

McMahan
Paul Brown

DECLASSIFIED
Authority MMD 775059
By ESDM NARA Date 9/16/99

RG 260
Entry Finance
Box 591

External Assets

HEADQUARTERS
U. S. FORCES, EUROPEAN THEATER
Office of Military Government (US Zone)
Finance Division

(Main) 757
24 January 1946

SUBJECT: Securities and Assets of German Banks Which were Deposited in the United States.

TO : Office of Political Affairs, OMGUS
Attention: Mr. W. K. Wittausch

1. The following information relating to securities and other assets which were held in the United States in the name of German banking institutions was obtained from the confidential files of the Foreign Economy Division of the Ministry of Economics. These records are held at the MCC at Kassel, and photostatic copies are held by the Finance Division, Office of Military Government for Germany (U. S.).

2. On 14 November 1939, the Ministry of Economics submitted to the Reichsbankdirektorium a list of securities and assets in the United States in the name of German banks. This information was apparently compiled by the Wirtschaftsgruppe Privates Bankgewerbe by canvassing the banks. A supplementary list was submitted on 16 November 1939. Translations of these schedules are annexed.

3. It will be noted that the schedules list the name of the German bank, the value of the property, and the amount held on behalf of neutral foreigners and enemy foreigners. The location of the property in the United States is not revealed.

Joseph M. Dodge
Director
Finance Division

DF:mr

310033
310034

Sailer u. Co., München

at 7 100.--

25,000.-- 4 1/2% Goldschuldverschreibungen for a legaly of a person of unknown nationality.

RM 1,500.-- for an American citizen.

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Bankgewerbe
 Bank- und Bankiergewerbe -

Berlin NW 7, November 16, 1939
 Lorotheenstr. 4.

TO
 Reichsbankdirektorium
 Berlin

Subject: Securities and assets deposited in the United States.

Additional schedule of safes kept in the United States.

<u>Name of the Bank</u>	<u>Market-value of the safe</u>	<u>Remarks</u>
Bayerische Hypothen- u. Wechsel-Bank München	ℳ 43,400.--	in addition ℳ 240.-- for a resident in Switzerland
Commerz- und Privatbank, Berlin	ℳ 163,500.--	out of this amount ℳ 3,400.-- were kept for neutral persons.
Commerz- und Privatbank, Hamburg	? nom. value ℳ 4,000.--	175 shares } bonds) rates of exchange could not be ascertained.
Cüppers und Co. Frankfurt/M.	ℳ 2,000.--	
Hypotheken und Credit-Institut in Wien	ℳ 38,100.--	out of this amount ℳ 37,000 are kept for a Slovak citizen living in Vienna.
Merck, Finck und Co., München	ℳ 83,450.--	out of this amount ℳ 5,600. for neutral foreigners
Norddeutsche Creditbank A.G. Bremen	ℳ 16,700.--	
Oldenburgische Landesbank AG., Oldenburg	ℳ 2,400.--	nom. value ℳ 750. rate of exchange could not be ascertained.
Pferdemenges u. Co. Köln	? ℳ 12,400.--	objects of a value of about these things were pawned to the firm by a person having emigrated from Germany. Besides ℳ 1,400.-- Young loan for a citizen of an enemy country.
Postsparkassenamt Wien	? ℳ 100.--	100 preferred shares of Interborough Consolidates Corporation at ℳ 100.--
	ℳ 25,000.--	4 1/2% Goldschuldverschreibungen for a legaly of a person of unknown nationality.
Seiler u. Co., München	- ℳ 1,500.--	for an American citizen.

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Wirtschaftsgruppe Privates Bankgewerbe

Berlin, November 14, 1939

To

Reichsbankdirektorium

B e r l i nSecurities and assets in the United States of America.

<u>Name of the Bank</u>	<u>Rate of Exchange of the Safe</u>	<u>R e m a r k s</u>
ADCA, Leipzig	RM 3,300.--	out of this amount RM 815. on behalf of neutral foreigners
Bankverein f. Nordwestdeutschland AG, Bremen	£ 780.-- / 500.--	
Berliner Handels-Ges.	/ 35,700.--	out of this amount / 6,610. on behalf of neutral foreigners out of this amount / 1,550.-- on behalf of enemy foreigners
Deutsche Effecten- u. Wechsel-Bank, Berlin	/ 100.-- (?)	for neutral foreigners
Deutsche Effecten- u. Wechsel-Bank Frankfurt/M.	RM 2,170.--	out of this amount RM 160.-- on behalf of neutral foreigners out of this amount RM 725.-- on behalf of enemy foreigners.
Deutsch-Südamerikan. Bank, Berlin	RM 1,250.--	for an emigrant
Deutsche Übersee- ische Bank, Berlin	/ 27,000.--	out of this amount / 22,000 on behalf of neutral foreigners.
Conrad Hinrich Donner, Hamburg	£ 117.--	
Dresdner Bank, Berlin	/ 193,520.--	out of this amount / 11,000 on behalf of neutral foreigners out of this amount / 520.-- on behalf of enemy foreigners.
E. Heilmann, Breslau	/ 1,225.--	certificate at / 1,200.-- in Breslau
Jacquier u. Securius, Berlin	RM 1,400.--	
Magnus u. Co., Hamburg	RM 1,460.--	for neutral foreigners
Metzler soel. Sohn u. Co., Frankfurt/M.	/ 528.--	
Nottebohm & Co., Hamburg	RM 32,780.--	not seized
Reichskredit-Ges. A.G., Berlin	/ 51,000.	out of this amount / 23,000.-- on behalf of emigrants out of this amount / 2,500.-- on behalf of domestic customers of bankers

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S.M. v. Rothschild Wien	<p>⌘ 125,900.— ⌘ 45,400.—</p>	<p>for enemy foreigners for securities deposited on behalf of a Swedish bank.</p>
Sächsische Staats- bank, Dresden		<p>of about / 100.— under a Swiss bank</p>
Schoeller & Co., Wien	<p>⌘ 1,200.—</p>	<p>out of this amount ⌘ 120.— on behalf of a Swiss citizen</p>
Schröder Gebrüder u. Co., Hamburg	<p>⌘ 10,960.—</p>	
Carle E. Thomsen, Hamburg	<p>⌘ 50.—</p>	<p>for neutral foreigners</p>
M.M. Warburg u. Co. K.G., Hamburg	<p>/ 47,524.—</p>	<p>out of this amount / 3,300.— on behalf of neutral foreigners.</p>

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Report on Property of German banking and industrial firms, and individuals held in U.S.A.

