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AIRGRAM

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FROM: Brussels, Belgium

WASHINGTON

DATED: June 20, 1946

A-275, June 20, 1946

RECEIVED:

FOR TREASURY FROM MARKS

Reference is made to page 37 of the Luxembourg defrosting report forwarded with Brussels despatch No. 1199 dated February 20, 1946, and particularly to the third full paragraph thereof in which it is stated that a gentlemen's understanding was entered into with the Ministry of Finance that the assets of Luxembourg holding companies will not be certified under General License No. 95 without the express approval of the Treasury Department.

The Office of the U. S. Treasury Representative has received a letter dated June 12, 1946, from the Institut Belgo-Luxembourgeois du Change indicating that the Institut has certified two \$1,000 bonds of the 7% Belgian external loan, redeemable 1925-1955, belonging to the Societe Holding Lacta Financiere, a Luxembourg holding company. In a subsequent note dated June 19, 1946, the Secretary of the Institut Belgo-Luxembourgeois du Change explains that the bonds in question were redeemable on June 11, 1946, and pursuant to an agreement between the Belgian Ministry of Finance and the Guaranty Trust Company of New York, which services these bonds, they had to be deposited with the Banque Nationale de Belgique by June 12 at the latest. Under the agreed procedure, the Banque Nationale will now transmit the bonds for redemption to New York, and the proceeds will be credited to the dollar account of the Banque Nationale with the Guaranty Trust Company, while at the same time the franc counter-value is paid over to the owners of the bonds.

In order not to have the Societe Holding Lacta Financiere lose the benefit of the above arrangements, and in view of the almost exclusively Belgian control of this Luxembourg holding company, the Institut Belgo-Luxembourgeois du Change certified the two bonds in question, under the impression that there would be no objection in this one exceptional case. In its note of June 19, the Institut Belgo-Luxembourgeois du Change requests that the \$2,000 which are to be credited to the account of the Banque Nationale upon the redemption of the bonds, not be blocked by the Treasury Department, on the understanding that the countervalue in Belgian francs which is to be paid over to the Societe Holding Lacta Financiere will be blocked by the Institut Belgo-Luxembourgeois du Change.

The case has been discussed with Mr. Selleslags, Secretary of the Institut Belgo-Luxembourgeois du Change, and it is clearly understood that hereafter the Institut will first confer with the Office of the U. S. Treasury Representative before certifying the assets of the Luxembourg holding companies. Please indicate what reply may be made to the Institut Belgo-Luxembourgeois du Change's request of June 19.

There are quoted below for your information the texts of the Institut Belgo-Luxembourgeois du Change's letters dated June 12 and June 19, 1946:

"Le 7 courant nous avons ete approches par la Societe HOLDING LACTA FINANCIERE, au Grand-Duche du Luxembourg, en vue d'obtenir la certification de deux obligations de 1.000 \$ emprunt belge exterieur 7%, 1925-55 remboursables.

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"Nous tenons a vous signaler que nous avons cru bien faire en accordant la certification reclamee, vu que la Societe HOLDING susmentionnee, est une societe de famille specifiquement belge et que les deux obligations devaient etre deposees au plus tard ce jour meme a la Banque Nationale de Belgique.

"Dans le cas ou vous jugeriez que le reglement ne peut etre effectue, nous sommes disposes a bloquer les fonds qui devraient etre mis a la disposition de la Societe beneficiaire.

"Nous vous saurions gre de nous fixer des que possible."

* * * *

"Nous referant a l'entretien que vous avez eu le 18 juin avec M. W. Selleslags au sujet de l'affaire sous rubrique, nous vous confirmons que conformement a un arrangement intervenu entre le Ministere des Finances belge et la Guaranty Trust Cy a New-York, chargee du service du dit emprunt, les titres devenus remboursables le 11 juin 1946 ont du etre remis a la Banque Nationale de Belgique le 12 juin 1946 au plus tard. C'est en effet la Banque Nationale de Belgique qui est chargee de l'expedition de ces titres et de leur encaissement a New-York. Le produit de l'encaissement est porte a son compte, en \$ USA, chez la Guaranty Trust et la contrevaieur en francs belges liquidee par ses soins aux porteurs belges ou luxembourgeois.

"Afin de ne pas faire perdre a la Societe Holding Lacta Financiere le benefice de ces arrangements, et compte tenu du caractere presque exclusivement belge des interets controlant cette Holding, l'Institut Belgo-Luxembourgeois du Change a cru pouvoir, a titre tout a fait exceptionnel, certifier la bonne provenance des deux obligations de 1.000 \$ detenues par elle.

"La Banque Nationale de Belgique demande a ce que les deux mille dollars dont elle sera creditée du chef de l'encaissement des obligations precitees, ne soient pas bloques par la Tresorerie americaine, etant entendu que la contrevaieur en francs belges de ce montant ne sera pas mise a la disposition de la Holding luxembourgeoise avant qu'une solution d'ensemble soit intervenue pour la certification des avoirs detenus aux Etats-Unis par des Holdings de l'espece."

ALAN G. KIRK

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MARKS:CM
[Signature]

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Spec.

A-196

EMBASSY OF THE UNITED STATES
OF AMERICA
JUL 9 - 1946
BRUSSELS

2/4/1946

Card Indexed

in Miller
FOR ACCIDENTAL ACTION TAKEN:

FOR INFORMATION TO:
POL. *Mr. Tolson*
ADM.
CONS.
PRESS.
M. A.
CULT.
N. A.

AMEMBASSY,
BRUSSELS.

The US representative in Bucharest has informed the Department in despatch no. 771, February 15, 1946 that the Soviet officers in ~~Sovrompetrol~~ (the joint Soviet-Rumanian Oil Company) are planning to merge Concordia (the Belgian petroleum company in Rumania) with Sovrompetrol.

The contemplated action of the Soviets is based on their possession of a substantial amount of Concordia stock which was turned over to them under Rumanian decree 573 of July 18, 1945 which provided for the transfer to the Soviets of such German assets in Rumania.

The Embassy will recall that the US representative on the Allied Control Council in Bucharest was requested by the Department, in telegram no. 474 of September 4, 1945 repeated to Brussels as 792, to point out to the Council that as decree 573 did not take cognizance of and violates the United Nations' declaration of January 5, 1943 on forced transfers, and Article 13 of the Armistice, (1) the decree should be modified accordingly, (2) no transfers should be made of alleged German property to which a member of the United Nations, on its own behalf or on behalf of its nationals, has submitted a claim that such property was acquired by Germany through duress and is subject to restitution, and (3) neither Soviet nor Rumanian authorities should take any steps with respect to alleged German property for which such claims are submitted (pending investigation and settlement thereof) which would jeopardize the return of the property to its rightful owners in the event the claims are substantiated.

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7/11/9 Separation

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The US representative on the Allied Control Council submitted claims to the Council on behalf of the French and Belgian Governments to the effect that the German-held shares in various French companies and the Belgian Company Concordia in Rumania were acquired by the Germans through duress and should be restored to their rightful owners.

Despite this action, the Soviets are reported to be planning the merger of Concordia with Sovrompetrol, and it is suggested that you discuss the matter with appropriate Belgian authorities with a view to ascertaining whether the Government is planning to take, or already has taken, the case up in Moscow. The US representative in Bucharest feels that consummation of the merger by the Soviets will definitely prejudice the possibility of eventual restitution, and that the matter should be pressed in Moscow, but the Department feels that action in Moscow should be taken by the Belgian Government.

It will be appreciated if you will report to the Department, sending copies to Moscow and Bucharest, the action taken or contemplated by the Belgian Government on this matter.

ACTING

WILSON, ACTING

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 Moscow
 London
 Paris

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SECS.

*file**Mr Moran*

Brussels, July 2, 1946

Dear Mr. Waller:

I am enclosing a copy of Department's telegram No. 721 of June 27, addressed to Alk and Marks, Treasury Representatives, and the Embassy, from the Treasury. The telegram requests that an investigation be conducted by the Luxembourg government of the ownership of a United States bond which is claimed by an American citizen and by a Dutch citizen.

The American citizen claims ownership through a Luxembourg attorney, and it is the desire of the Department to clarify these conflicting claims of ownership of a United States security.

Mr. Marks has been transferred to Vienna and has left Brussels, and Mr. Alk who was here only temporarily, has left Brussels. It now appears to be the Embassy's function to handle such matters as this for the Treasury Department.

I would appreciate it if you would refer this matter to the Luxembourg government with a request that they conduct the appropriate investigation.

Respectfully yours,

ALAN G. KIRK,
American AmbassadorGeorge Platt Waller, Esq.,
Charge d'Affaires, ad interim,
American Legation,
Luxembourg*WEM*
WEM/rtc

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EMBASSY OF THE UNITED STATES
OF AMERICA
JUL 30 1946
BRUSSELS

FOR ACTION TO:
ACTION TAKEN:

FOR INFORMATION TO:

- AMB _____
- CONS _____
- POL _____
- ADM _____
- CONS ✓
- PRESS _____
- M. A. _____
- CULT. _____
- M. A. _____

Secretary of State
Washington
July 22, 1946

With reference to the Department's a-195, June 20, to Brussels (copied to Bucharest, Moscow, London and Paris), attention is directed to the Paris report from Belgium, No. P.2612a, of 13 June, 1946, on the subject "Activities of Hector Carlier, Petrofin and the Petrofin Account." This report suggests caution in accepting Carlier's claim that the sale to the Germans of the shares of stock held by Petrofin in Germany was under duress. The report points out that his claim is proven by the fact that the official papers of the transaction bear Carlier's signature. According to the report, Carlier never made use of the German law forbidding any transaction of the German oil stock without German Government authorization. Petrofin's transaction with the Deutsche Bank of Brussels was made without participation of any German military representatives or civilian officials. The oil, which was to have been delivered to France, was still in Petrofin's tanks, the payments for it had not been made, and Petrofin declared great interest in the whole transaction. The confidential files of the Belgian Ministry of Justice, which are the basis of the above report, come to the conclusion that Petrofin furnished the money with no supplies beyond the claims of compulsion or necessity, and the author of the report was persuaded that Petrofin could have refused to sell the shares (with a view to obtaining restitution after the Allied victory, in case the Germans proved to be unhelpful).

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(Copy to Army, Bucharest; American Embassy Moscow, American Embassy, Brussels)

CA/TP

MR. GALLAGHER

MR. CALDER

MR. CRIPPENS

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By

NARA Date 2/22/99

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Airgram

SECRET

SECRETARY OF STATE

WASHINGTON

No. 313 July 23, 1946

FROM: Brussels

DATED: July 23, 1946

Rec'd:

Reference is made to Department's Airgram A-196 of June 24, advising that the Soviet officers in Sovrompetrol were planning to merge Concordia with Sovrompetrol, and requesting information concerning any action taken by or planned by the Belgian government to secure the return of shares in Concordia previously owned by Belgian nationals and secured during the occupation of Belgium by the Germans.

Information concerning the proposed Russian action was received by the Belgian Office des Sequestres unofficially from British sources in April, and the Office des Sequestres was particularly interested in this matter because all the property of Petrofina, the Belgian company which was the major shareholder in the Rumanian company "Concordia", was under sequestre pending the trial of the Belgian company for economic collaboration. M. Duquesne of the Office des Sequestres discussed this matter with M. Spaak, Belgian Foreign Minister, who subsequently advised M. Duquesne on April 26 that the following action had been taken by the Belgian Foreign Minister:

1. The information concerning the proposed Russian action was brought to the attention of the Belgian Ambassador at Moscow, who was instructed to make appropriate representations to the Russian government, and take all other steps necessary to protect the Belgian interests.
2. M. Dubois has been appointed by the Belgian government as the Belgian Minister Plenipotentiary in Bucharest. He has been fully informed of the problem concerning Concordia shares and instructed to take all necessary steps in Bucharest to protect the Belgian interest. He has been instructed to coordinate his actions with the American representative in Bucharest.

M. Duquesne will keep this Embassy currently advised of what answers are received through the Belgian representatives, and what further action is planned by Belgium in this matter.

It is felt that the Department should be advised of certain special circumstances concerning the Concordia shares which may have a real effect on the Russian position concerning them.

During the course of the occupation, the Petrofina Company of Belgium which was the owner of a great portion of the Concordia shares, sold 166,000 of these shares to a German group. The Belgian government since the liberation has prosecuted Petrofina and its owners and manager for collaboration on three major counts:

1. Furnishing petroleum products to the enemy;
2. Selling to the enemy Rumanian currency, and
3. Selling to the enemy, the Concordia shares owned by Petrofina.

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American Embassy, Brussels
July 23, 1946
Airgram No. 313

Before the Military Trial Court, Petrofina was convicted on the first two counts, and acquitted on the third. In June, the Military Appeals Court, after hearing the case on appeal, convicted Petrofina on all three counts. An appeal is still possible to the Cour de Cassation.

The Belgian position on which they base their claim to the Concordia shares is that even though Petrofina may have collaborated with the Germans and sold them the shares willingly, all purchases by the Germans in Belgium during the occupation constituted technical looting, because of the clearing arrangement forced on Belgium by the German occupying authorities. Under this clearing arrangement, the Germans for purchases in Belgium made payments in Reichmarks to the Verrechnungskasse in Berlin. Then the Banque d'Emission, which was the Belgian agent for the German clearing, issued a corresponding amount of Belgian francs to the Belgian vendor. The Belgians claim that all purchases made in this way constitute technical looting inasmuch as for the most part the clearing was one way, and at the end of the war Germany owed Belgium more than 60 billion francs under this clearing arrangement.

In the light of this thought the Belgians claim that the Belgian state is the owner of the Concordia shares, and the Military Court of Appeal upon conviction of Petrofina for having sold the shares, confiscated the said shares in the name of the Belgian government.

It is thought that this should be known to the Department inasmuch as the Russians may claim that the Belgian trial of Petrofina proved that the sale was made willingly to the Germans, and therefore the Concordia shares are legitimate German external assets.

