

Bern, September 12, 1944

Gentlemen:

I am instructed by my Government to refer to your memorandum of June 15th, copies of which were transmitted to me by Mr. Nussbaumer on June 27th, in which you set forth proposals for the voluntary regulation of the conduct of banks in Switzerland to meet Allied desiderata from the standpoint of economic warfare. The proposals in question have been carefully considered by the United States and British Governments who have come to the conclusion that they are so inadequate in almost all material respects as to offer no basis of agreement.

In the view of the competent authorities, the acceptance of your proposals would, in fact, involve the Allied Governments in making considerably greater concessions than those offered during and after the discussions which took place in Lisbon. Moreover, regard must be had to the fact that political and military conditions have since undergone a material change and that new and particular attention has been directed to the question of looted assets, especially in Resolution No. 6 of the conference recently held at Bretton Woods.

In view of the time which has elapsed between the discussions in Lisbon and the submission to the Allied Governments of your proposals under reference, (these only became available in Washington on July 26), the American and British Governments find themselves unable to enter into further discussions having for their object modifications and improvements in your proposals in detail. Such a course would only involve further loss of time.

I

Swiss Bankers' Association,
B a s e l.



- 2 -

I am therefore instructed to state that, while the American and British Governments cannot accept the proposals of the Swiss Bankers' Association of June 15th as a basis of cooperation, they do not propose to proceed, as originally intended, with the formal presentation of their note to the Swiss banks, the definitive draft of which was communicated by Mr. Bliss to Mr. Nussbaumer on July 7th, 1944. In the opinion of the American and British Governments, the banks are now well aware of their views. Swiss banks and financial institutions must judge for themselves whether their interests are served by allowing themselves to be used as an adjunct to the war effort of the enemy in the financial field, or as an agency by which the enemy accomplishes acts, including the concealment of looted property, which are inimical to the interests of the United Nations. Due account will, of course, be taken of any concrete measures to withhold assistance to the enemy which have been or may be made effective by the Swiss Bankers' Association or by individual Swiss banks.

In conclusion, the American and British Governments wish to make it clear to your Association and to Swiss banking and financial circles generally, that they reserve to themselves complete freedom to impose every appropriate sanction, now or at any time, upon any bank or financial institution engaging in transactions inimical to the interests of the Allies.

I am communicating copies of this letter to Mr. Kohli of the Federal Political Department and to Mr. Nussbaumer.

Sincerely yours,

Daniel J. Reagan,
Commercial Attaché