I. Munich Reinsurance Company
4 Theresien St., Munich

Cash balances outside Germany

National City Bank of New York City	\$	598.82
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Bonds:

4 1/4% City of New York Municipal bonds, 1981	\$	7000.00
4 % Baltimore and Ohio R.R.Co. bonds, 1948	\$	1000.00
4 % Central Pacific R.R.Co. bonds, 1949	\$	2000.00
4 % Chicago Rock Island & Pacific Ry. Co. bonds, 1934	\$	38000.00
4 1/2% Denver & Rio Grande Western R.R.Co. 1936 bonds	\$	2000.00
5 % Denver & Rio Grande Western R.R.Co. 1935 bonds	\$	11600.00
4 % Illinois Central R.R.Co., 1952 bonds	\$	3000.00
7 % Liggett & Myers Tobacco Co. 1944 bonds	\$	1000.00
4 % Missouri Pacific R.R.Co., 1938 bonds	\$	1000.00
4 % Oregon Washington R.R. & Navigation Co., 1946	\$	1000.00
6 % Cum. pref. Stock Denver & Rio Grande Western R.R.Co. 64 Shares		

Participations

The Pilot Reinsurance Co. of N.Y.	\$	329.000
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II. Brown, Boveri & Co., Mannheim
87, Keplerstrasse Heidelberg

Obligations to:

Karl A. Mayr, N.Y.	\$	448.50
Soc. Auto Eng., N.Y.	\$	6.00
Wickarson & Gollin's Co., Ctie.	\$	2.00
	\$	<u>456.50</u>

III. Röhren & Haas G.m.b.H., Darmstadt

Röhren & Haas Comp.	debit notes	\$	83.79
Phila. Pa.	credit notes	\$	<u>15.60</u>
222 West Wash. Sq.		\$	17.90

Royalties for unknown patents
under contract agreement 1933

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Creditor:

Invoice Munson H. Lanes Wash. D.C. patent charges \$ 20

participations Haas, Otto of shares of RM 1,507,000.-
 RÖhm & Haas founder of
 Comp., Phila, Pa. Co.
 222, W.Wash.Sq.

dividend RM 505,566.-

participation Haas, Fritz-Otto Gift RM 3,000.-
 in company RÖhm & Haas Comp. from
 Phila., Pa. Dr. Otto
 222, West Wash. RÖhm
 Sq. Darmstadt

dividend RM 772.-

running accounts Haas, Otto transfer from RM 26.-
 Konversions-
 kasse, Berlin
 for Otto Haas,
 Phila.

guaranty Haas, Otto RÖhm & Haas \$ 15,269
 Phila., is
 owner of Texotan
 Chem. Fabrik A.G.
 Gotsborg.
 Their guaranty is
 for this property

IV. Merck, Finck Co., Munich

Bank of Manhattan Co., N.Y. credit balance \$ 184.80
 40 Wall St.

- Kuhn, Loeb Co. 9.25
 N.Y., Win & Pine St.

- Ladenburg, Thalmann Co., N.Y. 9.00
 Po Box 40 Station "F"

- Nat. City BK. N.Y., N.I. 8.48
 55 Wall St.

- Dr. Collasowits, Albrecht bank account RM 3663
 Waterloo, Ill. U.S.A.

- Kronheimer Estate RM 5408
 Frau Lina, original
 to Deutsche Allgemeine
 Treuhand A.G., Munich,
 Copy to Mrs. Louise Menges
 N.Y.C. e/o. Max Schuster
 707 W. 171 St.

- Gareis, Max Carl RM 15
 Real Estate
 357 East St. N.Y.C.

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- Herrlitz, Charles B. RM 7
 Brooklin, America
 - Hurtis, Mrs. N.I. RM 197
 - Kare, Dr. George Vernon-Mauer RM 41
 Cincinnati, Ohio
 - Kaufmann, Leo
 N.Y. 25 Broad St.
 - Koempel, Dr. and Mrs. Franz RM 22,244
 10 St. Nicolas Place
 Cor. 150 St. N.Y. U.S.A.
 - Lewengruber, Joseph RM 827
 Detroit, Mich. U.S.A.
 1026 Deacon St.
 - Riederer, Emil J. RM 1,703
 Wilmington, Del.
 1415 Delaware Ave.
 - Mrs. Laura Fips Scherding RM 619
 329 W. 7th St.
 Austin, Texas
- V. Deutsche Gold- und Silber-Scheideanstalt vorm. Roessler
 7-11 Weissfrauenstrasse, Frankfurt/Main
- Irving Trust Co. currency on acct. \$ 45.32
 - American Cyanamid Co. claim incurred RM 895
 by del. of goods
 - Wm. S. Gray Co., N.Y. " RM 508
 - Amer. Cyanamid & Chemical " \$ 660,000
 Comp., N.Y.
 - E. J. Dupont de Nemours cost of patent \$ 106
 Co., Wilmington, Del.
 - Arthur Abelman Erben bl. bk. acct. RM 6,923
 N.Y.
 - Wm. L. Due, Miami Beach " RM 2,404
 free RM acct. RM 1,280
 bl. bk. acct. 884
 - Hamann Estates Inc. " " " 3,671
 N.Y.C. " " " 5,592
 free RM acct. 8,051
 - Arthur Abelman Erben bl. bk. acct. 3,047
 N.Y.
 - Alse Abelman, N.Y. " " " 36,906
 - Barly, Stephens & Huettig cost of patents \$ 678.70
 Washington
 - Chemical Marketing Co. delivery of goods \$ 764.67
 N.Y.
 - Anthon Wm., Delles N.Y. cost of patent \$ 355.00

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Dr. Ferda Kertess, N.Y. delivery of goods £ 69/ 8/ 0
 16 E. 40th St.

VI. Bayerische Motorenwerke oblig. to debit: USA
 Munich sev. countries RM 1126
 A. A. Dicke, N.Y. RM 1,119
 Industrial Press, N.Y. RM 6

VII. Norddeutscher Lloyd, Bremen

Cash balance: Chase Nat. BK. City, N.Y. \$ 109.37
 Claims against Canadian Pacific ship's
 persons outside Steamship Co. N.Y. disburse-
 Germany ments as agent: £ 94/11/ 6
 Grace Shipping Co. N.Y. Buenaventura
 coffee pool RM 3,870
 Farnos Linie, N.Y. passage money \$ 95.50
 Hamburg-American agents \$ 9,656
 Line/No.Ger.Lloyd disburse-
 N.Y. ments
 No.Ger.Lloys Corp. funds \$ 10,530.00
 N.Y. for inter-
 payment Nov.1941
 Hamburg-Amer.Line transhipped RM 76
 No.Ger.Lloyd N.Y.C.

Holder

Shares \$ 1000 No.Ger.Lloyd Corp. Hamburg \$ 1000
 N.Y. Amer.No.Ger.
 Lloyd, N.Y.
 - Shares \$ 960
 American Mail Line, N.Y. " \$ 960
 - North German Lloyd Corp. N.Y. loan \$ 1,000

VIII. Dr. Alexander Wacker Gesellschaft für
 Elektrochemische Industrie G.m.b.H., Munich

Application for patents in U.S.

Nos.:

177 651	331 210	298 184	251 702
203 674	334 892	336 013	283 456
256 509	337 552	361 009	314 320
257 546	342 900	362 260	336 064
280 382	360 502	350 890	336 005
314 353	361 796	358 873	352 072
314 354	362 460	206 272	353 982
326 536	363 569	199 290	368 856
326 537	367 292	222 562	
321 135	382 663	222 564	
329 860	382 664	232 824	
	382 665	243 898	

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Patents held IN U.S. by Dr. Alexander Wacker Gesellschaft
 für Elektrochemische Industrie G.m.b.H., Munich.

