

I send you the report herewith in case you may be interested in glancing through these judgments, but, whatever one might conclude regarding the principles discussed, I think these do not apply to the situation in France. It seems to me that by the Armistice France deliberately placed Germany in occupation of the major portion of the country, including the part where the head office of the Bank of France is situate. The fact that Germany regards itself as thereby entitled to control the Bank of France is shown by an order of the German Government copy of which is attached hereto, and which I have received from Mr. Towers since the earlier part of this memorandum was written. Having in view the situation created by the Armistice this Government has already placed property in Canada belonging to persons in the occupied territory and in certain portions of the French Empire under protective custody, and it has also requisitioned four French ships found in Canadian ports. There are a number of cases in England dealing with the question whether certain companies were or were not under enemy control, but I do not think it necessary to examine these, because the facts of the present case are such as to put the case beyond peradventure. It may be quite true, as I remarked to you verbally, that France as such is an indivisible entity, but for the purposes of the Trading with the Enemy Regulations there can be no doubt that this gold is enemy property. The question whether this gold should be dealt with in the manner suggested by Mr. Churchill is one of policy for the consideration of the Government, but as above indicated I am unable to see any legal or moral objection to its being so dealt with if in the opinion of the Government it be expedient for the purposes of the war so to do.