ALAN G. KIRK

[Handwritten signature]
WEMorgan/rtc

To the Dept. in hectograph, repeated to Bucharest and Moscow.

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Encl. 1 to Despatch 1098,
 dated Aug. 17, 1946, from
 the United States Mission,
 Bucharest, Rumania.

NOTES ON "CONCORDIA"

On September 1, 1939, Concordia's capital was 1,015,000,000 lei, divided in 4,060,000 shares of 250 lei each.

In 1942 the capital was increased to 1,421,000,000 lei through revaluation of assets, the nominal value of a share being raised to 300 lei from 250 lei.

End of 1942: merger with "Foraky Romaneasca" (capital French Rumanian 50,000,000 lei; 250,000 shares at 200 lei each) and an issue of 140,000 "Concordia" shares at 350 lei each.

Concordia's capital was thus increased to 1,470,000,000 lei, divided into 4,200,000 shares at 350 lei each.

Until 1939 Concordia's capital, according to the coupons paid, was distributed as follows:

56.75	percent	Belgian	shares
36.90	"	French	"
1.47	"	Swiss	"
4.90	"	Rumanian	"

Following a note of November 20, 1944, of the Ministry of National Economy, it appears that on January 7, 1941, the economic counsellor of the Rumanian Legation in Berlin, informed the Rumanian government that during December 1940 several German banks had purchased for the Reich, on French and Belgian markets, approximately 4,000 shares of "Concordia".

Through a report No. 54/M.C. of May 13, 1941, the same Counsellor informed the Ministry of National Economy that the "Deutsche Bank" of Berlin had advised him that it had purchased for the "Kontinental Oel A.G." of Berlin, during December 1940, a stock of 1,869,112 "Concordia" shares.

During 1941, 1942, and 1943, Berlin tried to obtain from the Rumanian Government a formal authorization in order to legalize the purchase of those 1,869,112 shares, but without any success.

It was stated that the Ministry of National Economy had approved, by a telegram, the nominalization of the said package of shares in the name of the "Kontinentale". In the book of statements of the Board of Directors of "Concordia" there is found no mention of this approval or of its consequences, or of any entry of the shares in the name of "Kontinentale" on the strength of this alleged approval, a compulsory entry according to Article 27 of Law No. 172, of March 4, 1941; the records of the company contain no documents regarding this matter.

It was claimed, moreover, that the "Kontinentale" company in its letter No. 73 of June 17, 1941, had notified the Ministry of National Economy that it had the verbal approval of the Chief of the Rumanian State (General Antonescu) for the purchase of a new package of 700,000 shares, and that it had requested the Ministry of National Economy to give it its formal approval.

It is

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It is worthy of note that in letter No. 73 of June 17, 1941, to which the note of November 20, 1944, refers, the "Kontinentale" Company asks the approval for the purchase of about 2,500,000 "Concordia" shares, and not of 700,000 shares as erroneously written, and that without the "Kontinentale" mentioning that it had already obtained on June 4, 1941, the approval for the bulk of shares (1,869,112 pieces). Although several meetings of the Cabinet took place on this matter, this approval was never GIVEN. Neither in the book of statements of the Board of Directors of "Concordia" nor in the archives of this company, or in the book of shareholders, record is a record found of any transfer of stock in the name of the Germans.

At the last general assembly of "Concordia", on July 12, 1943, the "Kontinentale" participated with 2,159,425 shares, or 51.41 percent of the capital.

After August 23, 1944, Mr. Cezar Popescu was appointed sole administrator of "Concordia" by Decision No. 49034 of the Undersecretariat of Industry, Commerce and Mines, dated September 5, 1944. He was confirmed in this office by a decision of the Ministry of National Economy No. 61054 dated October 17, 1944. This appointment was made on the strength of Laws Nos. 498/1942 and 443/1944.

On November 6, 1944, through a petition registered at the Ministry of National Economy, Office of Alien Property, under No. 10/C, "Concordia", after stating that prior to September 1, 1939, its capital was French, Belgian and Rumanian, disclosed that at the last general assembly of July 12, 1943, the "Kontinentale" presented 2,159,425 shares, representing 45% of total "Concordia" shares.

In a new petition of November 7th, No. 2757, addressed to the Ministry of National Economy, same office, "Concordia" corrected the data contained in its previous petition, showing that actually the number of shares held by "Kontinentale" represented a percentage of 51.41 percent of the total number of its shares.

Through subsequent letters sent to the General Commissariat of Alien Property, "Concordia" mentioned that the "Kontinentale" had gained control of its administration by abuse, in view of the fact that it never produced evidence of a legal transfer of shares to its name.

It ("Concordia") stated precisely that in 1942, following the merger with "Foraky-Romaneasca", it remitted a number of 139,397 "Concordia" shares to the German firm "Spohnholtz Ehestaedt & Co. Schroder" (a German bank) in exchange for Foraky shares, these shares representing 3 percent of the capital of "Concordia".

At the request of the National Industrial Credit ("Credital National Industrial"), on the subject of "Concordia" shares, the Ministry of National Economy, itself, in a

letter

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letter No. 7710 of 3/2/45, Office of Control of Enterprises, states as follows:

"In reply to your letter No. 3421/1945, we have the honor to bring to your knowledge the following data regarding ownership of "Concordia" Company's shares.

"The capital is 1,470,000,000 divided into 4,200,000 shares: 1,475,219 shares in Berlin, purchased by German nationals;
100,624 shares in Bucharest purchased by German nationals;
23,269 shares in London purchased by German nationals;
1,869,112 (?)

700,000 shares (approximately) are in Belgium as Belgian property.
300,000 shares in Rumania (miscellaneous stockholders)
140,000 shares German property (issued for the merger of the "Foraky-Romaneasca")
3,009,112 shares

"The balance, i. e., over 1,000,000 shares, is not nominalized. These shares are certainly in Belgium and France and belong to persons who have been hindered by the war to present them for stamping.

"It should be noted that, as regards these 1,869,112 shares, purchased by the Germans in Belgium and France (occupied territories), the purchases have been made without legal authorization in conformity with Law No. 2343 of July 11, 1940, and Law No. 529 of March 4, 1941.

"The telephonic approval of June 4, 1941, of the Minister of National Economy at that time, has no legal value as it was given in total disregard of the above-mentioned laws. This approval, moreover, was cancelled in May 1942.

"Consequently, the shares bought by the Germans are, from the point of Rumanian laws, French and Belgian property, the "Concordia" company being considered as having Belgian and French capital in majority."

General Director
ss M. Manu

Director
ss Petrescu

In May 1945 the Allied Control Commission sent an observer, Mr. Serghiev, who took up a permanent residence at the headquarters of the Company in order to give full information to the A. C. C. on "Concordia's" business and especially on the distribution of the capital of the company.

On June 8, 1945, the General Director of the Alien Property Administration and Supervision Office (CASBI) published a decision (Monitorul Oficial No. 128) No. 8868 of June 5, 1945, whereby on the strength of Article 2 of Law. 91 published in "Monitorul Oficial" No. 33 of February 10, 1945, several enterprises, "Concordia" included, are framed within the provisions of this law and of laws No. 498/1942, No. 443 and 644/1944.

Following this publication which included "Concordia" among alien capital enterprises, the "Concordia" company

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addressed a letter on June 13, 1945, to CASBI, showing that it was erroneously included in that Office, as only 3.30% of its capital was held by Germans, the balance belonging to Belgian, French, Swiss and Rumanian nationals.

In this letter it is pointed out that through a decision of April 30, 1945, of the Board of Directors of CASBI, it was definitely stated that "Concordia" is not an alien enterprise and does not fall under the provisions of Article 2 of Law No. 91 of February 10, 1945.

This letter was registered at CASBI under No. 32 of June 13, 1945.

Actually, on April 30, 1945, the Board of Directors of CASBI, had recognized that "Concordia" was not an alien concern, but only a company which had had in its Board of Directors members subjects of enemy countries and therefore it was not the case to put it under the administration and supervision of CASBI.

This decision was notified by CASBI to the Ministry of Industry and Commerce through a letter No. 6682 of May 2, 1945. On the strength of this communication and in accordance with the mining law No. 478 of October 6, 1944, the Ministry issued its decision No. 62790 of May 9, 1945, whereby it appointed a supervising administrator and a board of directors for the "Concordia" Company.

Notwithstanding this situation, Law No. 573 (Decree No. 2224 of July 18, 1945) was published in the "Monitorul Oficial" No. 161 of July 19, 1945, stipulating that the shares of the companies included in the annexed tables, which belonged to physical or juristic persons of German nationality, should pass into the patrimony of USSR to cover the war damages caused by the Germans, in the name of the "Obiedenenie Uerneft" company. Article 2 of the law states that the Presidency of the Council of Ministers will notify subsequently the companies the shares of which should be transferred.

In the annexed table in which are specified the shares of Rumanian companies which belong to USSR, the "Concordia" company is set down with 755,000,000 lei, nominal value, worth of shares.

The report of the Minister of Justice accompanying this law, states that in accordance with the letters of the Allied Control Commission, transmitted through the Ministry of Foreign Affairs, whereby it was notified of the transfer to the USSR on account of war damages of oil and bank shares formerly belonging to German nationals, it was deemed necessary to regulate the transfer operations of these shares in the books of stockholders of the respective companies, this being the reason for the drafting of this law.

It is not the law, therefore, which caused the passing of these shares into property of the USSR, but the ACC, the law regulating only the manner of executing the dispositions ~~mandated~~ given by this Commission.

For the execution of this law, the Commission set up by the Presidency of the Council of Ministers, notified the

"Concordia"

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"Concordia" company on June 26, 1945, subject to penalties, of the order to effect the transfer of the 755,800,000 lei shares which had belonged to German nationals and to issue provisional certificates witnessing this transfer.

"Concordia" replied to the above note through the following letter, registered at the Presidency of the Council of Ministers under No. 21 of July 31, 1945:

"To the Presidency of the Council of Ministers, the Commission stipulated by article V of Law No. 573/1945.

"For the execution of your orders No. 1 and No. 2 of July 25th and 26th, instant, received by us on July 26th and 27th, we have the honor to communicate to you the situation of the shares of our Company in connection with Law No. 573/1945 and your instructions.

"A. Shares which are deposited at "Concordia" (follows a list)

"There are therefore at our Company a total of 1,476 shares under point (1) belonging to German nationals for which we know nominalization was obtained in the name of German subjects. For the rest, notwithstanding all the verifications made to-date, we have no evidence that the nominalization was made in the name of Deutsche Bank or Kontinentale, although their former holders had surrendered them.

"On the other hand, the 120 shares under point (3) do not belong to German nationals. In the present stage of our investigations we have no information that they had been surrendered to Germans.

"We have the honor to deposit with you these 1,476 shares in accordance with Article 4 of Law No. 573/1945, requesting you to decide whether we must proceed with the transfer not only of the 36 shares under point (1), but also of the 1,440 shares under point (2), paragraphs A & B, although we do not possess the documents proving that the Rumanian Government had admitted their transfer in favor of German nationals.

"For the 120 shares under point (3) we believe that no transfer should be made in view of the fact that we do not have the deed of transfer in favor of the Germans.

"B. Shares which are not at "Concordia", but the numbers of which are known to us.

"Apart from the shares listed under point (A) and which are deposited with the Company, we know the order numbers of the following shares which are not deposited with the Company:

"(a) For the 67,074 shares acquired by the Deutsche Bank for Kontinentale of Hydorfina and others and which are deposited with "Banca Comerciala Romana".

"(b) For the 1,718 shares stamped in the name of Kontinental of Berlin.

"(c)

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"(c) For the 139,397 shares delivered on the date of merger with Foraky, to the group Spohnhozs Elestaedt of Germany.

"(d) For the 266 shares belonging prior to September, 1, 1939, to German nationals, stamped in their name, the transfer of which was effected in the book of nominal shares, these shares being returned to their owners through the banks which had deposited them with us.

"For all the above shares, totaling 208,455, listed under (a), (b), (c), and (d), our company knows the order numbers and is able to make the transfer in the book of stockholders and to deliver the provisional certificates with the respective bills in accordance with law, without being able, however, to surrender them for the reason that they are not in our possession.

"As these shares would have to be surrendered in whole or in part by their present owners, in accordance with the law, we are requesting you to give us the necessary instructions on how we are to proceed.

"C. Shares which are not with the company and the order numbers of which are not known to us.

"For the rest of the shares up to 2,159,425, representing the capital of 755,800,000 lei mentioned both by Law No. 573/1945 and by your letters, our company does not know the order numbers of these shares which might have been purchased by the Germans from old stockholders, because the shares were bearer and not nominal.

"When in February 1945, a book of nominal shares was kept, only those shares were entered therein which were communicated by the competent authorities to our Company as having been stamped in the name of their holders.

"For the shares from under category "C" up to now, we have received no communication with the list of numbers and names of holders and for this reason these have not been entered in the book of nominal shares as shares belonging to German nationals.

"The Concordia Company has asked, from 1941 to 1944, both the Kontinental and the Deutsche Bank to be informed which shares they had purchased from old owners, but our company received no reply either from these concerns or from Mr. Geormaneanu, Rumanian Commercial Attache in Berlin.

"Not being in a position to know the order numbers of these shares and as on the other hand we are requested to supply this information both by your letters and the model of provisional certificate enclosed with these letters, we are requesting you to give us as soon as possible your instructions regarding the manner in which we could comply with the legal provisions."

As a result of this exchange of correspondence, "Concordia" issued on August 1st:

1. A provisional certificate whereby in accordance with the provisions of Law No. 573 of July 19, 1945, a number of 1,949,494 "Concordia" shares were transferred on August 1, 1945,

in the

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Authority: IND 795088
By: KW NARA Date: 2/22/79RG 84
Entry 21094- BRUSSELS EMBASSY
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in the "Concordia's" book of stockholders, from Kontinentala to Obiedenenie Ukrheft USSR. The nominal value of these shares is 682,322,900 lei.