1 489 915	1 984 678	2 218 710
1 570 514	1 985 993	2 219 028
1 586 803	1 986 548	2 222 394
1 590 097	1 997 489	2 222 931
1 596 971	2 001 656	2 224 663
1 600 113	2 006 314	2 227 819
1 636 701	2 026 736	2 248 662
1 625 852	2 033 377	2 229 652
1 629 161	2 036 480	2 243 701
1 642 689	2 040 130	2 244 837
1 643 496	2 051 846	2 249 543
1 666 482	2 057 177	2 255 752
1 672 156	2 057 259	2 252 858
1 672 157	2 068 772	1 711 314
1 710 825	2 072 302	1 815 802
1 714 783	2 072 303	2 038 563
1 711 825	2 079 068	2 124 701
1 723 614	2 090 191	
1 730 587	2 090 192	
1 737 890	2 092 512	
1 755 692	2 093 666	
1 767 759	2 099 151	
1 771 698	2 102 957	
1 784 008	2 104 991	
1 790 920	2 104 992	
1 792 113	2 109 883	
1 793 935	2 115 630	
1 796 690	1 946 707	
1 798 937	2 125 374	
1 805 281	2 227 381	
1 810 174	2 046 031	
1 816 843	2 101 868	
1 816 326	2 102 159	
1 817 318	2 108 829	
1 822 525	2 135 075	
1 822 526	2 137 404	
1 834 040	2 139 219	
1 856 251	2 143 482	
1 864 196	2 146 282	
1 864 541	2 147 295	
1 892 923	2 155 658	
1 878 523	2 158 051	
1 898 301	2 158 213	
1 902 070	2 158 621	
1 902 169	2 160 503	
1 910 331	2 161 078	
1 916 979	2 163 293	
1 919 886	2 162 616	
1 921 124	2 165 850	
1 921 879	2 178 622	
1 925 829	2 182 064	
1 934 297	2 183 154	
1 937 269	2 194 350	
1 942 183	2 207 186	
1 956 551	2 208 355	
1 962 930	2 215 180	
1 970 374	2 215 551	
1 976 224	2 215 583	
1 976 265	2 216 450	
1974 917	2 216 437	
1 983 030	2 217 167	

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Trademarks registered in U.S.A. - present holder Dr. Alexander
Wacker Gesellschaft für Elektrochemische Industrie G.m.b.H.,
Munich, Prinzregentenstr. 22.

Nos. :

- 184 099
- 269 961
- 284 031
- 305 775
- 325 350
- 325 351

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Name:

VKF - Vereinigte Kugellager-
 Fabriken

Address:

Stuttgart - Bad Cannstadt

Patents:Patent No.Date of application:

Improvements for roller bearing spindle	1,923,123	2/ 2/32
Floating bearing for spindle	1,964,140	3/12/30
Improvements for roller bearing spindles	2,006,968	7/14/33
Damping means for textile spindles	2,025,787	9/28/31
Tension pulley with anti-friction bearings	2,032,556	12/23/33
Damping means for roller bearing spindles	2,034,670	5/ 9/34
Textile spindle	2,093,255	4/25/35
Top roll for Textile Machine	2,098,436	3/27/36
Bottom roll for Textile Machine	2,204,515	6/14/39
Supporting means for tension pulley	2,246,473	5/27/39
Textile spindle	2,246,475	12/21/39
Swinging arm for top rolls	2,246,474	8/ 8/39

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Pfaunder-Werke A.G.

Schwetzingen/Baden

<u>Licenses</u>	<u>Firm in USA</u>	<u>Place</u>	<u>Date</u>	<u>amt. in RM.</u>
License	The Pfaunder Co.	Rochester N.Y.	1944-45	7,986.92

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Carl Freudenberg

19 Müllheimer Talstrasse
 Weinheim

<u>Patents:</u>	<u>Date:</u>	<u>Patent No.:</u>
Impregnation of fibre fleeces	4/14/38	202,136
artificial leather made from 2 fibre fleeces	6/10/41	2,256,034
Hidesilk	12/21/37	2,103,163
Hidewool	12/21/37	2,105,035
Hidewool II	12/21/37	2,105,036
Parallel orientation	4/26/38	31,284
" "	"	2,115,648
Hidesilk	12/21/37	2,120,851
Finishing	8/ 9/38	2,126,321
Wadding	"	2,169,947
Blast pipes of resistance	"	2,220,226

Patents applied for

Plain formation from fibres and polymerisates	6/10/41	192,893
artificial leather made from aceta fibre	"/39	306,031

Liabilities

<u>Description</u>	<u>Name & address of Creditor</u>	<u>date incurred</u>	<u>date matured</u>	<u>Purpose</u>	<u>amt.: RM</u>
Loan	Werner Freudenberg Montclair, New Jersey 41, Cambridge Road	6/20/17	1/1/50	loan	31,200.
"	"	"	"		392.77

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Stuttgart-Untertürkheim

<u>Trade-mark:</u>	<u>No.:</u>	<u>Class:</u>
G. Daimler (character)	85 949	21
"	"	39
"	91 856	14
"	91 951	32
"	91 952	34
"	93 082	23
"	93 698	19
"	97 682	13
Daimler	34 351	-
Mercedes-Knight	100 778	14
"	100 960	23
"	100 774	32
Trident-star (old form)	97 681	13
" (without any borders)	90 874	21
" "	"	42
" "	91 885	14
" "	91 948	32
" "	91 949	34
" "	91 950	39
Trident-star (old form)	93 081	23
Trident-star (without any borders)	100,959	19
Mercedes	41 127	-
"	65,353	26
"	65,354	20
"	65 437	36
"	65 989	38
"	68 828	21
"	68 842	39
"	69 756	19
"	71 287	15
"	71 331	34
"	75 681	13
"	76 020	23
"	94 066	19
"	100 958	23
Strident star in the laurel-garland and inscription of Mercedes-Benz (black) (Trade-mark of the concern)	278,454	23
" " "	285 557	19
Strident star in the laurel-garland and inscription of Mercedes-Benz (colored)	368 407	21
" " "	368 208	34

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Daimler-Benz (cont.)

<u>Trade-mark</u>	<u>No. 1</u>	<u>Class:</u>
Strident-star in ring with Diesel	356 793	23
" "	370,391	21
" "	371 069	34
" "	376 774	13
" "	376 775	19
" "	389 340	14
Strident star in ring (new form)	379 207	35
Benz with the laurel-garland	200 512	23
" " "	197 085	19

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Bausch & Lomb Optical Co. G.m.b.H.

