts which may from time to time be specifically designated by your Department, my Department will consult with yours prior to making the certification provided for in the proposed license.

2. It is understood that within the framework of the general license no certifications will be issued which :

(a) Would facilitate the completion of transactions which might further the interests of an enemy or of persons acting upon behalf of an enemy;

(b) Would change the *status quo* of blocked property in the United States in which an enemy has an interest, direct or indirect.

3. As to the property of any partnership, association, corporation, or any other organization established in accordance with the laws of Greece, which by reason of the interests of persons not resident in Greece is also a national of another country designated in the freezing order, within the meaning of General License No. 95, no certification will be made until full assurances have first been obtained from the government of the other country to the specific effect that no national of Germany, Japan, Bulgaria, Hungary or Rumania is involved in the ownership or control of such interests. For reasons of simplification, however, the Greek authorities may on their own responsibility certify property of any organization in which the proportion of such interests is less than 25%.

With respect to any property not covered by the preceding paragraph in which any other country specified in General License No. 95 or any national

thereof has an interest my Government will not certify until full assurances have been obtained from the other Government that such interest itself is entitled to certification under the license. It is understood, however, that it will not be necessary to obtain such assurances where the value of the property involved is less than \$1,000.

4. If property in which there is an enemy interest is transferred under the American license inadvertently or by mistake, your Department will be consulted and, at its request, such property or its equivalent will be restored to the account in which it was held before being transferred, or to such other account as you may designate, but only to the extent to which such property or its equivalent may be found in the assets of the acquirer or of the original owner.

5. Our two Departments will make joint efforts with a view to investigating and controlling all German and other enemy assets both in the United States and in Greece in order to deprive war criminals and potential leaders of the enemy underground of means of existing and of jeopardizing the peace. In particular, our two Departments will take all steps necessary to prevent the financial facilities which our two countries will grant each other from being utilized by any person subject to Greek or American jurisdiction in such manner as might allow enemies or their agents to conceal assets in the United States or in Greece. To this end our two Departments will exchange all information required to carry out this task and in particular the Greek Government, which has already undertaken a vigorous program to eliminate economic and financial interests in Greece, directly or indirectly controlled by enemies, will keep yours fully informed with regard to property held in the United States under a Greek name in which it has reason to believe that there is any enemy interest, direct or indirect. My Department will likewise furnish yours with all information concerning Greek institutions which hold in the United States property in which an enemy might have an interest.

6. As a result of the protection accorded to Greek assets, and of other circumstances which arose during the war, American creditors have been temporarily deprived of certain means of action which normally would have been open to them to protect their interests. With a view to resuming more normal financial relations, the Ministry of Finance will authorize persons resident in Greece who owe dollar obligations to any governmental agency, individual or firm in the United States to discharge such obligations when they are due to the extent that the dollar or other foreign exchange holdings of such residents permit. The Ministry of Finance will provide dollars within the limits of its

foreign exchange resources to those Greek residents who owe such dollar obligations and who are without dollar or other foreign exchange resources of their own. With regard to payments of principal and interest on Greek Government and corporate bonds held by American nationals, the Minister of Finance will collaborate in due course with the representatives of the bondholders in order to reach a just and equitable settlement.

7. It is understood that nationals of the United States holding assets in Greece shall be authorized to administer such assets and their income, within the framework of the controls and regulations of the Greek Government, without the application of measures to them which would be discriminatory in relation to nationals of any other country.

No sequestration measures are in effect in Greece on property, rights and interests belonging to nationals of the United States. My Government has not imposed restrictions on the assets of nationals of the United States for the purpose of controlling property in which an enemy interest might exist, except in particular cases in which my Government has reason to believe that control is necessary to prevent the transfer of property in which any enemy has an interest or to avoid the completion of transactions which might be directly or indirectly to the benefit of an enemy.

Concerning transfers from Greece to the United States, the Ministry of Finance intends to pursue a policy of liberalizing exchange control restrictions to the fullest extent that the Greek Foreign exchange position will permit.

Subject to the foregoing the Ministry of Finance will authorize current payments from Greece to the United States arising from personal earnings, business earnings, dividends, interest, royalties, payments for purposes of duly authorized commercial transactions and other payments relating to current business including balances accrued from the same sources during the war. The Ministry of Finance, moreover, will examine carefully requests for transfers of capital from Greece to the United States when transfers of that type might serve a useful or economic or commercial purpose, and where transfers of small amounts are of substantial importance to the interested parties. It will examine in the same spirit requests for transfers of funds to the United States filed by American nationals residing in Greece.

Accept, my dear Mr. Secretary, the expression of my high consideration.

P. ECONOMOU-GOURAS
Chargé d'Affaires a.i.

Hon. John W. Snyder
Secretary of the Treasury
Washington, D.C.

IV

Washington, D.C.
September 9, 1946

No. 4679 *bis*

My dear Mr. Secretary,

With reference to my letter No. 4679, under today's date, I wish to inform you that the Bank of Greece, Athens, Greece, has been designated by the Greek Minister of Finance as the agency which will issue certifications under General License No. 95 for the release of Greek assets now blocked in the United States under Executive Order No. 8389 and the U.S. Trading with the Enemy Act of 1917, as amended.

Accept, my dear Mr. Secretary, the expression of my high consideration.

P. ECONOMOU-GOURAS
Chargé d'Affaires a.i.

Hon. John W. Snyder
Secretary of the Treasury
Washington, D.C.

V

Washington, D.C.
September 9, 1946

No. 4679 *ter*

My dear Mr. Secretary :

In connection with my letter of assurances No. 4679, under today's date, I wish to inform you that the provisions contained therein will apply with respect to securities issued in the United States which are located in Greece whenever such securities are made the subject of any certification under the proposed license. Moreover, to the end that the mutual principles and objectives referred to in the letter may be applied more generally to American securities in Greece, the Ministry of Finance will promptly investigate the ownership of all such securities since April 28, 1941. A certification will be affixed to each security which is entitled to the benefits of the license while other securities will be appropriately segregated until the question of their final disposition is resolved. The Treasury Department will be informed of all securities in which there is reason to believe any enemy interest may exist.

Accept, my dear Mr. Secretary, the expression of my high consideration.

P. ECONOMOU-GOURAS
Chargé d'Affaires a.i.

Hon. John W. Snyder
Secretary of the Treasury
Washington, D.C.

VI

THE SECRETARY OF THE TREASURY
WASHINGTON

October 8, 1946

My dear Mr. Economou-Gouras :

I am pleased to have received the assurances contained in your letter of September 9, 1946, concerning the general license which representatives of the Greek Embassy acting on behalf of the Ministry of Finance and representatives of my Department have been discussing. In view of the statements contained in your letter, I am happy to inform you that on October 15, 1946, by amendment to General License No. 95, Greece will be added to the countries covered by that license. Enclosed for your information are a copy of the license and of the amendment thereto.

Sincerely,

(Signed) John W. SNYDER
Secretary of the Treasury

Mr. Paul Economou-Gouras, Chargé d'Affaires a.i.
Greek Embassy,
Washington, D.C.

Enclosures