

20 January 1945

TO: Capt. D. C. Crockett, Finance Officer  
FROM: Lt. (j.g.) R. Lee Covington  
SUBJECT: Finances , American Military Unit, Bucharest

1. Authority of the Chief of the Unit.- No one has been given the responsibility and authority to approve expenses of the Unit. As a result, Captain Fair, the acting Finance Officer, was under the impression that no approval was necessary, and has merely been obtaining receipts from people to whom he disbursed funds for expenses incurred by them. This procedure made for very lax control of finances. For instance, Major Bishop, head of X-2, was operating more or less independently from the rest of the organization. Both Capt. Fair and Lt. Bookbinder, Capt. Fair's predecessor as Finance Officer, advanced funds to Major Bishop and his employees, solely on Major Bishop's requisition. The result was that Major Bishop was charged with quite a substantial amount of funds, some of the advances dating as far back as September, for which no accounting had been rendered. I am quite sure that Lt. Comdr. Wisner was unaware of the situation.

At the date of my arrival Major Bishop was charged with the following advances:

73	Mixed Gold pieces
50	Sovereigns
2,000	Dollars
5,774,067	Lei

Converting these currencies to Lei at the rate prevailing on the date of our discussion with Major Bishop, he was charged with more than 21,000,000 lei for which no accounting had been submitted.

After our conversation Major Bishop turned in to the Finance Officer 38 Sovereigns, 25 Mixed Gold pieces, and 1,063 dollars. He submitted a very sketchy accounting for the balance of dollars and gold with which he was charged, which was approved by Lt. Comdr. Wisner. As of the date of my departure Major Bishop had accounted for a part of the old lei advances and was working on an accounting of the balance.

As to future operations and advances, Major Bishop agreed to submit a budget of proposed expenditures to Lt. Comdr. Wisner on the first of each month. If this is approved it will be the authority of the Finance Officer to advance this sum to Major Bishop during the month. At least once each month Major Bishop will submit an accounting to Comdr. Wisner for his approval.

2. Living Expenses of Military Personnel. - Until January 1, 1945 Lt. Comdr. Wisner and several enlisted men lived in a house for which no rent was paid. A mess was operated there for officers and enlisted men, special funds being used to operate the mess. Some of the officers, due to the nature of their work and to transportation difficulties were given permission by the Chief of the Unit to eat elsewhere, OSS paying their food bills. The Officers, other than Comdr. Wisner, lived in various hotels and apartments, some of them procured at no charge, OSS paying any rent bills incurred by them. The same procedure was followed for the enlisted men not quartered at the house where Lt. Comdr. Wisner lives.

DECLASSIFIED AND RELEASED BY  
CENTRAL INTELLIGENCE AGENCY  
SOURCE METHOD EXEMPTION 3B2B  
NAZI WAR CRIMES DISCLOSURE ACT  
DATE 2006

Effective January 1, 1945 Brig. General Schuyler at all American Officers on a per diem of 15,000 lei per day, to be paid from funds requisitioned from the Roumanian Government under the terms of the armistice.

With the cut in the staff in Bucharest it is believed that all the enlisted personnel can be housed free in the house where Comdr. Wisner lives. General Schuyler has given OSS permission to operate a separate mess for our enlisted men, to be paid for with lei requisitioned from the Roumanian Government. In addition, each enlisted man is allotted 2,000 lei per day for extras.

Since all of these funds will be obtained by the ACC through the Russians from the Roumanian Government, no further payments will be made from OSS funds for rent and subsistence of military personnel.

3. Personal Advances. - As you know, until about December 15th there was no Army finance officer in Bucharest authorized to pay military personnel. Therefore, it was necessary to make personal advances to personnel from time to time. The advances were made in gold, for the most part, or in lei at the equivalent price for gold. The advances made to some individuals were quite sizeable. I discussed the matter with Comdr. Wisner, and henceforth no more personal advances will be made. Since military personnel are now being paid, the advances are being collected rapidly. One difficulty remains, and this is the fact that some of the men do not have their pay cards. An effort is being made to secure all pay records of personnel, and when this is done, the personal advances should all be repaid.