Frankfort/Main

<u>Claims</u>	<u>address</u>	<u>amt.</u>
Will Corp.	Rochester, N.Y.	RM 99.76
Bausch & Lomb Optical Co.	" "	RM 118.60

Dr. Ernst Leitz sen. 6 Laufdorferweg, Wetzlar

<u>Securities</u>	<u>Name</u>	<u>amt.</u>
Preferred shares	E. Leitz Inc., N.Y.	¥ 100,000
obligations	" "	¥ 29,000

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Bayerische Staatsbank

1 Promenadestrasse, Munich

<u>Claims</u>	<u>Name</u>	<u>amt.:</u>
Debt in current account	o D. 29427 Steininger, Joz. 15 Battery Ave. Brooklyn, N.Y.	RM 51.85
Credit balance on loan - to Bavaria Iral State	Bankers Frust Co. Chase National Harris, Forkes & Co. N.Y.	\$ 72,788.73

Cash balance outside Germany

<u>Name</u>	<u>amount:</u>
Chase National Bank, N.Y.	\$ 3.90

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Bayerische Hypotheken- und Wechsel-Bank in Munich
Theatiner Strasse, München

Claims against:

amt.:

Alien Property Custodian - USA

⌘ 3,537.25

Securities:

20% ans St. 385 Baltimore & Ohio
R.R. Co. shares (Alien Prop. Custodian)

⌘ 8,702.44

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E. Merck250 Frankfurter Str. - DarmstadtCash Balances:

<u>Name and address of Depository:</u>	<u>amt.:</u>
J. Henny Schroeder Banking Corp., N.Y.	⌘ 18.53
National City Bank of N.Y.	27.71

License fees

Research Corp., N.Y.	RM 377,106.02
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Share in Profits

Merck & Co., Rahway/USA	RM 2,203.20
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Patents

	<u>Patent No.:</u>
Process for the manufacture of anhydrous alcohol	1 847 968
Process and apparatus for the manufacture of wood-wool casings	1 923 643
Ready-for-use hair dyes	1 738 590
Process for the manufacture of cholin derivatives	1 773 837
Process for the manufacture of antirachitic active preparation	1 873 942
Process for the preparation of 1 - (m-amedophenyl) 1 - Hydroxy 2 - methylamidopropan	1 829 452
Process for the preparation of a derivative of Phenylmethylaminopropanols	(1 865 880 1 892 532
other patent members	1 898 258 1 805 369 1 959 503 1 808 271

Trade Marks:

	<u>No.:</u>
Choleval	161 803
Ephetonin	232 375
Embial	238 269

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Karl-Heinz, Heinrich Lange

357/359 Schmachhauser Heer-Str.
B r e m e n

Claims

Name:

amount:

Srinpson Lange & Co.Inc., Dallas, Texas

/\$ 39,240.72

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250 Frankfurter Str. - Darmstadt

Cash Balances:

<u>Name and address of Depository:</u>	<u>amt.:</u>
J. Henry Schroeder Banking Corp., N.Y.	g 18.53
National City Bank of N.Y.	27.71

License fees

Research Corp., N.Y. RM 377,106.02

Share in Profits

Merck & Co., Rahmay/USA RM 2,203.20

Patents

	<u>Patent No.:</u>
Process for the manufacture of anhydrous alcohol	1 847 968
Process and apparatus for the manufacture of wood-wool casings	1 923 643
Ready-for-use hair dyes	1 738 590
Process for the manufacture of cholin derivatives	1 773 837
Process for the manufacture of antirachitic active preparation	1 873 942
Process for the preparation of 1 - (m-amedophenyl) 1 - Hydroxy 2 - methylamidopropan	1 829 452
Process for the preparation of a derivative of Phenylmethylaminopropanols	(1 865 880 1 892 532
other patent members	1 898 258 1 805 369 1 959 503 1 808 271

Trade Marks:

	<u>No.:</u>
Choleval	161 803
Ephetenin	232 375
Embial	238 269

DECLASSIFIED
Authority MVD 775059
By BSM NARA Date 9/6/99

RG 260
Entry France
Box 591

Karl-Heinz, Heinrich Lange

357/359 Schmachhauser Heer-Str.
B r e m e n

Claims

Name:

amount:

Sriapson Lange & Co.Inc., Dallas, Texas

\$ 39,240.72

DECLASSIFIED
 Authority MND 775059
 By BSDM NARA Date 9/6/99

RG 260
 Entry France
 Box 591

Friedrich Deckel

Munich 25
 Waakirehnerstrasse 7-13

<u>Patents No.</u>	<u>Title.</u>
1 574 786	Speed Changing cam-Driving mechanism
1 600 407	Camera Shutter
1 617 312	Engraving Machine
1 629 451	Lubrication for Screw making and turning Lathes
1 636 406	Stock Feed
1 643 635	Screw making and Turning Machine
1 666 557	Camera Sautter
1 687 123	" "
1 705 957	Engraving Machine

Other patent members

1 735 231	1 941 291	2 047 662	2 178 131
1 736 647	1 941 292	2 064 341	2 183 802
1 747 968	1 963 324	2 067 962	2 187 953
1 754 256	1 972 910	2 081 727	2 130 784
1 848 726	2 018 697	2 130 521	
1 856 308	2 024 196	2 132 452	
1 861 256	2 028 752	2 144 095	
1 865 078	2 131 779	2 176 193	
1 867 490	2 035 684	2 178 122	
1 867 491	2 037 360	2 178 130	

DECLASSIFIED
 Authority MMD 775059
 By ESDM NARA Date 9/6/99

RG 260
 Entry Finance
 Box 591

Albrecht, Müller-Pearse & Co.

17, Osterdeich, B r e m e n

Claims:

<u>Name:</u>	<u>Amount:</u>
Simpson, Lange & Co., Inc., Dallas, Texas	\$ 21,315.97
Knoop, Lange & Co., Inc., New Orleans	RM 9.10

Securities:

<u>Name:</u>	<u>Holder:</u>	<u>Number of Share:</u>
American Can-Chase National Bank	by Rotterdamsche Bankvereniging N.V., Rotterdam	100
General Electric Co.	" "	200
Radio Corp. of America	" "	33
Bethlehem Steel Co.	Post & Flapp, N.Y.	100
General Motors Co.	" "	500
Ligget & Myers Tobacco	" "	200
United Gas Improvement	" "	438
New Orleans Cotton Exchange (share membership)		1
New York " " (" ")		1

Shares:

Knoop, Lange & Co. - Post & Flapp, N.Y. \$ 9,000

Obligations or Liabilities:

<u>Name:</u>	<u>amount:</u>
Simpson, Lange & Co., Dallas, Texas	RM 3,211.33
Hans Greeven, N.Y.	\$ 90.90
G. F. Boelsche & Co., Houston, Texas	\$ 568.93
L. F. Heckmeyer & Co., " "	\$ 24.83

DECLASSIFIED
Authority MND 775059
By BSDM NARA Date 9/6/99

RG 260
Entry France
Box 591

J. Matth. Gildemeister

4, Mathildenstr. - B r e m e n

Liabilities:

<u>Name:</u>	<u>Amount:</u>
Schroeder Banking Corp., J. Henry, N.Y.	\$.17

DECLASSIFIED
 Authority MMD 775059
 By ESDM NARA Date 9/6/99

RG 260
 Entry Finance
 Box 591

Lentz & Hirschfeld

Bremen, Baumwollbörse 16

Claims:

<u>Name:</u>	<u>amount:</u>
Corn, Schwarz & Co., N.Y.	\$ 544.42
J. R. Calboren & Co., San Antonio, Texas	865.80
Transmares Corp., N.Y.	.50

Seehandel A.G.

82, Kurfürstenallee, Bremen

Obligations or Liabilities:

<u>Name:</u>	<u>amount:</u>
Werner Stegemeyer	RM 118.50
" "	RM 5000.00

DECLASSIFIED
 Authority MND 775059
 By BSDM NARA Date 9/6/99

RG 260
 Entry France
 Box 591

M. Hensoldt & Söhne, Optische Werke
 A.G.

3-5 Moltkestrasse,
 Wetzlar

Debt Claims:

amount:

M. Hensoldt & Sons, Inc., N.Y.

RM 32,000.00

" " "

RM 4 948.35

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

RG 260
 Entry PROPERTY
 File Frank J. Miller
 Box 8

Secs.

