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SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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COUNTRY France/Indochina

REPORT NO. [REDACTED]

SUBJECT Repercussions of the Piaster
Scandal in Indochina

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- Official circles in Vietnam take a harsh view of the Parliamentary Commission of Inquiry on the piaster traffic. It is, to be sure, notorious that the public officials of Vietnam made a very free use of transfer authorizations. This has been particularly true of the former Premier, Tran Van Hu, and of Bao Dai's family. It is especially hard to distinguish between state funds, transferred for the use of Vietnam diplomatic requirements, and personal funds, transferred for personal speculative purposes.
- Any attempt to go any deeper into the question means casting suspicion upon the leaders and former leaders of Vietnam. It will also have the effect of provoking new difficulties in the relations between France and the Bao Dai government.
- It has been possible to detect a special grudge against M. Bollaert and his daughter, on the part of certain members of the commission. This is less a matter of getting after the former high commissioner than a chance for throwing mud at the Radical Party, whose "favorite son" he is.
- "The Bollaert affair" is familiar in official circles in Saigon, but it is very hard to get the blunt truth told. For a good many years, the high commissioner's office in Indochina, cooperating with the military intelligence service, has been trying to "water" Vietminh currency by introducing a large number of counterfeit notes in the rebellious zone. This counterfeit money circulates through Hong Kong. The rather heavy expenses of this operation have been compensated for by importation of dollars which were not declared on their entry into Indochina. It was natural for the high commissioner to use his personal airplane to cover these operations. If his daughter carried exchange in her baggage, she did so with the full knowledge of her father.

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5. It is easy to see why M. Bollaert remains silent. He cannot very well explain, to the city and the world, that the French administration in Indochina was running a counterfeiter's shop. The only thing is, that political passion is blind, and the Commission of Inquiry remains deaf to "reasons of state."
6. Most of the expenses of the Commission of Inquiry came from the RPF. The former Minister, Diethelm, to explain the forty millions transferred by his family through the juggling of his brother-in-law, M. Bourgoin, Counselor of the Plan at Saigon, found himself compelled to reveal what the militant Gaullists had been doing. William Bazé, Counselor of the French Union, found himself mixed up in the affair.
7. This was a matter of the transfer in France of the cash secured through the sale of propaganda stamps issued by the RPF in Indochina. The great error of M. Diethelm is that he camouflaged the transfer operation, by handling it through his own account with a dubious motive. The high commissioner closed his eyes with the secret and reserved idea of compromising the Gaullist movement. General de Gaulle was furious at Diethelm's thoughtlessness in allowing this affair to go on.

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