"Concordia" declares in this certificate that it does not possess these shares and does not know their order numbers, but that it has entered these shares in a block in the stockholders' book in accordance with Order No. 21 of August 31, 1945, of the Presidency of the Council of Ministers Commission for the verification of transfer of German shares.

In this sense Bill No. 3279 of September 1, 1945, was issued, certifying that the shares mentioned in the above provisional certificate No. 1732/1945, are the property of Obiedenenie Ukrheft.

2. A provisional certificate No. 1731 of September 1, 1945 ascertaining the transfer of 209,301 Concordia shares from physical and juridical persons of German nationality to Obiedenenie Ukrheft.

This certificate specifies the number of shares transferred and the owners which are:

(a) Spolhaltz Eherstaedt & Cie Schroeder, Bank Kommandigesellschaft, which received the Concordia shares issued on the merger with F. R. (Foraky-Romaneasca).

(b) Among these identified shares there are also 2 provisional certificates Nos. 26 and 27, one for 40,000 shares, the other for 12,693 shares, belonging to Kontinentala purchasers of Petrofina, Hydrofina & others, deposited at the "Banca Comerciala".

(c) Shares specified with their numbers belonging to Kontinentala.

(d) Shares with an indication of numbers belonging to Kontinentala, formerly belonging to Petrofina, and deposited with "Concordia".

(e) Shares No. 1.212,921/2940 -- 1,404,291/390, belonging to Kontinentala, formerly to F. Carrier, deposited with "Concordia".

(f) Shares No. 13,757/74 to Mrs. Asta Von Muhlman, deposited with "Concordia".

(g) Shares No. 13,469/500 to Mr. Helmuth Gilka, deposited with "Concordia".

(h) Shares, numbered to Mr. Oscar Schank, Bucharest, deposited with "Societatea Bancara".

(i) Shares, numbered, to N-que Bodische Elsanische Bank of Strassbourg, deposited with "Banca Comerciala".

The bill of transfer mentions that the shares from under points (d), (e), (f) and (g) 1,476 in number, have been deposited by "Concordia" at the Presidency of the Council of Ministers and that the other shares are not held by the Company and that their respective owners must hold them.

These shares

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These shares in a number of 209,931 represent a nominal value of 73,475,850 lei.

In this sense a bill of transfer No. 2278 was issued on September 1, 1945, whereby it is acknowledged that the 209,931 shares mentioned by the provisional certificate No. 1731/45, are the property of Obiedenenie Ukrneft and that these shares have been the property of the following persons:

1. 139,397 Schpanholtz Eherstaedt & Cie Schroeder Bank Kommanditgesellschaft - Berlin.
2. 18 M. Asta Von Muhlman - Berlin
3. 18 M. Helmuth Gilke - Berlin
4. 66 Bank Bodische Elsassische - Strassbourg
5. 200 M. Oscar Schank - Bucharest
6. 70232 Kontenentala.

It follows therefore that 2,159,426 shares have been transferred to the name of Obiedenenie Ukrneft, of a nominal value of 755,798,750 lei instead of 755,800,000 lei as set forth by the table annexed to the Law ordering the transfer and which should have represented 2,159,428 shares.

To rectify this difference "Concordia" intervened at the Presidency of the Council of Ministers with its letter No. 2277 of September 1, 1945.

In this letter the President of the Commission put the following solution:

"Following discussions with the ACC (Soviet) delegates, we have agreed on the value of 755,798,750 lei."

CONCLUSIONS

The Rumanian State could transfer only valid property legally found in German patrimony.

When in May 1944, the Rumanian State made the transfer of the "Concordia" shares in favor of the USSR for a nominal value of 755,800,000 lei, it should have known the number of these shares and should have given proof of their possession by German nationals.

But even if the Rumanian state possessed such evidence, it should be noted that from the viewpoint of international law, these shares could not be considered as having validly entered into German patrimony, the transactions made by the Germans in occupied territories, being void through the declarations of the United Nations.

An application of this general principle was made moreover in Rumania. The law of April 1, 1945, No. 163, attacks effectively the validity of deeds of transfer made by Jews under duress and provides for the annulment of sales contracted even if the former Jewish property had become through sale or preemption State property.

In addition

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KW NARA Date 12/02/97

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In addition to the general causes of non-validity, it should be noted that there are special causes. On the strength of laws Nos. 169 and 172 of 1941 and No. 391 of 1942, such transactions are void de jure (article 11 of law No. 169) if they have not been made with the approval of the State, given on basis of bills of sale and specifications, with the advice of the competent agencies and if they are not entered in the book of stockholders, stipulated by Article 17 of Law No. 172 and articles 5 and 6 of Law No. 391.

A few supplementary details on this question may be of interest.

The transfer of Concordia shares in favor of the Kontinental could not be effected validly without the authorization of the Control Commission for the shares of oil companies, a commission which functions by the Ministry of National Economy, under the presidency of the Minister or Undersecretary of State, and which passes judgment through non-motivated decisions; law No. 378 (Decree No. 2343) published in "Monitorul Oficial" of July 11, 1940, and modified by law No. 447 (Decree No. 2676) published in "M.O." of August 12, 1940. These laws provide that the dispositions concerning the superior interests of national economy are of public order.

Law No. 169, published in "Monitorul Oficial" of Mar. 4, 1941, stipulates that aliens can not close any deeds of transfer on the goods, rights and interests they possess in Rumania, without a preliminary authorization of the Ministry of National Economy. The same law states definitely that all the obligations in favor of aliens, resulting from a disposition prior to this promulgation, cannot be executed without the preliminary approval of the Ministry of National Economy. Article 10 stipulates that this Ministry shall take no decision, shall issue no authorization, without first obtaining the opinion of a commission composed of a judge delegated by the Ministry of Justice, a delegate of the National Bank and a delegate of the Ministry of Foreign Affairs. Finally, Article 11 states that the deeds of transfer made without regard to the above provisions are void de jure, this nullity being open to be invoked by an interested party, by the Public Attorney, or by the Ministry of National Economy.

In conclusion therefore, it seems very definitely, according to Rumanian legislation, that the shares of Concordia acquired under duress, not brought into the country, not identified, without the completion of formalities stipulated by Rumanian laws, without entry in stockholders' books, cannot be acknowledged as German property.

The Rumanian State, moreover, has never considered them as transferred in the name of Kontinental and it did not dispose their surrender to the USSR except in obedience to the orders received from the ACC, which did not examine in advance whether they had really become German property.

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Entry

208 - BRUSSELS - EMBASSY

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Authority

11ND795088

By

KD NARA Date 12/22/99

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BBT

TELEGRAM SENT

To: Secstate

Date: August 22, 1946, 6 p.m.

No.: 1071

Code:

secret

(BBT) Card Indexed

Charged to: official

1-1142

Re Brussels Airgram 313 July 23. Belgian Government sequestrator of Petrofina advises he has been approached by Director Sovrompetrol with offer purchase Belgian and French shares in Rumanian companies Concordia and Colombia. He stated offer was informal and no price discussed but since action to date has been joint effort US, British and Belgian he has already approached British authorities and will take no action towards sale until advised US and British position regarding such sale.

7112 - Sajelbaaven

Please advise whether Department interested in matter.

ALAN G. KIRK

Encoded: bc

Typed: ej

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WEMoran:rtc

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Entry

208 - Brussels Embassy

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Authority

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By

KD NARA Date 12/02/99

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TELEGRAM SENT

To: Amlegation, Copenhagen

Date: August 16, 7 p.m., 1946

No: nn

Code: confidential

EMBASSY OF THE UNITED STATES
OF AMERICA
AUG 19 1946
BRUSSELS

Charged to: official

1-1142

Reurtel 13, August 5, no repeat no evidence German ownership or control ?Compagnie Industrielle et Carboniere SA Antwerp which owned shares Prima and Koks.

Impossible from information furnished identify Brouwers who was shareholder Nordisk Blondefabrik. Belgian authorities have no repeat no information this name.

ALAN G KIRK

WEMoran/rto

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7112 - Saperhan

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Authority

By

NARA Date

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 12/02/99

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Entry

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Airgram

Secret

SECRETARY OF STATE

WASHINGTON

No. 350 August 26, 1946

FROM: Brussels

DATED: August 26, 1946

Rec'd:

Reference is made to Brussels ^{Airgram} Despatch No. 313 of July 23 in answer to Department's Airgram 4196 of June 24 requesting information concerning the Belgian position in the matter of Concordia shares. Reference is also made to Brussels telegram to the Department, 1041 of August 22, in the same connection.

In reference Despatch it was pointed out that the Belgian company Petrofina, which held 166,000 Concordia shares, was tried in Belgium for economic collaboration with the enemy; one charge against the Belgian company was the sale of these shares to the Germans during the occupation. When the company was brought to trial it was placed under sequester and the Belgian Office des Sequestres appointed representatives to manage the company pending the outcome of the trial. The trial and the first appeal have now been completed and as a result of the trial, in which the company and a number of its directors were convicted, the Concordia shares which the company sold to the Germans were confiscated by the Government as a part of the sentence. The company still has a right of appeal to the Cour de Cassation. If this appeal is not made, the sequester will probably be lifted shortly, but the sequester will remain in possession of the Concordia shares for the State.

In this matter the Russians may claim that the Concordia shares are legitimate war booty inasmuch as a Belgian court has decided that the Belgian company willingly sold them to the Germans. The Belgians claim that all purchases in Belgium during the occupation were a form of looting inasmuch as they were made with money received under a forced clearing system set up by the Germans in Belgium. Under this system the German purchaser paid the sum due in Reichsmarks to the Verrechnungskasse in Berlin; the Verrechnungskasse then notified its Belgian agent, the Banque d'Emission which paid the Belgian seller in francs. The Belgian government had to guarantee the National Bank for the Belgian francs which it made available to the Banque d'Emission for this purpose. Upon liberation the Belgians had an unfavorable balance of approximately 64 billion francs on this clearing. As a result the Belgian government takes the position that all transactions in Belgium were in fact forced sales even if the seller in Belgium sold willingly.

The 166,000 Concordia shares in question have not as yet been located in Germany. One of the agents of the Belgian Office des Sequestres, Mr. Heywood (formerly in the British Foreign Commerce Service and stationed in Washington during the 1930s) appointed because of the interest which Petrofina had in the English company Cities Oil Service, has been actively searching for these shares. He has received the help of the Finance Section of the British Military Government in Germany and this Embassy has attempted to have OMS help in the search. From information received to date it appears that seventeen tons of documents, amongst which were the

shares in question

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Authority KIND 795088
By KW NARA Date 2/22/79RG 84
Entry 2109A- BRUSSELS
File 711.7
Box 14

American Embassy, Brussels
August 26, 1946
Airgram No. 350

shares in question, were turned over to the American authorities in Germany. It appears that a part of the documents were sent back to Washington and the remainder have not yet been located. This Embassy is keeping in close touch with the Office of the United States Political Advisor and with the External Property Commission of the Finance Division in an attempt to locate the securities and have them placed under property control pending a decision of the AOA on the restitution of securities.

Mr. Heywood has now advised that in his position as an agent of the Belgian Office des Sequestres he has been approached by a director of Sovrompetrol with an offer to purchase the French and Belgian owned Concordia and Colombia shares. Mr. Heywood stated that he was aware that the American, British and Belgian governments had been coordinating their actions for the protection of the interests of their nationals in Russian property and would take no action toward the sale of these securities until he knew the attitude of the American and the British governments. The British Embassy has already notified the British government, but has pointed out that it feels that when it actually comes to negotiations it will be found that Sovrompetrol is willing to buy shares owned by individual French and Belgian nationals but will not be willing to buy the 166,000 shares claimed by the Belgian government because of the confusion behind the Belgian government's title and the fact, probably at least guessed at by the Russians, that the Belgian government does not yet have the shares.

The Belgian Office des Sequestres advises that as a result of the decision of the Belgian Cour Militaire in the Petrofina case they now hold the 166,000 Concordia shares for the Belgian government and are in a position to dispose of them for the Belgian government, subject of course to the right of Petrofina to appeal the decision of the Cour Militaire. The Department will be kept advised in this matter.

ALAN G. KIRK

 To the Dept. in Hectograph, repeated to Moscow and Bucharest.
Worner/rto

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Authority

NND 795088

By

NARA Date 12/02/99

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Airgram

Secret

SECRETARY OF STATE

WASHINGTON

No. 363 September 3, 1946

FROM: Brussels

DATED: September 3, 1946

REC'D:

Reference is made to Brussels Airgram 350 of August 26, concerning the Concordia shares previously owned by the Belgian company, Petrofina, sold by that company during the occupation to Germans, and presently claimed by the Belgian state.

In reference airgram it was pointed out that the 166,000 Concordia shares in question had not as yet been located in Germany. This Embassy has now been advised telephonically by Mr. Al Bender, Jr., Acting Chief, External Assets Branch, Finance Division, OMCUS for Germany, that these shares are located in the foreign securities depository at Frankfurt. He pointed out that these securities were a part of some 17 tons of documents which were turned over to the United States Army, and were subsequently deposited in the depository at Frankfurt.

Concerning the rumor that these shares might have been returned to the United States, he stated that a portion of these 17 tons of documents had been returned to the United States for investigative purposes, but that no shares were included in the records so returned.

He pointed out that in this depository at Frankfurt there are some tons of documents and that classification is being made according to urgency, and that these documents have not as yet been classified but will be as soon as time and personnel permits. He stated that this Embassy will be notified before these shares are released to anybody.

The representatives of the Belgian Office des Sequestres who have been placed in charge of the Belgian Government's interest in these shares was advised of their potential location. When they were so advised it was pointed out to them that this did not constitute any promise of restitution, and that for that purpose they should make their application through the Office de Recuperation Economique, which has been appointed by the Belgian Government as its agent for all restitution of looted objects.

