

unds (B) in U.S. Banks.

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DEPARTMENT OF STATE
WASHINGTON

July 5, 1940

CONFIDENTIAL



Excellency:

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I have the honor to inform you that the American
Ambassador in London, in a telegram dated June 20, 1940,

has transmitted the following text of a note marked

"Secret" and dated June 20, 1940 addressed to him by

the Foreign Office:

"I have the honor to state that discussions
have recently been proceeding between His Majesty's
Government in the United Kingdom and the Bank of
England and His Majesty's Ambassador at Washington
with a view to safeguarding His Majesty's Govern-
ment's assets in the United States of America
against the risk of possible attachment at the
instance of enemy interests. Certain of these
assets are at present held at the Federal Reserve
Bank of New York in the name of the Bank of England
and it is proposed that such assets should on the

grounds

His Excellency
The Right Honorable
The Marquess of Lothian, C.H.,
British Ambassador.

grounds of safety be transferred into the name of His Majesty's Government.

"His Majesty's Government have now been advised by Lord Lothian that the United States Treasury have requested and authorized the Federal Reserve Bank of New York to open accounts in the name of His Britannic Majesty's Government. The Federal Reserve Bank have confirmed this authority to the Bank of England and have asked that the necessary requests and instructions should be telegraphed to the United States Government through Your Excellency. Accordingly I have the honor to request Your Excellency to be so good as to address to your Government for transmission to the Federal Reserve Bank of New York a cable embodying the following requests and instructions:

"(A) His Majesty's Government request the Federal Reserve Bank to open the following accounts to receive dollar and gold balances now held on similarly designated accounts in the name of the Bank of England:

Currency Accounts

- His Britannic Majesty's Government current account 'F'
- His Britannic Majesty's Government current account 'G'
- His Britannic Majesty's Government special account 'A'

Gold Account

- His Britannic Majesty's Government No. 3 account

"(B) His Majesty's Government request the Federal Reserve Bank to accept on their behalf

the

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the instructions of the Bank of England in all matters relating to such accounts. These instructions will continue to have effect until notice of cancellation of authority is given by His Majesty's Ambassador at Washington or by the Counselor to the British Embassy at Washington in accordance with arrangements already known to the Federal Reserve Bank. In that event the emergency signing procedure will take effect in respect of all accounts in the name of His Majesty's Government with the exception of special account 'A' which will continue to be operated by the same signatories as at present. The authority extended to His Majesty's Ambassador in Washington and to J. A. C. Osborne under the emergency signing procedure includes power to delegate authority to operate on the accounts in favor of any person or persons whom either may specify.

"(C) His Majesty's Government certify that all gold and dollar balances now or in future to be held for the above accounts are the property of His Britannic Majesty's Government.

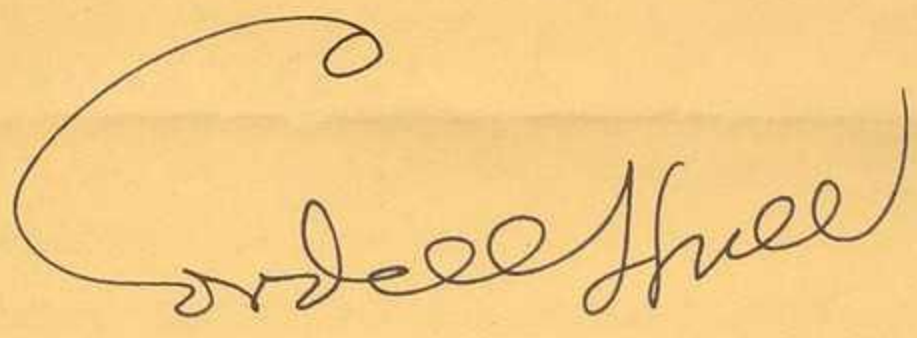
"(D) His Majesty's Government request the Federal Reserve Bank to continue to forward to the Bank of England as heretofore all advices and statements of accounts, et cetera.

"The Federal Reserve Bank have made a further request that His Majesty's Ambassador at Washington should by letter addressed to Mr. Hull confirm the foregoing and also certify the legality and authority

thereof.

thereof. In view of the fact that by virtue of this letter His Majesty's Government are themselves making these requests in connection with their own assets, it is not clear what further confirmation or certificate of legality is required. I should be grateful to know that, if necessary, the United States Government would be prepared to confirm to the Federal Reserve Bank that the foregoing instructions emanate from His Majesty's Government."

Accept, Excellency, the renewed assurances of my highest consideration.



A handwritten signature in cursive script, reading "Cordell Hull". The signature is written in dark ink and features a large, sweeping initial "C" that loops back over the rest of the name.