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

9 May 1949

Property Division, OMGUS,
 APO 742, U.S. Army

Attn: Mr. Frank J. Miller,
 Special Assistant to the Director

Dear Frank:

I was just advised that the British Property Control, Berlin Sector, instructed the officials in charge of the Reich Finance Ministries Archives to prepare for shipment to Minden all records pertaining to securities confiscated by the Reich.

You will recall that in November of last year we were given access to the records pertaining to the securities confiscated from Jews in the American Zone.

Due to the large volume (approximately 10 000 files) the detailed analysis of these records is still in progress. About 2 500 files were already examined.

It would be greatly appreciated if you would request the British Property Control Authorities (Major Edney - Telephone: Berlin 935718) to exempt from the contemplated move the records pertaining to the American Zone. You may also consider it advisable to recommend the retention of all records pertaining to Berlin.

I would appreciate your assistance in this matter.

Sincerely yours,

Saul Kagan
 SAUL KAGAN
 Director

Tel.: Nuernberg 26292

Plans and Operations Board

310061

RG 56
 Entry Accsn 69A-4707
 File Germany Toward
 Box 84

Not
 Hold
 Ellen
 Sept. 29, 1944

Secretary Morgenthau

Mr. White

Subject: State Department Report on Reparations, Restitution
 and Property Rights in Germany.

This report, which you went through on the plane to England, was dated July 31. On August 4, there was another meeting of the Interdepartmental Committee and as a result of that, this report went through a slight revision and was issued again as of August 7. A copy of the August 7 report is being sent to us by the State Department.

In early August, this revision was submitted through the Joint Chiefs of Staff to the War and Navy Departments for their concurrence. Such concurrence has never been given because, in the meantime, the Cabinet Committee was formed and virtually all matters referring to Germany have been in abeyance. The State Department has been utilizing the time in getting up information and statistics in regard to reparations and a Mr. Rosenman is rewriting the larger informal report upon which the document under reference was based.

The document has never been transmitted to Ambassador Winant formally, although, of course, a copy of it has been sent to him informally for his information. The report has not been submitted to SAC for circulation.

WHT:Dr1 -9/29/44

No mention of restitution
 Policy per se

310062

RG 56
 Entry Accsn 69A-4707
 File Germany Toward
 Box 84

DECLASSIFIED
 Authority NN0978025
 By SR NARA Date 10-28-99

SECRET

ECEFP D-37/44
 (Cf. D-17 through D-21,
 D-30, D-31) August 12, 1944

SUMMARY: REPORT ON REPARATION, RESTITUTION, AND
 PROPERTY RIGHTS - GERMANY

I. Interest of the United States in German Reparation.

The problem of German reparation is immediately related to the broader question of a general peace settlement, through which the United Nations hope to attain certain political, economic, and security objectives. While not in itself a major means of achieving these objectives, a reparation program can, depending upon its nature, greatly help or hinder their attainment. This Government has approached the problem of German reparation with a view to reaching a solution which would facilitate the attainment of these objectives. The "direct" interest of the United States in German reparation, i.e. in the amount of reparation which this country may receive, is small. The claims of other nations which have suffered severely from German aggression are direct and substantial. The main concern of this Government with respect to German reparation is that the program aid in the attainment of (or interfere as little as possible with) its economic, political, and security objectives and policies.

Broadly stated, the general economic and political objectives of this Government are as follows:

1. The preservation of peace by a system of collective security and disarmament of the aggressors.
2. The early return to a multilateral system of international trade and finance through the removal of excessive barriers to the movement of goods and funds.
3. The rapid reconstruction and rehabilitation of war-torn areas.
4. The maintenance of high levels of employment and standards of living.
5. With respect to Germany: 1/
 - a) The control of German economic war potential. This, however, is not assumed to imply a large-scale and permanent impairment of all German industry.
 - b) The elimination of German economic domination in Europe.
 - c) The eventual integration of Germany into the world economy.

1/ Based on General Objectives of United States Economic Policy with Respect to Germany. (ECEFP D-22/44)

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Entry	Accsn 69A-4707
File	G: Policy Toward
Box	84

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4. Apportionment of Reparation.

It is recommended that the principal basis for the apportionment of reparation among claimant states should be the amount of damage to and loss of non-military property caused by or incident to hostilities.

This basis of admissible claims does not necessarily favor property owners over other classes of claimants such, for example, as those suffering personal injury since reparation payments will be made to governments, not to individuals. Governments may dispose of the proceeds of reparation and make such compensation to their injured nationals as they see fit.

A precise audit of property loss will be impossible. The total of admissible claims will have to be reached on the basis of reasonable estimates as determined by the appropriate Allied authorities.

It is recognized that the relative impact of property losses on different countries may not be accurately reflected by even the most careful computations. The hardships imposed depend on the circumstances surrounding the loss and on the wealth of the country concerned.

As a supplementary basis for the apportionment of reparation it is recommended that occupation costs levied by Germany also be allowed as an admissible claim but at a lower weighting than property losses. Occupation costs for this purpose should include clearing balances built up in Germany during the period of occupation. Some occupied countries have suffered relatively little physical damage but have undergone many other types of injury at the hands of the Nazis. It is felt that it will be difficult to deny the claims of such countries for some compensation.

In recommending the foregoing two bases for reparation claims, it is intended that all other claims should be excluded.

5. Restitution and Replacement.

The principal recommendations with respect to this subject may be summarized briefly as follows:

a) In

a) In principle there should be an unlimited obligation on Germany to restore identifiable looted property, even though in practice official efforts to locate such property will have to be confined to a limited number of categories.

b) Restitution should be restricted to identifiable property in existence prior to German occupation. Looted property should be restored to the existing governments of the territories where the property had its situs and not to the former owners individually.

c) Looted property should be returned in the condition in which it is found. The return of such property should not count as a credit against Germany's reparation obligation nor should it be deducted from the reparation claim of the recipient.

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Entry	Accsn 69A-4707
File	G: Policy Toward
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d) All property transferred to Germany during the period of German occupation (except for current output) should be presumed to have been transferred under duress and accordingly treated as looted property.

e) The right to restitution is not absolute. The Allied authorities should have the discretionary right to prevent or postpone restitution of vital equipment (such as, o.g., rolling stock) whenever such equipment is deemed essential to assist the revival of a seriously disorganized country.

f) It has been suggested that, in addition to restitution and reparation, countries having suffered property losses be entitled to "replacement", meaning the receipt of an equivalent piece of property for property lost or destroyed. It is believed that the "replacement" category would be a source of confusion and that it would serve no purpose that could not be served equally well by reparation in kind. It is, therefore, recommended that no claims for replacement be allowed except in the cases of (1) gold and (2) works of art and other cultural treasures, these exceptions being justified by the peculiar importance attached to those categories of goods.

g) Replacement of gold means that stocks of monetary gold found by the Allied authorities in Germany should be prorated in proportion to gold losses among the Allied countries whose gold stocks were looted. In no case, however, should there be transferred to any country gold in excess of its losses.

