

893.5151/12-249

Memorandum by the Chief of the Division of Security (Nicholson) to Mr. Robert W. Barnett of the Office of Chinese Affairs

[Washington,] December 2, 1949.

According to a confidential source within the government, it was recently ascertained that one million dollars in United States currency was loaded aboard the S.S. China Bear at Taku Bar, China, a port near Tientsin and arrived at San Francisco on November 15, 1949,⁵⁷ destined for the Bank of America, San Francisco. The ship's manifest reported that the money was shipped by the Banque Beige Pour L'Etranger of China. In connection with this shipment it was also confidentially ascertained through the Bank of America that the shipment was received with the instructions to credit the total amount to the account of the Banque Beige Pour L'Etranger. No further instructions have been received concerning the money, it was stated. It was further ascertained that this money originated with the People's Bank of China but that the transfer was handled through the Banque Beige Pour L'Etranger. According to the source's informant the [Page 813]People's Bank of China is controlled by the present Communist regime in North China.

A similar money shipment arrived at San Francisco about November 1, 1949. This money was destined for the Bank of California. The Bank of California reportedly received one million dollars in United States currency on November 2, 1949, which had been loaded aboard the S.S. Pacific Transport Lines, Inc. at Taku Bar on October 13, 1949. This currency was sent by the Banque De L'Indochine to the Bank of California. The money has been transferred to the French American Banking Corporation of New York City and deposited to the account of the Banque De L'Indochine.

It was learned that the United States Customs and Treasury officials are cognizant of these transactions.

This matter was brought to the attention of the Department in view of the fact that the money appears to have been transferred into the United States through Chinese Communist controlled sources. In this connection the confidential source furnishing the report has asked to be advised of any information available at present or in the future which would be pertinent to internal security interest.