At the same time it was pointed out to the agents of the Office des Sequestres that up to this moment no provision has been made by the Allied Control Commission for the restitution of looted securities and that any such restitution would have to await a regulation in that regard by the Allied Control Commission.

ALAN G. KIRK

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Authority 11ND775088
By FD NARA Date 12/02/99

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13/02/99

AIR MAIL **SECRET PARAPHRASE**

OUTGOING TELEGRAM

US URGENT

SECSTATE

WASHINGTON

FROM SAWYER BRUSSELS VIA LONDON

159 December 11 5 pm

Card Indexed

711.3

Reference Departments telegrams 46 of December 1 8pm and 49 of December 2 8pm, Embassy has no objections to simultaneous raising of General Ruling No. 11 and resumption of closed letter service on December 15 for Belgium. It is believed that present Belgian controls are sufficiently established to allow between Belgium and United States transactional communications under license. It is recommended that for the time being all transfers, except support remittances under General Licenses 32 and 33, be limited to Federal Reserve Bank of New York and National Bank of Belgium, and consideration may be given to extending this in the future to other Belgian banks designated by the National Bank.

The sort of information which is desired regarding banking channels to be used to effect support remittances is not clear to Embassy. As Belgian Government asserts that all collaborators and undesirable persons have been removed, any bank in Belgium could receive such remittances. In any case bank receiving remittance must obtain license from National Bank before making payment and National Bank would authorize payment only under following trading with the enemy controls:

- (1) All foreign exchange dealings for Luxembourg and Belgium are licensed by Institute of Foreign Exchange Control, administered by National Bank, which also cooperates closely with Office of Exchange and Importations managed by Bank of Belgian Congo. By

this

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 Entry 21094 - BRUSSELS
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 Box 5

DECLASSIFIED
 Authority 11ND795088
 By KD NARA Date 12/02/99

AIR MAIL

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this means unified regulations and policies for Belgian franc monetary area are provided.

(2) All foreign exchange activity must be licensed by National Bank in accordance with monetary decrees of October 6

(3) If transactions involves (a) enemy nationals (b) any name included in either statutory or proclaimed lists (c) Belgian collaborators, licenses are not granted

(4) Any securities, currencies or other valuables entering or leaving the country without corresponding National Bank license are seized by censorship authorities

(5) It is intention of Belgian Government to issue shortly a decree vesting property of Belgians who are suspected of collaborating or did collaborate with the enemy, which decree will establish an internal black list. (Such a list exists unofficially at present as shown by 3 (c) above)

(6) Accounts of Japanese, Italians and Germans are blocked and subject to sequestration

Embassy has been informed by National Bank that Great Britain will soon allow such financial transactions between Belgium and UK as have been licensed by Belgian National Bank.

Effective operation of trading with enemy controls should be greatly assisted by financial measures of October 6 and subsequent decrees and small size of Belgium. Everyone concerned with such controls, including Ministry of Finance, National Bank and censorship authorities, Embassy feels are making a sincere effort to coordinate such controls with those of UK and US.

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Original only
 Charge Account No. 9
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 Authority 11ND795088
 By 10 NARA Date 12/02/99

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True reading

Card Indexed

TELEGRAM SENT

To: Secstate, Washington

Date: April 28, 3 p.m.

No.: 568

Code: Secret

Charged to: official

711.3

The following telegram is in regard to Department's telegram no. 249 to Brussels which was sent to Paris dated April 3. The control of bonds and stocks by the Belgians was first established by Decree Law of May 1, 1944. This was published in the Moniteur Belge dated September 5, 1944. It forbade the sale, exportation, importation, and purchase of bonds and stocks except under regulations of the Minister of Finance.

A subsequent law was published in the Moniteur Belge issue of October 7, 1944. This was the Decree Law of October 6, 1944, and provided for a complete census of Belgian bearer and nominal bonds and stocks of of foreign bonds and stocks held by companies which had their administrative offices in Belgium or held by persons living in Belgium. The declaration of possession of bearer and foreign bonds and stocks is given to the Minister of Finance. This declaration is made through the intermediary of a bank and is in three copies. The following disposition is made of the three copies:

One is given to the tax authorities for the owner's tax file.

One is held by the bank which was used as the intermediary to be used as a record to insure observance of the regulations of the Decree Law.

One is given to the Central Statistical Office for the control of the number of shares declared.

Only two copies are made by the issuing company for the declaration of ownership of nominal bonds and stocks. One copy is given to the Ministry of Finance and the other is held by the company. Also the total number of outstanding nominal bonds and stocks for each company are declared.

It is

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Box 5

DECLASSIFIED
Authority NND 795088
By KW NARA Date 12/02/99

page two

It is forbidden by Article 14 of the Decree Law of October 6 that you cannot dispose of bonds or stocks unless the bonds or stocks are on deposit with a bank which is registered with the banking commission. Bearer bonds and stocks of Belgium which are not declared are subject to confiscation. After the entry into force of the present Decree, persons who establish their residence in Belgium or establish their administrative offices here or import into Belgium foreign shares must declare all foreign shares which belong to them or which they import and the declaration of that which has not already been made in accordance with the provisions of this Decree Law. This must be done within 15 days.

The infractions of the Decree Law is punishment by either or both of two methods. One can be imprisoned from 3 to 6 years or fined from 700 to 700,000 francs.

The above-referred to Decree Law was published in the Moniteur Belge on October 7, 1944, and was reprinted in issue no. 1 dated October 1944 on pages 34 to 39 inclusive of the Bulletin d'Information et de Documentation of the Banque Nationale de Belgique.

It is the appearance of the Decree Law to give the Government of Belgium complete control of all their own bonds and stocks and as complete control as possible over bonds and stocks of other countries. In particular, exportation and importation of stocks and bonds could be effected only by fraud without a record of ownership being established. Belgian bonds and stocks are of no value without such a record. It is now the intention of the Belgian Government to confiscate Belgian bonds and stocks (unless the failure to declare them can be satisfactorily proven to be due to force majeure) which are not declared.

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TELETYPE SENT

DECLASSIFIED
Authority: IND 775088
By: kw NARA Date: 2/2/77

RG 84
Entry 2109A - Brussels Embassy
File 711.2
Box 14

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C.

file

Brussels, Belgium
September 4, 1946.

Mr. Gabriel Duquesne
President, Office des Sequestres
38a Boulevard Bisschoffscheim
Brussels, Belgium

Dear Sir:-

Under Military Government Law No. 53, German companies must furnish to the military authorities in Germany information concerning their assets abroad.

For your information I am enclosing an extract made of information concerning the Belgian holdings of the German company, Concordia Elektrizitäts-Aktiengesellschaft, Dortmund, which extract was taken from their declaration under Military Government Law No. 53.

Very truly yours,

WILLIAM E. MORAN, Jr.,
Attache, American Embassy

Concordia

WEM

Encl.
WEM
WEM/rtc

SECRET

Copy sent to Mr. Fagin IARA on March 12, 1947

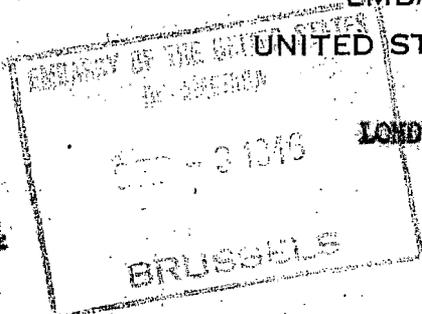
C.

DECLASSIFIED
 Authority: NND 795088
 By: KD NARA Date: 12/22/99

RG 84
 Entry 2109A - Brussels Embassy
 File 711.7
 Box 14

Copy sent to Bureau

Copy to American Embassy, Brussels.



EMBASSY OF THE
 UNITED STATES OF AMERICA

LONDON, ENGLAND

CONFIDENTIAL

Reference: 1333

Date: August 15, 1946

SAFEHAVEN REPORT

Subject: Assets and Liabilities in Belgium and Luxemburg of Concordia Elektrizitäts-Aktiengesellschaft, Dortmund.

The declaration of the subject firm under Military Government Law No. 53 is the source of the following information:

CLAIMS (For Goods)

Debtor

	<u>Amount</u>
Mond & Co., Herbesthal.	RM. 166.85
S.A. Les Ateliers Mecaniques Hayettes.	RM. 2.513.38
S.A. Les Ateliers Mecaniques, Hayettes.	
Rents for lamps on hire-system:	
Feb. 1944	Bfrs. 21.261.08
Apr. 1944	Bfrs. 17.850.07
May 1944	Bfrs. 17.398.20
June 1944	Bfrs. 19.672.89
Ecremauses Melottes, Remicourt.	RM. 143.172.12
Payment to suppliers (transferred manufacture)	
Atelier de Bouchout, Brussels.	RM. 28.400.--
Lempereur Bernard, Luttich.	RM. 3.311.82
Sartel S.A., Luttich.	RM. 14.463.33
<u>PROPERTY (Supplies of tools and raw materials)</u>	
Ecremauses Melottes, Remicourt.	RM. 29.636.--
Laufer Freres, Hermalle.	RM. 13.323.--
Lempereur Bernard, Luttich.	RM. 14.830.24
Atelier de Bouchout & Thirion, Brussels.	RM. 3.611.50
Sartel S.A., Brussels.	RM. 13.724.--

Investments of Lamps:

S.A. Les Ateliers Mecaniques, Hayettes. 3300 lamps at RM. 37.--/122.100.--
 50% - RM. 61.050.--

OBLIGATION

Creditor

Accinanto A.G., Luxemburg. RM. 107.00

Distribution by American Embassy, London

Original and hectograph to Department
 2 copies to American Embassy, Brussels
 4 copies to Economic Warfare Department, Foreign Office, London.

G.Griffiths/JMB

*Copy sent to
 Mr. Fagin
 NARA on
 March 12,
 1947*

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DECLASSIFIED
Authority: KIND 775088
By: KW NARA Date: 2/22/89

RG 84
Entry 2109A-Brussels
File 711.2
Box 14

Secs.

Card Indexed

FOR ACTION
ACTION 1
FOR INFO

TELEGRAM RECEIVED

SBT

From: Secstate

Date: September 20, 1946, 7 p.m.

No.: 1061

Code: confidential

Received: Sept. 21, 2 p.m.

10-10862-1
Econ
CONS
PRESS
G. A.
CULT
G. A.

Your telegram 1071, August 22.

While cooperative attitude Belgian Government appreciated and US Government (1) undertook accommodate that Government by presenting acc rum (in absence Belgian representation thereon) case for protecting Belgian interest in Concordia and Columbia and (2) disfavors developments strengthening Sovrompetrol because its privileged position compared other foreign including American oil companies, Department feels you should inform at your discretion Belgian Government that US Government appreciates Belgian Government must take course serving its best interests but would like to be kept informed of developments. For your information Department feels Belgian Government position weak in view information reported your A-350 August 26, A-313 July 23 and London's AG 842 July 11 of which copy sent you.

Sent Brussels as 1061; repeated to Paris as 5009, London 6759, Bucharest 622 and Moscow 1639.

CLAYTON, Acting

decoded ej
typed bc

quad

Economic Section
Mr. Moran

DECLASSIFIED

Authority NND765036By WSD NARA Date 1/30/85RG 260Entry Control OfficeFile McJunkies ControlBox 471

SECS.

9-2/245

ORMeJ/ms

ORMeJ

9 August 1948

PH

Dear General Dastich:

This is to inform you that we are inviting the filing of claims for the restitution of securities which were looted from occupied territories and which are now in the U. S. Zone of Occupation of Germany.

Transmitted herewith for your assistance and guidance is a list of the various issues of foreign securities which are being held by Military Government in the U. S. Zone. It is requested that reproduction of this list be limited to the number of copies required by you for those persons whom you may authorize to have them.

Annex A, enclosed herewith, sets forth the information to be furnished when claims are filed, and also several other statements of interest to you.

Claims should be filed at the earliest possible date and should be delivered to Reparations and Restitution Branch, Property Division, Office of Military Government for Germany (U.S.) at Berlin.

Your cooperation in expediting the filing of these claims will be greatly appreciated.

Sincerely,

PHILIP HASKINS
Director

2 Incls:
Incl 1 - Annex A
Incl 2 - List of Securities

Brigadier General F. Dastich
Chief, Czechoslovakian Military Mission
54 Podbielski Allee
Berlin-Pallem

387.6 HM

309997

RG 260
 Entry Kenneth
 File HUNGARY - BANK
 Box 284

DECLASSIFIED
 Authority NND775059
 By YSD NARA Date 10/20/78

SEIS

11

Assets and liabilities of the National Bank of Hungary as per its books on June 30th, 1945.

The ~~assertment~~ ^{statement} of the Bank's assets and liabilities as below is made on basis of the records of our book keeping.

No exact declaration can be given as to the present financial circumstances /: property and values :/ of the Bank, partly because the great part of the values is nullified in consequence of war events, respectively we are not informed about their fate, and partly because some statements about the business activity of the single Branch Offices never reached us here.

A s s e t s

1/ <u>Gold</u>	as per encl. No. 1/a, 1/b, 1/c	P 157,537.908.55
2/ <u>Foreign exchange</u>	as per encl. No. 2/a	775,770.411.41
3/ <u>Foreign currency</u>	" " " No. 3/a	1,851.367.77
4/ <u>Stock of small cash</u>	from this in Spital am Pyhrn P 453.132.32 /	11,751.121.42
5/ <u>Discounted bills and securities</u>	as per encl. 5/a No. 5/a.	13,812,950.476.92
6/ <u>Loans on collateral security</u>	/against securities/	16.700.-
7/ <u>Credits granted on basis of Art 57. §. g of the Statutes of foreign settlements</u>	as per encl. No. 7/a.	1,094,538.118.33
8/ <u>State debt</u>	" " " No. 8/a, 8/b, 8/c	488,684.687.24
9/ <u>Buildings</u>		5,189.800.01

The above sum does not show the current value but the yearly reduced book value. /: Part of our real estates was very likely damaged or utterly destroyed by war events, especially shelling :/

10/ <u>Liability of the Royal Hungarian Savings Bank of Post Offices.</u>		58,412.448.14
---	--	---------------

This credit balance is due to postal traffic hindrances and missing documents, which remained in Rechenau.