6. Labor Services (Tentative).

No final conclusion has been reached on this subject and it is receiving further study. In principle it is agreed that under appropriate conditions and to a limited extent labor services can be a proper and useful form of reparation. The chief problems relate to the method of selection of the laborers, their treatment and length of service, and the valuation of their services.

One suggestion receiving consideration is that there be two classes of laborers, one to consist of extreme Nazis such as members of the Gestapo, S.S., etc., and the other to be recruited, on a voluntary basis if possible, from the general German public. It is contemplated that the former class, which would receive punitive or semi-punitive treatment, would be selected on the basis of previous political affiliation or activity and not, like the latter class, on the basis of the needs of claimant countries for labor services. The latter class should be protected by more or less normal labor standards.

7. Reparation Commission.

It is believed that questions of policy such as those discussed in this summary are outside the proper scope of a Reparation Commission. The Commission should be an administrative body whose function, broadly speaking, would be the supervision and management of the program of reparation and restitution. Within the broad limits of policy laid down by the Allied

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Entry	Accsn 69A-4707
File	G: Policy Toward
Box	87

- 10 -

governments, it would be granted wide discretionary powers to determine the amounts of reparation to be paid periodically, to schedule deliveries in kind, to make adjustments in the schedules of payments, to determine whether Germany is complying with the provisions of the reparation settlement, etc.

The Reparation Commission should act in cooperation with the supreme Allied control authorities in Germany, which authorities should have the power to review and veto any of the Commission's acts.

The Commission should consist of representatives of all claimant states, but equal plural votes should be provided for the United States, the United Kingdom and the Union of Soviet Socialist Republics.

IV. Resume of Recommendations with Respect to Subjects Closely Related to Reparation.

1. Treatment of Property.

a) German Property Abroad.

Each member of the United Nations should reserve the right to retain and dispose of all German property and rights within its territories, and to use the proceeds to pay off reparation claims, and possibly pre-war debts owed by Germany or its nationals to the country in question or to its nationals. The value of property so retained or disposed of, regardless of the claims which it goes to satisfy, should be counted as payment against the reparation claim of the holding country. Germany can be left to compensate its nationals for property so retained.

The problem of obtaining control over German property in neutral countries is a much more difficult one, since from a strictly juridical point of view there is no way of compelling the neutrals to transfer ownership. The matter thus becomes one for treatment on the political level.

b) Allied Property in Germany.

The German Government should be required to return to the owners Allied property in Germany where such property was sequestered by German authorities or seized in any other manner. Such return shall not be deemed to prevent German authorities from subsequent exercise of the customary governmental rights over private property. In the event that industries in which foreign owners have an interest are required to be dismantled for impairing the value of their assets, consideration shall be given to the question of appropriate compensation. Where the property consists of liquid funds, such return should not carry with it the right to transfer the funds out of the country except in accordance with the exchange regulations established by the Allied authorities.

Countries should have the right to present reparation claims for damage to or destruction of property in Germany belonging to them or their nationals.

310066

RG	56
Entry	Accsn 69A-4707
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Box	84

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2. Pre-War Debts and Claims.

American citizens have outstanding substantial amounts of pre-war claims against both the German Government, and German nationals. These claims consist of short-term, long-term, and commercial obligations. While the problem has not been thoroughly investigated, it is believed both politically impossible and economically undesirable to leave American creditors of Germany entirely to their own devices in protecting their interests. The matter should receive further study.

It is recommended, however, in view of the urgent need of reparation for reconstruction purposes, that pre-war debts and claims receive a priority below that of reparation.

3. Compensation for Injuries to Persecuted German Minority Groups.

It is considered appropriate for several reasons that the German Government be required in some way to compensate the minority groups persecuted by it. The moral basis for such compensation is self-evident. Moreover, it is now recognized that minority baiting and persecution is a potent weapon in the hands of totalitarian demagogues both for gaining political power at home and for spreading anti-democratic doctrines abroad. Finally, it is felt that since Germany was responsible for a situation in which many thousands of former German nationals needed to be rehabilitated or resettled, she should contribute to the solution of that problem and not be permitted to leave the entire burden to the outside world.

The restitution of property located in Germany is, on a number of grounds, regarded as an unsatisfactory answer to the problem:

- a) Most of the individuals involved are either dead or outside the country and many would not find it worthwhile to return in order to regain their property;
- b) Large-scale transfers of funds abroad in full satisfaction of these claims would be out of the question;
- c) The full return of property to members of these groups at a time when the general German public was passing through a period of great difficulty would tend to create strong social tension in Germany.
- d) Lack of proof by claimants, and the varying circumstances under which property was lost or sold, would make the administrative problem of restitution extremely difficult.

A two-fold contribution by Germany is, accordingly recommended:

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Entry	Accsn 69A-4707
File	G: Policy Toward
Box	84

- 12 -

(1) Resettlement Aid, i.e. payments in cash or in kind, to an international agency, to aid in the settlement of individuals belonging to persecuted minority groups. Such payments would be akin to reparation, but their amounts would be related to the needs of the resettlement schemes rather than to the property losses of the individuals concerned.

(2) Indemnity for Property Losses. In addition to the foregoing payments, Germany should also be obliged in lieu of restitution, to provide an indemnity, up to some moderate maximum per person, to individuals who have suffered property losses since the inception of the Nazi regime through discriminatory measures. Transfers of such indemnities abroad should be subject to the availability of foreign exchange but should receive a priority equal to that of other reparation payments.

The foregoing recommendations apply to German nationals, or former nationals, situated outside Germany 1/ who have been subjected to discriminatory laws by reason of their racial, religious or political status.

While the racial and religious categories are susceptible of fairly precise definition and do not involve unmanageable numbers, a moment's reflection will show that the political category offers formidable difficulties in both respects. In spite of this fact, it is considered both impolitic and unjustifiable to deny compensation to those Germans who have suffered loss because of their political opposition to Nazism while granting it to persons discriminated against on other grounds. The problem of defining the political category so as to keep within reasonable bounds the number included is now receiving further attention.

1/ and to stateless persons resident in Germany on or before September 1, 1939.

Copy: sh:lrm
10/5/44

310068

RG 56
Entry Accsn 69A-4707
File G: Policy Toward
Box 84

Received, 1710

JUL 26 1977 *[Signature]*



Inter-Office Memorandum

ACTION BRIEFING INFORMATION

Date: JUL 26 1977

For: Mr. John Heard, Chief
Document Management Branch

From: Donald E. Syvrud *[Signature]*

Subject: Freedom of Information Request No. 77-06-37 - George T. McJimsey

Mr. McJimsey has requested Treasury documents for the period March 1941-November 1941, on the Lend-lease program for Great Britain and documents for the period June 1944-October 1944 on the Morgenthau Plan for postwar Germany.