Figuring a mixed Gold piece at \$10.00 and a Sovereign at \$12.00, gold brings a definite premium over either gold seal or blue seal dollars. During the time I was there an average difference of about 1300 lei per dollar existed between gold and paper dollars, using the above values for gold. All personnel are now being paid in gold seal dollars, and although it is recognized that they obtained an advantage by borrowing at the gold rate, it was decided to allow them to repay the advances in gold seal dollars, at the rate of \$10.00 for mixed gold and \$12.00 for Sovereigns.

4. Salaries and L & Q Allowance for Civilians. - Capt. Fair was under the impression that the three American civilians of the Unit could not be paid, and he was making personal advances to them and paying their hotel and food bills. We located the overseas data sheet of Miss Sylvia Press, and cabled you for the sheets of Miss Marcella Bailey and Miss Helen Rodgers, and for the L & Q rate for the Balkans. All of the girls have been paid their salaries and L & Q allowances up to date, in gold seal dollars. They will repay OSS in lei all funds that we have disbursed for their living expenses. Actually, they should repay OSS in dollars the value of the lei paid for their upkeep. This would have necessitated fixing a rate for lei for each day they had been in Bucharest. With the lei not only varying in price from day to day, but often varying several hundred lei to the dollar during the day, this was an impossible task to do equitably. It was decided by Comdr. Wisner that they should repay OSS in lei.

5. Purchase of Supplies. - No one person was in charge of the procurement of supplies, and almost everyone was buying stationary, typewriter ribbons, erasers, etc. in small lots.

In the future, supplies will be requisitioned from the ACC which will in turn obtain them from the Roumanian Government. Capt. Fair has been designated as Supply Officer.

6. Dental Expenses. - I am not certain as to our policy as to dental expenses. The 15th Air Force has a Flight Surgeon in Bucharest, Major Mitroni, who has been giving Medical service to our personnel. It is contended that our personnel are entitled to free dental service. The procedure being followed is that Major Mitroni certifies that the work is necessary, the work is done by a Roumanian dentist, and OSS pays the bill. Is this correct? I would like to discuss this with you. (Discuss this with Maj. Carpenter, get his reaction) DCC

7. Entertainmer - A number of our officers, and some enlisted men, apparently do work which requires them to do a certain amount of entertaining. There was no set procedure, and the persons in question merely submitted a statement to Capt. Fair as to their entertainment expenses and he reimbursed them.

About the time we set up a procedure for this, the ACC approved an Officers Entertainment Allowance. Comdr. Wisner and Major Bishop are allowed 10,000 lei per day for entertainment, and other officers are allowed lesser amounts, most of them receiving from 3 to 5 thousand lei per day. The funds for this will be supplied by ACC from the funds it obtains from the Roumanian Government. Comdr. Wisner has issued an order to the effect that no entertainment expenses in excess of the allowance are reimbursible.

8. Personal Items. - Some of the expense accounts that I examined had certain items on them that appeared to be of a personal nature. I went into this with Comdr. Wisner, Capt. Cary, and Capt. Fair. They are going into the matter, and in the future will examine expense accounts more carefully. He should insist on reimbursement of personal items and for the records a cable should be sent to Wisner to this effect.

9. Finance Office. - Capt. W. W. Fair is now Finance Officer. In addition, he acts as personnel Officer, Mess Officer, Supply Officer & Billeting Officer. He stays quite busy, but once the machinery for obtaining supplies, currency, etc. from the ACC begins to function more smoothly, he should be able to attend to all his duties. Capt. Fair speaks Roumanian, which is a distinct advantage. He has never worked in an office before and knows nothing about office procedure or book-keeping. I worked with him daily for more than a month installing our bookkeeping system, and while he understands each entry as it is made, I believe the whole thing is very confusing to him. I set up salary cards, property cards, etc., and wrote out a set of instructions for him, and he should be able to handle the job in the future.

Most of the receipts obtained are written in Roumanian. I instructed him in the future to translate the receipts into English, and to go back over the old receipts and translate them as he has time.

10. Black Market for Currencies. - There is a thriving black market in Bucharest for all types of foreign currencies. Actually, it is hardly a black market in that it flourishes quite openly, with the apparent knowledge and consent of all concerned. The National Bank of Roumania is authorized to deal in foreign exchange and currencies, but at the old official rate, which in effect prohibits it from dealing in currencies. It is said by many that practically all Roumanian banks have representatives in the black market. The bankers with whom I talked say very little about the black market, and try to give the impression of knowing nothing at all about it.