11/ <u>Industrial Intermediary Institute.</u>		39,268.002.40
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Pengő credit granted to industrial undertakings on bills, in order to facilitate importation on raw material. Corresponding bills have been left in Reichenau.

Transfer: 16,445,971.042.19

RG 260
 Entry Kennell
 File HUNGARY - BANK
 Box 284

DECLASSIFIED
 Authority NND775059
 By MBD NARA Date 10/20/79

- 2 -

	Pengoe
Transfer:	16.445,971.042.19
12/ <u>Amounts invested on basis of Art. 57. § h of the Statutes</u>	
a/ <u>Securities' Account /: State loan, wheat bonds P 15,000,000.-/</u>	
b/ <u>Participation in the Hungarian Capital- an Marketcontrolling Institute Co. Ltd. P 10,999,000.-</u>	P 25,999,000.-
13/ <u>Other credit balances</u>	<u>2,853,057.70</u>
	<u>Total: 16.474,823,099.89</u>

Liabilities.

	Pengoe
14/ <u>Share capital / 30,000,000.- gold crowns/</u>	34,756.095.-
15/ <u>Reserve fund</u>	11,492.150.-
16/ <u>Turnover in bank notes /as per encl. No 16/a/</u>	12.830,508.633.-
17/ <u>Clearing credit balances and other liabilities falling due at once</u>	
a./ <u>State</u>	1.130,447.514.73
b./ <u>Other</u>	<u>932,160.764.16</u>
	2,062,608.278.89
18/ <u>Consolidated foreign credits drawn in 1931</u>	9,761.222.45
/: This liability of the Bank exists with the Bank for International Settlements and other foreign issue banks. Closer facts are shown only by the Bank's books in Frankfurt a/Main/.	
19/ <u>Liabilities in gold as per encl. 1/a, 1/b, 1/c.</u>	3,588.150.37
20/ <u>Liabilities in foreign exchange as per encl. 2/a.</u>	841,014.609.78
" " " " " " " 3/a.	9.905.51
20/ <u>Suspense account</u>	216,789.078.85
/: Settlements between the Bank's Head Office and Branch Offices, further items not to be settled at once are put in account on this account. The comparatively high figure is due to traffic hindrances and the destruction of records, caused by the war :/.	
21/ <u>Suspense account foreign exchange of currency</u>	99,210.760.07
22/ <u>/: Counter value of foreign exchange and currency not accountable at once :/</u>	
22/ <u>Conto sospeso</u>	66,023.803.61
/: Reserve of the Bank out of the Yearly profits, destined to cover eventual losses :/.	
23/ <u>Valorisation difference of the share capital.</u>	7,298.779.95
/: Difference not booked under "Share capital" /.	
Transfer:	16.183,061.467.48

309999

RG 260
 Entry Red Hill
 File HUNGARY - BANK
 Box 284

DECLASSIFIED
 Authority NND775059
 By WBD NARA Date 10/20/77

	Pengo
	<u>Transfer:</u> 16,183,061.467.48
24./ <u>Pension fund</u>	1,862.067.51
/: Credit Balance in Cash of the Bank's Pension Fund. See encl. No. 24/a. as to financial circumstances of Pension Fund :/	
25./ <u>Transitory deposit account of the Royal Hungarian Treasury.</u>	9,598.199.19
/: Credit balance of the Treasury arising of issuing treasury bills, not yet used :/	
26./ <u>Bank for International Settlements, Basel.</u>	
<u>Credit balances arising of subscription of shares.</u>	1,907.754.61
27./ <u>Cash Office of Foreign Credits.</u>	40,553.145.38
/: Capital repayment and interest paid by Hungarian debtors in favour of foreign creditors not yet transferred by the Bank /.	
28./ <u>Temporary rough income of 1944.</u>	167,006.854.50
/: The losses of capital incurred in 1944. can not be established now. The above figure but shows the balances of the income accounts as per books without any deduction; the losses of capital incurred to the Bank will presumably greatly surpass the above temporary income-amount :/.	
29./ <u>Other liabilities.</u>	70,833.611.22
	<u>Total: 16.474823.099.89</u>

13. enclosures.

RG 84
Entry 2109A - BRUSSELS
File 711.3
Box 5

DECLASSIFIED
Authority LIND 795088
By kw NARA Date 2/22/89

Secr.

EMBASSY OF THE UNITED STATES
OF AMERICA
APR 5 1945
BRUSSELS

PARAPHRASE

ACTION TAKEN was 4/28

TELEGRAM RECEIVED

FOR INFORMATION TO:
AMB JH
EWM
ADM
SECY W
CONS
PRESS
M. A.
CULT.

From: Secstate

Date: April 3, 1945, 5 p.m.

No.: 249

Code: -0-28- Secret

Received: April 4, 6:30 p.m.

SECRET

The following telegram has been sent to Paris and has been repeated to Belgium, the Netherlands, Luxembourg, and Greece:

"The Department wishes to obtain specific information about the measures taken by the French Government to prevent the export and import of securities, whether issued by the French Government or by French corporations, or held in France although issued by foreign governments or corporations. This information is desired in connection with the work on the restitution of looted securities and so that the Department may appraise the measures that are now being taken to prevent securities that may have been looted from passing the borders of Allied countries. Of course the United States and the United Kingdom have in effect controls that prevent the ingress of any securities that might have been looted."

LONDON: The foregoing message is being repeated to you for your information and possible comment. You are requested to transmit a copy to NETER, as No.17, adding the paragraph that follows:

"The above telegram, which has been sent to Paris, is being repeated to you for your information and for your report on the steps that have been taken by the governments to which you are accredited."

BRUSSELS: Please repeat to the Legation at Luxembourg as Department's No.8

ATHENS : This is telegram No.289 to you.

STETTINIUS

J

8866

Szurkresh

Brussels, Belgium, August 7, 1945

SAFEHAVEN Report Ref. No. 2

CONFIDENTIAL

Subject: Belgian Agencies of the German Occupying Authorities Engaged in Dealing in Shares in Belgium.

Reference is made to Brussels despatch No. 578, dated July 23, 1945, concerning Belgian investigation of German financial transactions in Belgium during the occupation.

The Belgian authorities have advised that two of the agencies of the German occupying authorities particularly active in the handling of purchase, seizure, or sale of shares in Belgium during the occupation were the Devisen Schutzkommando Militärsbefehlshaber and the Deutsches Revisions und Treuhand, A.G.

The German occupying authorities issued a decree requiring all resident of Belgium to declare to the Devisen Schutzkommando all foreign or colonial shares owned by them. This decree further provided that after declaration the shares had to be offered to the Banque d'Emission for sale. The Devisen Schutzkommando had the authority to seize all share which were not declared. The Belgian authorities claim that the Devisen Schutzkommando maintained complete records of all share transactions in which they engaged. The Devisen Schutzkommando maintained offices in Brussels at 31 rue de la Loi, and was a portion of der Militärsbefehlshaber Belgien und Nord Frankreich - Militärverwaltungsstab.

The Deutsches Revisions und Treuhand, A.G., was a Berlin firm of chartered accountants having offices at 51 avenue Louise. They were placed in the position of auditors for various banks in Belgium by the German occupying authorities. The Belgian authorities claim that they made a complete study of all large Belgian financial and industrial organizations and particularly of the Belgian Congo corporations, apparently with the idea of gaining control of these corporations. There are set forth below the names of the directors of the Deutsches Revisions und Treuhand, A.G.:

- Walter Hesse
- Dr. Hans Agler
- Dr. Hermann Karoli
- Dr. Fritz Rittstieg
- Dr. Curt Naermann (in charge Brussels branch)
- Dr. Bruno Antweiler (accountant in charge of audit of books of the three German banks in Belgium)

From a

Box 17
 File 711.2
 Entry 8109A - Embassy
 RG 84

DECLASSIFIED
 Authority: 11/10/79 5088
 BY: NARA Date: 12/20/99

310002

REPRODUCED AT THE NATIONAL ARCHIVES

From a confidential source it has been ascertained that many purchases of shares for German accounts were made in Belgium by experts sent in from Germany. These persons are alleged to have purchased these shares through collaborationist Belgian brokers or directly on the Bourse. They secured their funds through the Deutsches Bank Aufsichtsamt, which made the funds available either through the Banque d'Emission or through one of the three German banks located in Belgium. The Deutsches Bank Aufsichtsamt was the German-supervised authority over the Banque d'Emission. The names of the German personalities in charge thereof are set forth in reference despatch. Further information concerning share purchases in Belgium by the Germans might be secured through interviews with these individuals. The same confidential source has advised that Dr. Helmuth Hofrichter, second in command of the Deutsches Bank Aufsichtsamt, may presently be located through the Reichsbank at Hanover.

WEM/hs

To the Department in Hectograph, repeated to London, and Murphy at Frankfort.

Box	2117
File	2112
Entry	2109A - BRUSSELS
RG	84

310003

Authority: NARA Date: 12/20/57

DECLASSIFIED

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority: IND 795088
By: KW NARA Date: 2/22/97

RG 84
Entry 2109A- Brussels Embassy
File 711.2
Box 14

Joel

M. Moran

Airgram

SECRET

FROM: Brussels

SECSTATE

DATED: June 12, 1945

WASHINGTON

REC'D:

A- 194 June 12, 1945

Safehaven from Embassy and Marks

Please refer to your cable No. 414, dated May 18, 1945, inquiring whether there is reason to fear that the head office of the Banque Italo-Belge would lend its facilities for the flight of enemy capital to Brazil.

Inquiries have been made concerning the Banque Italo-Belge and the following information has been obtained.

Notwithstanding its name, the Banque Italo-Belge has been and still is considered a Belgian institution. Its principal stockholders are the Société Générale and certain financiers at Antwerp. The Italian interest in the bank is small, consisting primarily of a group representing the Credito-Italiano. As of 1944 three of the Banque Italo-Belge's twelve officers were Italian. Two of the Italian officers were respectively President and Vice-President of the Credito-Italiano. It is not known here what the attitude of the Credito-Italiano group has been since the outbreak of war in Europe. However, it is felt in Belgian financial circles that the Credito-Italiano's interest in the Banque Italo-Belge is so unimportant from the standpoint of overall control that their personal attitude is of no consequence.

During the occupation the Banque Italo-Belge was treated by the Germans like any other Belgian bank. The Germans apparently made no special effort to gain control of, or make use of, the bank for their own purposes. Because of the dependence of the Banque Italo-Belge on communication with South America, where the majority of its interests are located, the bank's activity during the occupation period was reduced to a bare minimum. Due to the severance of communications with South America, no profit and loss statements were published for the years 1942-1943 and 1943-1944.

No charges of collaboration have been levelled against the Banque Italo-Belge. However, Hector Carlier, who, as of 1944, was an Administrateur-Délégué of the bank, i.e. a sort of acting manager, is presently under investigation by the Belgian authorities for his participation in a transaction which will be outlined below. According to our information Carlier's participation in the transaction in question had nothing to do with his relationship with the Banque Italo-Belge which is in no way involved.

Hector Carlier was one of the important executive officers of the Société Financière des Pétroles, familiarly known as Petrofina. Petrofina is a Belgian concern with a controlling interest in the Société Belge des Pétroles Concordia, familiarly known as Concordia. Concordia owns a number of important oil fields in Rumania.

*711.2
Lepblaw
Concordia*

DECLASSIFIED

Authority LIND 795088
By KW NARA Date 2/22/79RG 84
Entry 2109A- Brussels Embassy
File 711.2
Box 14

- 2 -

Prior to the war the Germans had attempted to purchase the Petrofina interests in Concordia. The Petrofina group, however, had rejected the German offer and had instead negotiated a three year contract to sell the output of the Concordia oil wells to certain French interests. As security for the carrying out of this latter agreement, Petrofina had physically deposited in France a part of its Concordia stock.

After the occupation the Germans took physical possession of the Concordia shares in France. Meanwhile, as required under the regulations in force in Belgium, the remainder of the Petrofina holdings in Concordia had been declared to the Banque d'Emission, a bank established in Belgium by the Germans primarily for putting into effect the German-Belgian clearing agreement.

At this point the Germans suggested to the Petrofina group that they might wish to consider selling their Concordia holdings at a reasonable price to German interests. The Germans indicated that in the event of a refusal, they would simply requisition Petrofina's interests in Concordia.

The Petrofina group apparently replied to this German offer by stating that they could not voluntarily enter into such an agreement. They pointed out, however, that if the Germans were to appoint a custodian for Petrofina with authority to execute such an agreement of sale on behalf of the corporation, the Petrofina group could hardly object.

The Germans thereupon appointed a Dutch citizen as custodian of Petrofina. The latter negotiated an agreement with the Germans which is reported to have been "good" from the Belgian viewpoint. However, just prior to the formal execution of the agreement, the Germans dismissed the Petrofina custodian without explanation. Since there was no one else with authority to sign, the Petrofina officers themselves signed the formal agreement to turn over the Petrofina interests in Concordia to the Germans. It is reported that Hector Carlier is one of the Petrofina officers who signed this agreement.

Apparently the Petrofina group now has the following choice to make. A request can be made for the nullification of the Concordia deal. In such a case, Petrofina would, of course, have to turn over to the Office des Sequestres, i.e. the Belgian Alien Property Custodian, the amount received from the Germans for the Concordia shares. Alternatively, the contract would be considered as having been entered into voluntarily, and the Petrofina officers would be subject to indictment for collaboration. Although this choice does not seem difficult, according to M. Dugesne, Director of the Office des Sequestres, the Petrofina officers have not yet arrived at a decision.