After examining the documents from OASIA files which seem to bear on these questions, it appears that the following are relevant and within the time frame specified. I hereby authorize declassification of the following documents:

#69-A-4707

Box 84

- Folder: "Germany: Suggestions of other Agencies"
- Folder: "Germany: Policy Toward; General-Vol. I"
- Folder: "Germany: Policy Toward; General-Vol. II"
- Folder: "Germany: Policy Toward and Negotiations", June 1944-October 1944 materials only
- Folder: "Germany: Reparations Vol. I", June 1944-October 1944 only

Box 83

- Folder: "Opinion", June-September 1944 only
- Folder: "Germany: Policy-Morgenthau Plan-Misc. Data"
- Folder: "Morgenthau Plan Ch. I-IV"
- Folder: "Morgenthau Plan Ch. V-X"
- Folder: "Morgenthau Plan Ch. XI-XVII"

	Initiator	Reviewer	Reviewer	Reviewer	Reviewer
Surname	HARLOW	MACKOUR			
Initials/Date	<i>[Signature]</i> 7/27/77	<i>[Signature]</i> 7/27/77			

DECLASSIFIED
Authority: NND75013
By: AW NARA Date: 1/7/00

RG 84
Entry 3162-MADRID
File #863.4-Diamonds
Box 50

Madrid, August 29, 1944

1944

✓ No. 2981

CONFIDENTIAL

Subject: Transmitting Revised Diamond Trade List

The Honorable
The Secretary of State
Washington

Sir:

I have the honor to refer to the Embassy's despatch No. 1896 of January 15, 1944, and to submit herewith a revised list of persons and firms who have dealt in diamonds or platinum, or are suspected of having dealt in these commodities in Spain or on Spanish vessels during the present war.

While not all of the listed persons and firms are suspected of trafficking with the enemy, because of the close connection between this type of smuggling and enemy espionage activities, it is thought that the list may be of interest to the Department and the Foreign Economic Administration.

Respectfully yours,
For the Ambassador:

Ralph H. Lorkman,
Commercial Attaché.

✓ Enclosure: List as mentioned above.

- ✓ Photograph and original to Department.
- ✓ 1 Copy to American Embassy, Lisbon.
- ✓ 1 Copy to American Consulate General, Barcelona.

File: 863.4
RW:ash

863.4-
50
Diamonds

DECLASSIFIED
Authority: <u>NND 75013</u>
By: <u>EW</u> NARA Date: <u>1/7/00</u>

RG 84
 Entry 3162-MADRID
 File #863.4-Diamonds
 Box 50

Enclosure to despatch no. 2981, dated August 29, 1944, from the American Embassy, Madrid, Spain, on the subject of: Transmitting Revised Diamond Trade List.

DIAMOND WATCH LIST - SPAIN

ALBERGAN FAMILY: Smuggling diamonds for Sangroniz, Spanish Consul in Venezuela. OEW Watch List, Sept. 25, 1943.

ALCORN BENGOCHEA, PASCAL: Engaged in receiving smuggled communications in September, 1943. Dept's. no. 852, March 24, 1944.

ALMADEN MERCURY MINES: Use diamond drills. Emb.'s Des. no. 1896, January 15, 1944 to Dept. British refused them permission to import diamonds, May, 1944.

ALLENDA COIMERA, ARTUR DE: Suspected of carrying Axis mail, smuggling goods and precious metals or currency on S.S. Nyassa from South America to Lisbon. Not certain whether he is a crew member. OEW Watch List September 25, 1943.

ALONSO, JUAN: Dept's. no. 852, March 24, 1944 states subject is a smuggler.

ALONZO, ROBOLEFO: Vigo. Acts as carrier of diamonds over Portuguese - Spanish border. Emb.Des. no. 1896, January 15, 1944 to Dept.

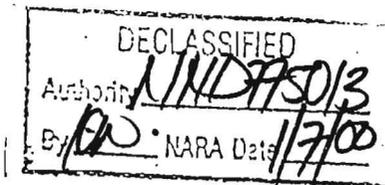
AMORIN, ESTEBEN: Engaged in receiving smuggled communications in August, 1943. Depts. no. 852, March 24, 1944.

ANDRADO, FERNANDO B.: Suspected of carrying Axis mail, or smuggling goods and precious metals or currency on S.S. Nyassa from South America to Lisbon. Not certain whether he is a crew member. OEW WATCH LIST September 25, 1943.

ANGELITOS FAMILY: Smuggling diamonds for Sangroniz, Spanish Consul in Venezuela. Angelitos family was detained in Lisbon. OEW Watch List, Sept. 25, 1943.

ARAMBANE, PEDRO: Suspected of being Axis courier. Dept's. no. 852, March 24, 1944.

ARAUJO: Acts as carrier of Diamonds over Portuguese-Spanish border. (Emb.Des.no. 1896, Jan.15, 1944 to Dept.) Letter from FEA, Lisbon, July 13, 1944 to USOC, Madrid, states subject is involved in wolfram deal with Fernando Barroso and Fraga. Subject's name may be ARAUJO, George Almeida. Reported by U.S. source in August, 1944 as German wolfram buyer and espionage agent in Galicia area.



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Entry	<u>3162-MADRID</u>
File	<u>#863.4-Diamonds</u>
Box	<u>50</u>

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ARIAS, LUIS: (Mexican) Private secretary of Brazilian Ambassador in Madrid. Known to have dealt in diamonds. Emb.Des. No. 1898, Jan. 15, 1944.

ARIAS R. VILARINO, RICARDO: Reina Victoria 10, Madrid; dealer in jewelry, platinum, antiques, etc. Associate of Elias Ramoa. Thought to be platinum dealer, Las Palmas and Tenerife. Letter from Consul, Las Palmas to Consul General, Tenerife, February 11, 1944.

ARNOL: (Of Cia. Importadora de Tanas, Calle Ayala 10, Madrid). Received smuggled packages from one Juan Prieto. Dept's. No. 852, March 24, 1944.

ARPON Y GANDERA, ANGEL: Zaragoza. Also Caracas, Venezuela where connected with Sangroniz. Has smuggled diamonds and United States checks. Cross-examined in Trinidad in February, 1942. OEW Watch List, September 25, 1943. MEW-British Embassy, February 9, 1944 - Planned to sell diamonds to Manuel Fernandez, Madrid.

AZNAR, LUIS: Director of La Cruz Mining Co. of Linares, Spain. Head of Naviera Aznar Shipping Co. Evidences of smuggling activities have been uncovered on vessels owned by this line.

BASTIAN, DR. WALTER: German. Manager, Transocean News, Madrid, Serrano 135. Received money from Dekage, Hamburg, for account of Dekage Bata, but purpose of transaction could not be discovered. (British Embassy to MEW February 10, 1942). Approved for P/L - Report 14 to London July 28, 1942. Subject engaged in receiving smuggled communications in August 1943. Dept's. No. 852, March 24, 1944.

BASTID, H.C.: Represents Compagnie Miniere Coloniale & Selection Trust. Deals in diamonds.

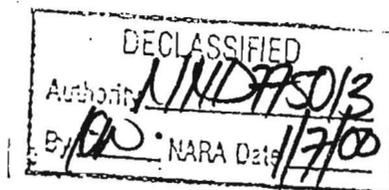
BENCANY, JOSE: Smuggling caffeine, cholesterol and meat extract to Spain. OEW Watch List, Sept. 25, 1943.

BEY, AHMED: Egyptian. Lisbon and Madrid. Reported by MEW as diamond smuggler. Letter of February 9, 1944 to British Embassy from MEW.

de BEAUMONT, COMTE: Lisbon, Tangier, and Alyceiras. Thought to be owner of diamonds which Hoffman (agent) offered for sale to Americans on December 6, 1943 in Tangier. A-1 January 28, 1944 from London and No. 417 of February 15, 1944 from Department.

