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No. 209.

BRITISH EMBASSY,
WASHINGTON, D.C.

27th February 1940.

My Lord,

With reference to Your Lordship's despatch No. 52 of January 18th, 1940 (W 687/687/-49) regarding the danger of the attachment of funds belonging to His Majesty's Government, I have the honour to enclose a copy of an opinion which has been given by an eminent firm of New York lawyers after consultation with my Legal Adviser.

2. I think that the opinion needs no further explanation except on the point referred to in question 4 in the opinion. I would suggest that it is not desirable that the nominee should be either the British Ambassador or the Financial Adviser. The Ambassador should not in my opinion be personally involved in the banking transactions of His Majesty's Government; the same considerations apply to the Financial Adviser.

3. I would suggest as in my telegram No. 274 of February 26th, 1940, that the Treasury solicitor or some similar person should be the nominee and that instructions should be given to the Banks as to the persons authorised

/by

The Right Honourable
The Viscount Halifax, K.G.,
etc., etc., etc.

GHSP:JF:KIP

by him to operate the accounts as suggested in paragraph 2 of the opinion.

4. The steps which are recommended to be taken are, therefore:-

- (a) To transfer the accounts into the name of a clearly identifiable nominee of His Majesty's Government.
- (b) To notify the banks concerned that the assets are held on behalf of His Majesty's Government.
- (c) To notify the State Department which accounts represent accounts of His Majesty's Government.

I have the honour to be,
with the highest respect,

My Lord,

Your Lordship's most obedient,
humble servant,

(Sgd.) LOTHIAN.