At the present time there is an "information" taking place with regard to Hector Carlier's relationship with the Concordia deal. If the results of this "information" make it appear likely that Carlier has been guilty of economic collaboration with the enemy, and "inculpation," i.e. an indictment, will be brought against him.

Inquiries

31005

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Authority	NIND 75088
By	KW NARA Date 12/02/99

RG	84
Entry	2109A - Brussels EMBASSY
File	711.7
Box	14

- 3 -

Inquiries have been made concerning Hector Carlier's present relationship with the Banque Italo-Belge. Although these inquiries have not been completed as yet, it seems fairly certain that Carlier no longer takes an active part in the current activities of the bank. This statement was made by M. Eugène de Bary, President of the Commission Bancaire, the Belgian national equivalent of a state banking commission in the United States. M. de Bary's statement has since been confirmed by discreet inquiries in Belgian financial circles. It is not certain whether Carlier still bears the title of Administrateur-Délégué of the Banque Italo-Belge. If he does, it would seem that in his case the title is little more than honorary. Apparently Carlier has withdrawn completely from the banking world and has retired to the country, where he lives with his wife and children. Carlier's only remaining link with the active business world seems to be through the Compagnie d'Anvers, a holding company with investments in Petrefina as well as other concerns.

The local office of OSS has been requested to investigate further into Hector Carlier's present relationship with the Banque Italo-Belge. If the results of this investigation are at variance with the findings already indicated, Safehaven will be advised immediately.

M. Eugène de Bary, who volunteered the original lead concerning Hector Carlier and his relationship to the Concordia deal, has stated that the control over the current activities of the Banque Italo-Belge is in the hands of men on whose reliability he would vouch absolutely. M. de Bary included in this category Baron Carton de Wiart, President, M. Gustave J. A. Verhooseel, Administrateur-Délégué, and M. Auguste Callens, Administrateur. That the Belgian authorities are satisfied generally as to the reliability of the Banque Italo-Belge is indicated from the fact that the bank has been included on the official list of authorized dealers in foreign exchange.

Finally, it may be pointed out that the Belgian exchange controls would make it extremely difficult for the Banque Italo-Belge to facilitate a flight of enemy capital to Brazil. All foreign exchange transactions and dealings in foreign exchange assets require a license from the National Bank of Belgium. Before such a license is granted the parties involved in the transaction are screened against:

- 1) A list of persons arrested for collaboration, which is furnished the National Bank by the Minister of Justice;
- 2) The British and United States black lists;
- 3) Records taken from the German banks which operated in Belgium during the occupation;
- 4) Censorship intercept files; and
- 5) Records of previous applications.

The overall

310005

DECLASSIFIED
Authority: IND 795088
By: KW NARA Date: 12/02/79

RG 84
Entry 2109A - BRUSSELS EMBASSY
File 711.2
Box 14

- 4 -

The overall efficiency of the Belgian foreign exchange controls is further increased by information obtained from reports filed pursuant to an arrete-loi, dated October 6, 1944, requiring all residents of Belgium owning, administering, or having the custody of gold, foreign exchange, and other foreign assets to declare such assets to the competent Belgian authorities.

Repeated to London for Safehaven and Taylor.

Sawyer

WJM/hcb

SBCS,

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)
PROPERTY DIVISION
Property Control & External Assets Branch
APO 633
Wiesbaden, Germany

16 June 1948

SUBJECT: Schenker & Co. GmbH., Berlin -
Ownership of S.A. La Transex, Brussels
TO : Office of Political Affairs
Attention: Mr. James W. Gantenbein

A previous report prepared by this Office, dated 28 March 1947, entitled "Schenker & Co., Berlin - Present Activities" contained, inter alia, evidence tending to prove the 100% ownership of S.A. La Transex, Brussels, by Schenker & Co., Berlin. A recent communication from the Inter-Allied Reparation Agency (IARA/GEPC/Info. No. 1), however, revealed that the Belgian sequestration authorities had never placed La Transex under sequestration on the grounds that "the title deeds were handed over to the Germans by a person who was not their owner."

BRUSSELS

Additional information as provided by Belgian authorities is quoted verbatim:

- "1. Two brothers, named Soweine, Belgian Jews, were before the war the owners of 191 of the 200 registered shares of La Transex.
2. In May 1940, as the Germans were approaching Belgium, the Soweine brothers made an entry in their books to show that their Managing Director, a certain Mr. Martin, was the owner. This was done to camouflage the Jewish ownership. Shortly thereafter, Schenker & Co., Berlin, negotiated a purchase of the shares from Martin and gave him a bearer check in payment. Martin gave the check to the brothers Soweine who held it and did not cash it.

DECLASSIFIED
Authority: NARA Date: 1/2/04
BY: [Signature]
8808

RG
Entry 2108-1/Brussels (M. BASSY)
File 7113
BOX 137

310008

3. After the liberation, the Soweine brothers turned over the check for 500,000 Belgian francs, uncashed, to the Belgian Custodian. The Custodian has satisfied himself as to the "bona fides" of this case, has released the property to the former owners, and now considers the case closed."

In an attempt to corroborate the above information this Office interrogated Konrad Tiedemann, who was the manager of Schenker & Co. S.A., Brussels from 1941 to 1944 and who is at present a confidential clerk of the Schenker & Co. branch office in Frankfurt-on-Main. His statement, a copy of which is attached, appears to refute, to a certain extent, the account given by the Soweine brothers. While the Soweine brothers claim to have received from Martin only one single check in the amount of bfrs. 500,000, Konrad Tiedemann distinctly recalls several installment payments, the last of which he personally made to Martin by check in the amount bfrs. 150,000. Tiedemann pointed out that it would be an easy matter to trace the above installment payments to Martin by checking Schenker's account with the Banque de Bruxelles against which all checks had been drawn. The account in question was in the name of Konrad Tiedemann. The latter further emphasized that it is quite out of the question that the management of Schenker & Co. could have failed to notice if, as claimed by the Soweine brothers, a check for such a substantial amount had not been presented for payment.

In view of Mr. Tiedemann's statement it is believed that the Belgian authorities may wish to reopen the investigation of this case. This Office would appreciate receiving notification as to any action taken in this matter.

A copy of this report is forwarded for transmittal to the Embassy at Brussels.

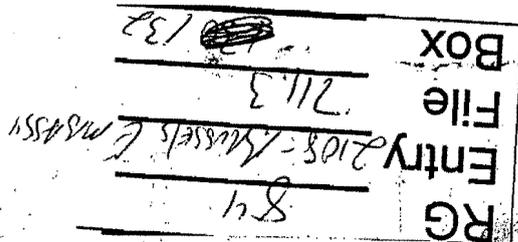
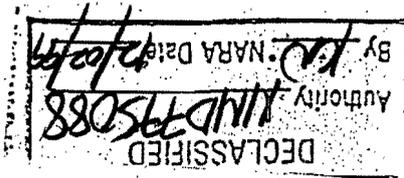
SAMUEL M. ROSE
Associate Chief

3 Incls: a/s

Copies furnished:
British Fin. Div., Inv. Br.
French Fin. Div.
IARA

Telephone: Wiesbaden - 8341
Extension - 496

- 2 -



310009

DECLASSIFIED
Authority AMD 957579
By TJ NARA Date 11/24/99

RG 466
Entry HICOG
File 485-527
Box 37

JRSO

(52) 497

602.3 CF
Restitution
[Signature]
JAW

HEADQUARTERS
JEWISH RESTITUTION SUCCESSOR ORGANIZATION
APO 696 A U. S. ARMY

21st February, 1952.
File 1570 - Bavaria.

Mr. Gerd Whitman,
Assistant for German Liaison,
Office of the U.S. High Commissioner for Germany,
Bonn - Mehlem.

Thursday

Dear Gerd,

File

As suggested I am attaching a brief memo stating the present position in connection with the JRSO bulk settlement in Bavaria. Our last meeting with the Minister President and the Finance Minister was a cordial one but I am sure that any good word from Mr. McCloy would be most helpful.

I hope that you will be able to take the matter up with the boss and that he will be able to either see Dr. Ehard or write to him or both before the next cabinet meeting.

I am looking forward to seeing you in Bonn next week.

Gratefully yours,
Ben
BENJAMIN B. FERENCZ

BBF.le.

DECLASSIFIED
 Authority WWD 957579
 By TJ NARA Date 1/24/99

RG 466
 Entry HICOG
 File 485-527
 Box 37

JRSO

Memorandum.

Subject: J.R.S.O. Bulk Settlement for Bavaria.

In the proposed bulk settlement between JRSO and Land Bavaria there are now only two points of disagreement. One concerns the global amount being offered and the other concerns certain claims against the Reich which Bavaria wishes to have included in the Agreement.

(1) Land Bavaria has offered the JRSO DM 20 million. The JRSO has agreed to accept 21 million as a net amount or 24 million subject to certain deductions which have been included in the proposed contract and which JRSO estimates would reduce the global sum by about DM 3 million.

(2) Land Bavaria has requested the JRSO to include in the assignment all of its claims against the Deutsche Reich for the confiscation of Jewish precious metals and jewels which were taken by the local pawnshops and sent to Reich offices in Berlin. These claims were never included in the JRSO computations for bulk settlement with Bavaria and since they are worth about DM 18 million the JRSO absolutely refuses to assign them without compensation.

These two points of difference will be placed before the Bavarian Cabinet on Tuesday, March 4th.

On the 20th February Mr. Ferencz and Dr. Katzenstein of the JRSO met with Minister President Dr. Ehard and Finance Minister Dr. Zietsch. Mr. Ferencz described the bitter debates which were taking place in Jewish circles on whether there should be negotiations at all between Germans and Jews. The proposed settlement with Bavaria is therefore more in the public eye than ever before. Mr. Ferencz stated that the leading Jewish organisations recently meeting in Paris were at a loss to understand why, after 2½ years, Bavaria was the only state which could not reach agreement with the JRSO. He also indicated that protracted negotiations would now be impossible, and whatever offer the cabinet would make would either be accepted or the bulk settlement would have to be abandoned.

It would be most useful if the political significance of the proposed bulk settlement would again be brought to the attention of the Bavarian Government.

21st February, 1952.

310011

DECLASSIFIED
Authority NND 857579
By JW NARA Date 11-23

RG 466
Entry HICOG
File 1019-1053
Box 29

10850

OFFICE OF THE U.S. HIGH COMMISSIONER FOR GERMANY

D(SI) 1033

Date _____ *file*

TO: Mr. Debevoise,

Can you give me the implications and the possibility of the transfer of the central collecting point to German administration? Is this something that could be legally done in order to provide proceeds for the partial liquidation of the restitution program?

J.J.McC.

July 24th

DECLASSIFIED

Authority NND 857577By JW NARA Date 11-23RG 466Entry HICOGFile 1019-1053Box 29C
O
P
YOFFICE OF THE UNITED STATES HIGH COMMISSIONER FOR GERMANY
OFFICE OF LAND COMMISSIONER FOR BAVARIAD(51)10397
602.5 4F
RestitutionMunich, Germany
July 2, 1951

Dear Mr. McCloy:

I am forwarding herewith, at Dr. Ehard's request, a letter dealing with some aspects of the compensation problem. As you will note, it stresses readiness to meet obligations, while calling attention to the financial problems involved. The possibility that a foreign loan might be secured for such a purpose is remote, but there is obvious value in the suggestions concerning Federal assistance and liquidation of property assets.

Perhaps I should add that the Bavarian Government is sensitive about being told that on a comparative basis it has not done as well as other Laender. The fact seems to be that although it has not settled as many claims percentage-wise as some other Laender, it has actually paid out more money. And, of course, it is not a wealthy government.

Sincerely,

/s/

George N. Shuster

enclosure:

Letter from Dr. Ehard,
dated June 19, 1951,
in German and English.

The Honorable John J. McCloy,
United States High Commissioner for Germany,
Frankfurt.

310013

DECLASSIFIED

Authority ANN 85757By JW NARA Date 11-23

RG	<u>466</u>
Entry	<u>HICOG</u>
File	<u>1019-1053</u>
Box	<u>29</u>

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Nr. 12314
Der Bayerische
Ministerpraesident

Munchen, June 19, 1951

The Hon. John J. McCloy
US High Commissioner for Germany
Frankfurt a. Main

Headquarters Building

Subject: Financing of Class II and Class III Compensation Payments.

My dear Mr. McCloy:

In reply to your letter of 9 April 1951, I wish to inform you as follows of the plans of the Bavarian Government in regard to financing of Class II and Class III compensation payments:

The Bavarian Land Office for Restitution in Munich has received appr. 175,000 applications for restitution. Exact figures on the total amount for satisfaction of claims in all three classes are not yet available. The applications have not been completely sorted yet; and in many cases, one application contains several types of claims. Therefore, no survey of types and total number of applications could so far be made. At the present time, the total amount to be appropriated by Land Bavaria under the General Claims Law is to be estimated at 300-500 million DM.

Since the currency reform appr. 60 million DM have been paid for compensations under the General Claims Law; out of the sum, 20 million DM were paid by virtue of valid decisions on applications for compensation for confinement. The rest was spent for advances on claims and will be set off the final settlements.

These vast payments have used up the funds appropriated for compensation of the victims of national socialism by the restitution funds and by the Foundation for Redress of National Socialist Wrongs. Despite the precarious fiscal and budget situation of Land Bavaria, a monthly amount of 1 million DM for compensation payments is at present being appropriated out of the budget proper of Land Bavaria. The revenues budgeted for are very limited. They cannot cover any more extensive compensation payments. Those expenses must be defrayed by extraordinary revenues. For this purpose, funds raised by loans and the proceeds from the evaluation of former party property now under control of Land Bavaria are to be taken into consideration.