Prices are increasing steadily in Roumania, and appear likely to continue to rise unless some very positive steps are taken by the government to control the situation. It was thought by some that the new loan which permitted a subscriber to purchase a gold medal at a specified rate (15,000 lei) might halt the decline in value of the lei. Others admitted that at best it would only have a temporary effect, but in the meantime they hoped the war in Europe might end. Personally, I am inclined to think that by allowing a subscriber to purchase the gold medal, which is said to contain the gold equivalent of a Louis d'or, at such a cheap price, compared to the black market rate, the Roumanians were merely distributing gold to Roumanians, from fear that if it were left in the National Bank of Roumania the Russians might get hold of it.

The following are approximate price ranges for various currencies on the black market, between December 15 and January 15.

1 Mixed Gold piece	- 51,000 to 57,500 Lei
1 Dollar	- 3,200 to 4,500 Lei
1 Ruble	- 50 to 55 Lei
1 Fengo	- 30 Lei
1 Leva	- 2 Lei
1 Pound Sterling	- 14,000 Lei

At present, there is no distinction between a blue seal and a gold seal dollar in the black market, although many Roumanians recently have been asking us what the difference is.

One dollar bills are hard to sell, and if sold they will sell at a discount below the quoted rate. Five dollar bills are not much sought after. Ten dollar bills go very well. A fifty or a one hundred dollar bill will always bring a premium, although, of course, gold seal dollars are not printed in such denominations.

Soiled bills are not acceptable, and if taken at all they will sell at a discount. Similarly, an old gold coin will sell at a discount. It is recommended that in the future we ship to Bucharest ten dollar bills, for the most part, with a few fives and ones, to make change, and that we ship fairly new and crisp bills.

According to Roumanians, when the Germans were there the official and actual rate was 60 lei to the Reichmark, with no black market. I find this a little hard to believe.

When the Russian Army entered Roumania it printed a Red Army Lei, similar to our Allied Military Currency in Italy, in addition to using rubles. There must have been very few of them issued, because I tried all over Bucharest to obtain one, unsuccessfully. Lt. George Bookbinder in Bucharest has one. It is said that the Roumanians protested against having rubles and two kinds of lei in circulation. The Red Army is supposed to have agreed to stop issuing its own lei, but at the same time they fixed the value of the Ruble at 100 lei to the Ruble. It is said that the Rubles issued in Roumania traded among Roumanians at from 9 lei to the Ruble on up. The last week I was in Bucharest the Russians began rounding up persons of "Saxon" ancestry for forced labor in Russia. In four days they are said to have rounded up 4,500 in Bucharest alone. It so happens that quite a few "Saxons" were black market operators, and one day the dollar dropped from above 4,000 to 3,200 lei to the dollar. When I left on the 18th it was going up again, but had not regained all the loss.

11. Use of Gold for Operations. - It is suggested that we obtain a ruling from Washington as to whether we should use gold or gold seal dollars for our operations in Roumania. Valuing a Louis d'or at 100, a gold piece had, while I was in Roumania, about an average of 1300 lei to the dollar advantage over a paper dollar. Of course, if we consider the gold piece at its cost of \$6.53, the premium is even greater. Emerson Bigelow told me that the Treasury preferred us to use (1) gold ~~seals~~ (2) gold ~~pieces~~, and (3) blue seals, in that order, if done discreetly. The black market in Bucharest is anything but discreet. People sidle up to you in the hotels, and even on the street, and offer you a price for dollars or gold.

RECOMMENDATIONS

1. That Colonel Glavin designate the Chief of the Unit as his representative with sole authority to approve all advances and accountings.

2. That Capt. Fair be instructed to review all past receipts and investigate expenditures which appear to be of a personal nature. If the expenditures were for personal items or services Capt. Fair should be instructed to insist on reimbursement from the individuals concerned.

3. That we obtain a ruling from Washing<sup>ton</sup> as to whether we should use gold or gold seal dollars for our operating expenses.

4. That a field safe be shipped to Capt. Fair.

5. That the currency shipped to Bucharest be fairly new <sup>TEN</sup> dollar bills, with only a few fives and ones.