So far, an amount of 40 million DM has been raised by short-term loans granted by the State Bank. This short-term loan was to be redeemed by a medium term foreign loan of 60 million DM. The pertinent negotiations have been stopped by the incidents that had occurred in the Bavarian Land Office for Restitution in January. We will attempt, however, to resume those negotiations and to bring them to a satisfactory conclusion. But this would also mean a merely temporary relief; for the evaluation of former party property, which may be cautiously estimated at least at 200 million DM, is as far as it consists of landed property, very difficult to carry out and hardly be expedited under the present circumstances.

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It is not the intention of the Bavarian Government to restrict the scope of compensation payments despite the strained financial situation of Land Bavaria. On the contrary, we are willing to continue as heretofore and, if possible, to increase the compensation payments with the help of extraordinary measures and regardless of the present difficult financial situation.

This plan, however, can be carried out only by raising a major loan. But since the conditions pre-requisite therefor do not exist within the Federal Republic at the time being, the only way out would be a foreign loan which could be covered by the party property which has come to Land Bavaria.

The Bavarian Government would welcome any assistance in its intention to satisfy its obligations in the field of restitution by along-term foreign loan and would be highly appreciative if realization of this task could be facilitated by the extreme interest the United States take in the compensation of the victims of national socialism.

The appropriation of Federal funds could also expedite the settlement of compensation claims, and we shall not be able to do without this aid with regard to satisfaction of compensation claims under Class II and III.

In its meeting of 19 January 1951, the Bundesrat has studied the bill of the Federal Government concerning the general equalization of burdens. Among other things, it has adopted the motion to branch off funds from yields of the equalization of burdens for restitution purposes. The opinion by the Special Committee on Equalization of Burdens of the Bundesrat on that bill was, therefore, completed by amending Arts. 1 and 4 and by adding Art. 259a. This amendment is to create the legal basis for branching off, from part of the yields of the equalization of burdens, a bulk amount to be allocated to the Laender for restitution purposes. This opinion by the Special Committee, as amended, together with the decision by the Bundesrat on said bill has been transmitted to the Federal Government.

These motions were adopted upon approval by the Laender of the US Zone which are well aware of the important obligations arisen to them from the enactment of the General Claims Law. Of all Laender, Bavaria bears the heaviest burden in consequence of the large number of applications received. In its meetings of 9 and 10 May 1951, the convention of the Supreme Restitution Authorities of the Federal Republic of Germany, in realizing that compensation must be paid within the next time in order to satisfy the demands by the victims of the national socialist regime, has in a unanimous resolution welcomed the decision by the Bundesrat, dated 19 January 1951. We now have to wait for the pertinent comment by the Federal Government.

In conclusion, and in the interest of the restitution program, I wish to point to the still unclarified situation in the Central Collecting Point in Munich, Arcisstrasse 10. If the Office of the US High Commission in Germany could help...

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OFFICE OF THE UNITED STATES HIGH COMMISSIONER FOR GERMANY
OFFICE OF LAND COMMISSIONER FOR BAVARIA

*602.341
Restitution*

July 27, 1951

File

Dear Mr. McCloy:

Thank you very much for your letter concerning the problem of restitution plans. I am enclosing for your information a copy of a communication received from Mr. Ferencz.

It seems to me that this portion of the problem can be solved providing that the figure proposed is accepted. I shall, of course, continue to try to keep the negotiations going.

Certain other problems, such as the extent to which the various categories of claimants can be reimbursed; are so complex that in all probability they can be discussed only on the Bund level. Nevertheless, I have a feeling that the Bavarian government will endeavor to make a reasonable contribution.

Sincerely yours,

George N. Shuster

George N. Shuster

The Honorable John J. McCloy,
US High Commissioner for Germany

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NEST

Copy

HEADQUARTERS
 JEWISH RESTITUTION SUCCESSOR ORGANIZATION
 APO 696 A U.S. Army

July 9, 1951
 File 1570-Bavaria

Dr. George N. Shuster
 Land Commissioner for Bavaria
 Munich

Dear Dr. Shuster:

On July 2 I met with Dr. Ehard, Dr. Zietsch and other members of the Finance Ministry in order to continue our bulk settlement negotiations. I thought you might be interested in knowing that an offer of 15 million DM was made as compared with our request for 30 million DM.

I invited representatives of the Bavarian Finance Ministry to inspect our offices and examine our files in order that they might be persuaded about the reasonableness of our request. After this is done, a joint memorandum will be prepared, summarizing our points of agreement or disagreement and we will then meet again in an attempt to bridge the differences.

Although the Bavarian offer was contingent upon obtaining the approval of the Landtag and the question of financing will have to be decided. Dr. Ehard reiterated his earnest desire for a speedy and just settlement. I am hopeful that the matter may yet be brought to a satisfactory conclusion.

Respectfully yours,

/s/ Benjamin B. Ferencz
 /t/ BENJAMIN B. FERENCZ
 Director General

BBF.b
 Phone: NBG 61041

310017

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Authority NND 857577By JW NARA Date 11-23RG 466Entry HICOGFile 1019-1053Box 29

765

APO 757-A, Frankfurt

July 24, 1951

My dear Shuster:

I have your letter of July 2nd enclosing the letter from Dr. Ehard on the matter of restitution. While I know that the Bavarian government is not over-blessed with revenues it is, compared to most other localities in Europe, rather well off. But even if it were a lot poorer than it is I do not see how they can rest easy until they clean up this matter of restitution.

To look to a foreign country for the liquidation of these obligations is, to my mind, wholly unrealistic if not unmoral. Even if these claims were twice the amount of the damage that was done in Germany to these victims of National Socialism the amount ought to be paid at the sacrifice of most other state obligations if necessary. When it is as a matter of fact about one-fifteenth of the damage that was done I do not see how they can fail to grasp this nettle and uproot it.

I am not aware of the implications in the matter of the central collecting point but I shall look into it. In the meantime I would like to have you personally follow up this subject of restitution with the Bavarian government, and particularly work for the conclusion of the settlement of the JRSO claims. I think you should press it personally and hard because of its prime significance in connection with any constructive solution of our contractual relationship and the new political status of Germany. Moreover, I am going to be very slow about further economic aid to Bavaria until this is cleaned up.

There are few things more important on our final agenda than this restitution matter, and I wish that you and your staff would concentrate on it, as I am asking the staff in Wurttemberg-Baden to do likewise.

Sincerely,

Dr. George N. Shuster
Land Commissioner for Bavaria

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Authority NND 857579By JW NARA Date 11-23RG 466Entry HICOGIFile 1019-1053Box 29*REST*

HEADQUARTERS
JEWISH RESTITUTION SUCCESSOR ORGANIZATION
APO 696 A U. S. ARMY

August 7, 1951

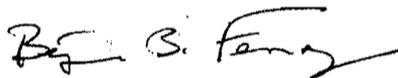
Hon. John J. McCloy
U.S. High Commissioner for Germany
APO 757, U.S. Army

File

Dear Mr. McCloy:

Thank you very much for your consideration in sending me a copy of Dr. Ehard's letter to you in which he describes Bavaria's financial difficulties. We are still awaiting some positive word in connection with our bulk settlement efforts and are most grateful for your continued interest and support.

Sincerely,



BENJAMIN B. FERENCZ
Director General

Tel.: Nuernberg 61041
ext. 1

310019

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Authority NND 857577By JW NARA Date 11-23

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File	<u>1098-1130</u>
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POST

HEADQUARTERS
 JEWISH RESTITUTION SUCCESSOR ORGANIZATION
 APO 696 A U. S. ARMY

August 6, 1951
 File 1101-C

Hon. John J. McCloy
 U.S. High Commissioner for Germany
 APO 757, U.S. Army

Dear Mr. McCloy:

Following my talks in Paris last week with representatives of various Jewish organizations a memorandum was sent to your office giving their unified views on the proposed surrender of restitution as a reserved power. The gist of their position is that they fear the disruptive and possibly disastrous consequences of dissolving the prevailing Allied courts of restitution appeals and replacing them with a single new court of mixed German-Allied composition whose method of functioning has not yet been determined. They feel that this action, despite all other safeguards, would seriously jeopardize the entire restitution program. I discussed the problem with Mr. Reber in Bonn on August 1 and understand from him that you have agreed to refer the matter back to Washington for reconsideration.

I am attaching copies of two letters I have just received for transmittal to you. In the first (TAB A) the organizations express their gratitude and indebtedness to you for your timely intervention. They further suggest the appointment of a three-man commission to survey the restitution scene and to recommend constructive action for expediting the achievement of the US objectives in this field. The second letter (TAB B) suggests that James Landis, Ruppert Emerson and David Ginsburg would be available for such an assignment which would be completed within three weeks.

Should you desire any additional information on these questions or wish to discuss them further I shall, of course, be available at any time.

Respectfully yours,

Benjamin B. Ferencz

BENJAMIN B. FERENCZ
 Director General

Phone: Nurnberg 61041

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AMERICAN JOINT DISTRIBUTION COMMITTEE

119, RUE SAINT-DOMINIQUE

TELEPHONE

EUROPEAN EXECUTIVE
COUNCILPARIS (7^e)

INVALIDES	87-82
	87-55
	79-37

CABLES & TELEGRAMS
JOINTFUND-PARIS

August 3, 1951

The Hon. John J. McCloy
U. S. High Commissioner for Germany
APO 757 US Army

Dear Mr. McCloy:

Mr. Ferencz recently delivered to you on behalf of the four principal Jewish Agencies of the United States a letter explaining the very serious concern felt regarding the proposal to disestablish the existing Allied Court structure dealing with restitution problems and replace it with a mixed court which would include German jurists as a part of a proposed Allied - German contractual arrangement. Indeed, the Jewish organizations were disturbed to learn of the questionable haste with which the British authorities have proceeded to propose scheduled discussions with the Germans looking towards ending the Allied reserved powers over restitution matters, more especially since so far as we can determine there does not seem to exist any clear agreement among the three Allied Governments themselves concerning the details of a substituted program which would reasonably assure the Allied Governments that their policies on restitution would be fulfilled under German control. Once again we find ourselves indebted to you for your timely and well considered intervention to urge that more careful thought be given to this subject before discussions be held with the German Government. I am instructed on behalf of the Jewish organizations of the United States to renew the expression of our continued gratitude and indebtedness to you.

You will be pleased to learn that the Jewish organizations of the United Kingdom expressed their concern to Lord Henderson, the British Under-Secretary of State for Foreign Affairs, when they learned that their Government was seeking so prematurely to discuss giving over control to Germany.

We feel that these developments are straws in the wind pointing that an important moral and equitable policy of the United States and the other Governments, namely, the restitution program, may inadvertently to the wishes of our Government be destroyed or cancelled out as a consequence of negotiations with the German Government, which negotiations in the main look towards solving other very important political

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By JW NARA Date 11-23

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AMERICAN JOINT DISTRIBUTION COMMITTEE

119, RUE SAINT-DOMINIQUE
PARIS (7^e)

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- 2 -

CABLES & TELEGRAMS
JOINTFUND-PARIS

The Hon. John J. McCloy, U.S. High Commissioner

and security aspirations of our Government and our Allies. Because of these considerations we have cast about in search of some solution to bring the restitution program to a close quickly before it may be necessary to discuss a transfer of authority to the Germans. A means of exploring this question was informally discussed with you by Mr. Ferencz and we are deeply appreciative that you have indicated your willingness to give it sympathetic consideration.

On May 17, 1951, the British Under-Secretary of State for Foreign Affairs, with the approval of the Secretary of State, appointed a committee to examine the progress made under the restitution law in the British zone, and to make recommendations which might remove or reduce the causes of any delays in the disposal of claims. The three-man-committee invited persons and organizations to give evidence before it and quickly rendered a report to the Foreign Office. The suggestions of the British committee were gratefully received as a valuable contribution towards the fulfilment of the restitution objectives.

The American organizations, who have asked me to communicate with you on their behalf, realizing your own interest in doing everything possible to expedite the successful conclusion of the important restitution program respectfully invite your consideration to the establishment of a similar commission for the U.S. zone. Our suggestions would vary somewhat from the British approach, in that we feel in view of the outstanding record which you have on this and other matters and to dispel any possible assumption by anyone that we would imply any criticism of your administration in this proposal and further to conclude the matter as quickly as possible, any commission in the U.S. zone should be by your appointment in accordance with your frame of reference, and should report its findings and recommendations to you. It is felt that such a body might within a short period of time, survey the restitution scene from the perspective of an outside group, and prepare an objective evaluation of the situation as well as its recommendations for constructive action. In view of the current considerations for discussing with the German authorities the relinquishment of the reserved power in the field of restitution it seems increasingly important that some such step be undertaken before the Allied rights are surrendered. The findings and recommendations of such a group might provide an important scale in which the reasonableness of German demands could be weighed.

Since.....

The Joint Distribution Committee receives its funds in the United States through the United Jewish Appeal. Outside of the United States, the Joint Distribution Committee has the active cooperation of the South African Jewish Appeal, United Jewish Relief Agencies, Canada; Central British Fund; Organizacion Central de Ayuda, Argentina; Comites Auxiliar do Joint, Brazil; United Jewish Overseas Relief Funds, Australia; Joint Relief Committee, Mexico; and others.

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CABLES & TELEGRAMS

JOINTFUND-PARIS

The Hon. John J. McCloy, U.S. High Commissioner

Since discussions on the future status of restitution may soon be undertaken between representatives of the High Commission and the German authorities your early and favourable consideration of this suggestion would be sincerely appreciated.

Respectfully yours,



M. W. Beckelman,
Director General,
American Joint Distribution Committee

on behalf of:

AMERICAN JEWISH COMMITTEE

AMERICAN JOINT DISTRIBUTION COMMITTEE

JEWISH AGENCY FOR PALESTINE

WORLD JEWISH CONGRESS

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Authority NND 85757By JW NARA Date 11-23

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AMERICAN JOINT DISTRIBUTION COMMITTEE

EUROPEAN EXECUTIVE
COUNCIL119, RUE SAINT-DOMINIQUE
PARIS (7^e)

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CABLES & TELEGRAMS	
JOINTFUND-PARIS	

August 3, 1951

The Hon. John J. McCloy
U.S. High Commissioner for Germany
APO 757 US Army

Dear Mr. McCloy:

Concurrently with giving you this letter on our behalf, Mr. Ferencz will be giving you our formal request for the appointment by you of a three-man-commission to investigate and report to you on the expediting of restitution problems in the American Zone of Germany.

We do not feel that such a commission requires a very long time to examine into the problem nor to prepare its report. In fact, we believe that a small group of intelligent and experienced former public servants could undertake this in a two weeks survey and require an additional week's time to draft and forward a report to you. Moreover, we recognize that if this proposal is to serve its purposes it should be done and completed rapidly so as to avoid any impression of delay on one hand and to meet with other requirements of governmental policy.

We have consequently taken the liberty of discussing this matter informally with persons who appear to be qualified and who would be available promptly to come to Germany on a consultant basis for the brief period required.

The following former public officials are submitted for your consideration:

- (1) Mr. James Landis, former dean of Harvard Law School, and holder of numerous Government posts. Dean Landis office address is: 1822, Jefferson Place, N. W. Washington 6, D.C.
- (2) Mr. Rupert Emerson, Harvard School of Economics, former official in the State, Interior and Commerce Departments. Mr. Emerson's address is: c/o Harvard, Cambridge, Mass.
- (3) Mr. David Ginsburg, former General Counsel of the Office of Price Administration, Advisor to General Clay, etc. Mr. Ginsburg's address is: Washington, D.C.

Mr. Ferencz.....

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- 2 -

The Hon. John J. McCloy, U.S. High Commissioner for Germany

Mr. Ferencz will be available to discuss with you any other related questions which you may have in mind.

Respectfully yours,

*M. W. Beckelman*M. W. Beckelman,
Director General,
American Joint Distribution Committee

on behalf of:

AMERICAN JEWISH COMMITTEE

AMERICAN JOINT DISTRIBUTION COMMITTEE

JEWISH AGENCY FOR PALESTINE

WORLD JEWISH CONGRESS

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602.941
Restitution

File

A I D E - M E M O I R E

August 30, 1951

SUBJECT: JRSO BULK SETTLEMENT WITH WUERTEMBERG-BADEN

The JRSO has requested 20 million DM for the assignment of all its claims in Wuerttemberg-Baden. Dr. Kuester, head of the restitution and indemnification offices, publicly voiced his strong opposition to having Wuerttemberg-Baden take over claims against its own citizens. Kuester was prepared however to support a payment of 9.8 million DM for JRSO's claims against public bodies, such as pawn shops, the Reich, and the Land itself, as well as for the purchase of real estate which the JRSO has already recovered. The JRSO requested 11 million DM for these claims alone.

Although Dr. Maier stated his willingness to acquire all of the JRSO claims, he has never made any specific offer. He appointed a commission to meet with the JRSO for purposes of drafting a final global settlement agreement.

The commission was only prepared to draft an agreement along the lines of the Kuester proposal, i.e. excluding claims against individual restitutors. In order to avoid a major internal political clash and under the impression that the amount to be offered would be reasonable, the JRSO agreed to negotiate on the limited basis as a first step. The full text of a contract was agreed upon but the commission, with the knowledge of the Cabinet, was only prepared to recommend a payment of 8 million DM as against the JRSO request for 11 million. There the matter is now deadlocked.

The principal difference seems to lie in the JRSO request for 4.5 million DM, based upon a confiscation by the Reich of over 94 million Marks' worth of Jewish owned securities and bank accounts. The Land does not feel that it will be able to recover the requested amount from the Bonn government.

Dr. Maier will return from leave September 2 and will meet with the Cabinet on September 3. Mr. Ferencz will try to see Dr. Maier before the Cabinet meeting in order to clarify the amount to be paid as well as the question of eventually assigning the claims against individual restitutors. The bulk settlement will presumably be discussed with the Landtag when it meets on September 5.

Dr. Moeller, head of the SPD in the Landtag and Chairman of its financial committee, is a key figure in obtaining ratification for any agreement.

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Authority NND 857579By JW NARA Date 11-23RG 466
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File 1098-1130
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APO 757-A, Frankfurt

*602-3912
Restitution
File*

August 15, 1951

Dear Peeper,

This is the first chance I have had to write to you after my return from Washington. I had your letter of June 21, but was so busy when I was there that I did not get the chance to write.

The JRSO position is a continuing problem here. We have settlements now in Bremen and Hesse and I am working hard on Wuerttemberg-Baden and Bavaria. It comes like pulling teeth. The transfers are not easy but we may get something moving there. You can be sure that I will do all that I possibly can from this end to bring about satisfactory conclusions. I am in close touch with Ferencz. We have not much time to get results before our influence in internal matters will be very much diminished, but I feel that with help from home we can make some real progress before then.

Sincerely,

Mr. Edward M. M. Warburg
The American Jewish Joint Distribution Committee, Inc.
270 Madison Avenue
New York City 16, New York

310027

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By JW NARA Date 11-23RG 466
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CABLES: "JOINTDISCO" NEW YORK

TELEPHONE: LEXington 2-5200

THE AMERICAN JEWISH
JOINT DISTRIBUTION COMMITTEE, Inc.

270 MADISON AVENUE, NEW YORK 16, N. Y.

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 JAMES N. ROSENBERG, *Honorary Chairman*
 MRS. FELIX M. WARBURG, *Honorary Chairman*
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 DAVID WEINGARD, *Assistant Secretary*

June 21, 1951

Honorable John J. McCloy,
 High Commissioner, U. S. Zone of Germany
 Department of State
 Washington, D. C.

Dear Jack:

It is good to know that you are back in the country, even if it may not prove possible to see you face to face. I hope that your visit will be a fruitful one and that you can also get at least some much-needed relaxation at the same time.

I am wondering whether it would be possible for you, while you are in Washington, to look into a couple of things which are of particular interest to the Jewish organizations. One of them involves the application of the J.R.S.O. for permission to transfer goods out of Germany, which I understand you made a favorable recommendation on sometime ago, but which is still being held up within the State Department. It would really be very much appreciated by the organizations here if you could find time to clear the matter at the Washington level. I am sure I don't need to describe to you the importance of this to J.R.S.O.

Another item which we are very much worried about is the whole question of the Equalization of Burdens Law. There is not only the general question of the status of individual restitution claimants under the law, but also the question of J.R.S.O.'s exemption. I understand that the latter was also recommended favorably upon by you, but somehow it has not yet been put through.

This note wouldn't be complete if I did not also express to you the sincere appreciation which all of us here feel for the really wonderful stand which you have been consistently taking in connection with restitution and J.R.S.O. problems.

I do hope that we may have a chance to see each other again.

The Joint Distribution Committee receives its funds in the United States through the United Jewish Appeal. Outside of the United States, the Joint Distribution Committee has the active cooperation of the South African Jewish Appeal, United Jewish Relief Agencies, Canada; Central British Fund, Organizacion Central de Ayuda, Argentina; Comites Auxiliares do Joint, Brazil; United Jewish Overseas Relief Funds, Australia; Joint Relief Committee, Mexico; and others.

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Authority AND 857579
By JW NARA Date 11-23

RG 466
Entry HICOG
File 1698-1130
Box 29

Hon. John J. McCloy

-2-

June 21, 1951

before very long.

With kindest personal regards, I remain,

Most sincerely yours,

Peep

Edward M. M. Warburg

DECLASSIFIED
Authority NND 775057
By SC NARA Date 1-11-00

RG 260
Entry PROPERTY
File Frank JRSO
Box 8

Handwritten:
JRSO
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received from Mr. Kagan

RESTITUTION OF JEWISH HEIRLESS PROPERTY IN THE FRENCH ZONE

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The policy of France with respect to the heirless property of Jewish victims of Nazism is paradoxical. When examining in international conference with other nations the question of heirless Jewish property remaining in neutral countries, France gave leadership which resulted in a policy of justice, sympathy and equity to the surviving Jewish victims of Nazi oppression, yet when dealing with the same question in the French Zone of Germany, France has neglected to give recognition to the same policy which she has urged for the neutral powers. In the French Zone, unless remedial steps are taken, the property of heirless Jews who were wiped out by the Nazis, is in jeopardy of falling to the very state or people who destroyed these Jews rather instead of going to the surviving Jewish victims.

I. France's policy in dealing with heirless Jewish property found in neutral countries.

France was the Co-sponsor of the Five Power Agreement concluded by the United States, France, Great Britain, Czechoslovakia and Yugoslavia in June 1946.

Under that agreement, "in the interest of Justice, the French Government on behalf of the Five Governments are making representations to the neutral powers to make available all assets of victims of Nazi action who died without heirs". France jointly with the U.S. prepared as a policy for the neutral powers that the surviving Jewish victims should be aided with the heirless property, the preponderance of which France and the other signatory powers recognized had belonged to Jews destroyed by Nazi action. Article E of the agreements sponsored by France says:

".... the conclusion that ninety-five percent of the 'heirless funds' thus made available should be allocated for the rehabilitation and resettlement of Jewish victims takes cognizance of the fact that these funds are overwhelmingly Jewish in origin, and the five percent made available for non-Jewish victims is based upon a liberal presumption of 'heirless funds' non-Jewish origin. The 'heirless funds' to be used for the rehabilitation and resettlement of Jewish victims of Nazi action should be made available to appropriate field organizations"

Thus, France proposed to all the neutral powers that ninety five percent of the heirless Jewish property found in those countries and belonging to Jewish victims of Nazi actions should go for the rehabilitation and resettlement of the surviving Jewish victims. The proposal went further. It provided that the heirless funds intended for surviving Jewish victims of Nazi action "should be made available to appropriate field organiza-

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tions." Thus the policy provided that the proceeds "should be made available directly and jointly to the American Jewish Joint Distribution Committee and the Jewish Agency of Palestine, organizations best fitted to use these funds for the rehabilitation and resettlement of Jewish victims of German action". The funds made available as a result of the Five Power Agreement for the benefit of Jews is still being turned over to these Jewish organizations for use in the projects established. Hence, world-wide representative Jewish organizations were untrusted to use the proceeds of the agreement for the benefit of Jewish victims of German action.

II. What France has done in the German Zone under her administration.

A more obscure policy is being pursued in the French Zone of Germany than was proposed to the neutral powers. In November 1947, the French Commander in Chief in Germany issued ordinance 120, concerning the restitution of destroyed property, for the French Zone of occupation. The provision was made to make available Jewish heirless property for the surviving Jewish victims of nazism, but instead this property is intended to go into "a common fund (to be created) in each land for the indemnification of victims of nazism." While on one hand France recognized that the preponderance of heirless property was of Jewish origin in neutral countries and that 5% granted to be of non-Jewish origin was a liberal presumption, yet on the other hand in the French Zone France fails to recognize the same principle though the same facts exist there. For the neutral countries, France vigorously and correctly contends that Jewish survivors should be the beneficiaries of Jewish heirless property but in the French Zone of Germany, the policy is ambiguous. Who then are the "victims of nazism" in the French Zone of Germany where the Jews either have been wiped out as elsewhere in Germany, or the few survivors are emigrating? Non-Jewish victims are not properly the beneficiaries of this Jewish heirless property, nor are there such numbers of them in the French Zone as to warrant a division of even 5%, such as was made in the Five Power Agreement let alone the preponderance of heirless property. Hence, the policy ultimately will leave only the German Land as the recipients of heirless Jewish property, very much contrary to the "justice and morality" which were the foundation of the Five Power Agreement. Moreover, the body to administer the common fund is not conceived under the French Law as to place responsibility in the hands of the surviving victims or a representative "organization best fitted to use these funds for the rehabilitation and resettlement of Jewish victims of German action." The French Zone law places primary emphasis of administration upon an organization to be "created or empowered for the purpose by the Land Government". It can hardly be assumed that the Land Government would have greater concern for the victims of nazism than it has for itself especially where to pursue a less vigorous interest will leave the Land itself as the beneficiary of the heirless Jewish property. This fact must have been recognized, by France when considering the Five Power Agreement and deciding to empower representative Jewish bodies with the responsibility. The same consideration is warranted in the French Zone.

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III. What has been done in the other zones of Germany.

In the American Zone of Germany, Law 59, issued in November 1947, provides for a Successor Organization to be appointed by the Military Government and not by the German Land. This Successor Agency is to be entitled to the heirless property. (Article 10). "Neither the State nor any of its subdivisions nor a political self-governing body will be appointed as Successor Organization." In June 1948 the American Military Government appointed the Jewish Restitution Successor Organization, a non-profit membership corporation of representative Jewish Organization as the Successor Organization to receive the entire estate of all heirless Jewish property. This in keeping with the policy first set down in the Five Power Agreement, Jewish heirless property in the American Zone is vested in a representative Jewish Organization to be used for the benefit of surviving Jewish victims.

In the British Zone, a draft restitution law is presently under consideration and copies of it have been circulated by the authorities to representative Jewish Organizations. It follows largely the pattern of the American Zone Law. Provision is made for one or more "trust corporations" to be formed in the British Zone for the purpose of claiming unclaimed and heirless property. (Article VIII). The British Draft Restitution Law also provides for regulation to be issued by the Military Government for the establishment, composition and scope of the Trust Corporation. There is no indication in the British Zone Draft Law that the Land will be the administrators of heirless property in the Trust Corporations and it is anticipated that the British Regulations dealing with Trust Corporations will enable the formation of a Jewish Trust Corporation to be established in the British Zone to succeed to an unclaimed and heirless Jewish property for the relief and rehabilitation of surviving Jewish victims. Provision for more than one Trust Corporation under the British Draft permits such interpretation as reasonable. There is ground then to assume that the British Zone in term is coming to the principles set down in the Five Power Agreement.

It remains for France to modify the Restitution Law of the French Zone to bring it fully into harmony with the principles of the Five Power Agreement which France sponsored and which her Western partners in Germany are undertaking to apply in their zones of occupation.

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