BILBAO, ISIDRO: Formerly master on S.S. Motomar. Exonerated in Baltimore on platinum smuggling charges - July 1943. Trying to return to Spain. OEW Watch List September 25, 1943.

310072

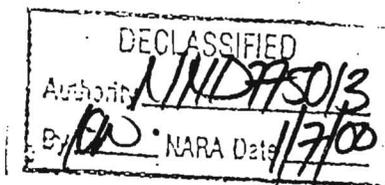


RG	<u>84</u>
Entry	<u>3162-MADRID</u>
File	<u>#863.4-Diamonds</u>
Box	<u>50</u>

- 3 -

- BOSERNITAN, RAOUL:** Barcelona, c/o boarding house at Avenida José Antonio 74. French national of Russian origin. On list for evacuation to North Africa. Reported selling industrial diamonds September, 1943. Lisbon's Note Verbale September 1, 1943. Barcelona's letter October 7, 1943.
- CABACCUTI, Commander:** Tangier. Purchased diamonds in June, 1944 from Andres Criada, a jeweler, Ventura de la Vega 14, Madrid.
- CALLADO, MANUEL:** Lisbon; also in Switzerland from time to time. Purchases platinum and industrial diamonds, payment to be made in Lisbon. Emb.Des.no. 1896, January 15, 1944.
- CANO, FRANCISCO:** Diamond dealer. British Embassy to MEW September 30, 1943: Director of Semillas Seleccionadas de Remolacha, S.A.
- CARDENAL, RODOLFO:** Calle Correo 16, Bilbao. Believed to be forwarding agent for diamonds and platinum to Germans. Connected with Captain Castarrena, former master of Monte Garbes and Monte Amboto. Also owns haberdashery shop at Alcalá 23, Madrid. Partner in Floruros, S.A. Letter from Bilbao July 5, 1943.
- CARELIO:** Italian. Tangier. Travels between Lisbon, Tangier and Barcelona. Probable address: "Bijouterie Brosse", Tangier. Emb. Des. No. 1896, Jan. 15, 1944.
- CARRASCO, ANTONIO:** First Mate, "Cabo de Hornos". Suspected of being Axis Courier. Dept's. no. 852, March 24, 1944.
- CARVANO (or Caivano) MARIO:** Barcelona, Rambla de Catalunya. Sells typewriters but also deals in precious stones. Has close contacts with German Consulate. Emb.Des. No. 1896, January 15, 1944. Placed on S/L in November, 1942.
- de CASTRO, OSORIO:** Suspected of carrying Axis mail or smuggling goods and precious metals or currency on S.S. Nyassa from South America to Lisbon. Not certain whether he is a crew member.
- CEMENTACIONES ESPECIALES, S.A.:** Madrid. Uses diamond drills. Emb.Des.no. 1896, January 15, 1944.
- CHRITTIN, GASTON:** Barcelona, Calle Palau 5. Fits diamonds into tools; obtains them from Brazil through Lisbon and Tangier. Will pay 250 pesetas cash, per carat, for any amount of industrial diamonds. Reportedly pro-Ally. Emb.Des.no. 1896, January 15, 1944.

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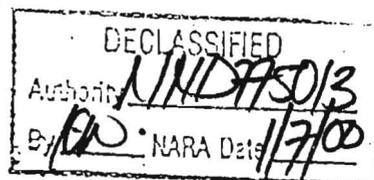


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- CLAVELL, JOSE MARIA:** Barcelona, Calle Pelayo 20. Connected with Argentina's endeavor to get Irvin air shutles into Spain. OEW Watch List, September 25, 1943.
- CODES, CARRETAS:** Madrid. Said to have connections in Spanish diamond markets. Emb.Des.no. 1896 Jan.15, 1944.
- CROMBECQ:** Belgian diamond merchant, formerly owner of Establissement Crombecq, 110 Rue de la Province, Antwerp. Believed to have gone underground when the Germans took Belgium. Was seen in Barcelona in June, 1942. Emb.Des.No. 1896, January 15, 1944.
- CUEVAS, LIVERIO:** Steward on "Cabo de Buena Esperanza". Suspected of being Axis courier. Dept's. no. 852, March 24, 1944.
- DIAZ, JOSE MANUEL:** Second Mate on S.S. Rita Garcia. Engaged in contraband smuggling in November, 1943. Depts. no. 852, March 24, 1944.
- DOBLER (May be same as Augusto Dobler):** German courier who poses as a Swiss. Believed to carry diamonds. Emb. Des. No. 1896, January 15, 1944.
- DORADO, ALEJANDRO:** Madrid, Bloque Ibero-Americano, Brazilian Chamber of Commerce, José Antonio 27; was discharged. Has industrial diamonds for sale. SL/PL October 1943. Is suspected of being an intermediary in the illicit transfer of diamonds to Lisbon.
- DORF, W.:** Lisbon, c/o Prof. Dissendruck, Rua Bernardim Ribeiro 83. Also gives address as Pensao Ritz, Avenida de Libertad 240. Connected with Hermann and Reul Rosernitan. Reported selling industrial diamonds September 1943. Emb.Des.no. 1896, Jan.14, 1944.
- EMPRESA NACIONAL "ADARO" DE INVESTIGACIONES MINERAS, S.A.:** Madrid. Uses diamond drills. Emb.Des.no. 1896, January 15, 1944.
- ESCUDEU MONTADAS, JOSE:** Barcelona, Calle Provenza 278. Consignee for falsely navicerted goods which were contraband, found on S.S. Monte Albertis when it was searched September, 1943.
- FERNANDEZ, MANUEL:** Madrid. Jeweler connected with Angel Arpa.
- FORTUNATO PINTO, LUIS:** Brazilian. Tangier. Subject is diamond agent in Tangier. Tel. No. 16, January 27, 1944 from Tangier.
- FRATINI, NINO:** Lisbon. Reported smuggling currency into the United States and buying platinum and diamonds for the Axis. Was an intelligence officer in the Italian Army in Spain and engaged in diamond trade in Spain before going to Lisbon. Lisbon's May 26 letter to U.S. Embassy, Madrid.

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GAMBOA, LUIS DE: Has two sons, one of whom, Julio Gamboa, address: Alameda de Urquijo 12, Bilbao, is reputed to keep large stock of diamonds and precious stones at this address. Reported to be very wealthy and pre-German. Also have an office in Madrid. May be agent of Colag Bushel of Geneva, a large firm dealing in watch-making accessories. Emb.Des. no. 1896, January 15, 1944.

GENTRE, MAX: Passajes and Bilbao. Reported diamond contact for Germans.

GOENAGA MARTINEZ, EDUARDO: Salamanca: Plaza del Mercado 10. He is reported by Washington to be the contact for Vicente de Sebastian of San Felipe, Venezuela, for sending packages and letters by Eduardo Romeral or Antonio Alvarez, both members of the crew of the Spanish "Cabo de Hornos". He may be connected with diamond smuggling. A secret source reported that police records show serious political offenses of Gamboa. British Embassy advised M.E.W. and it is believed that action was taken regarding Alvarez, who at that date (April 1943) was at sea. Emb.Des. no. 1896, January 15, 1944.

GOLDREBERGER, W.: Madrid, Hotel Capitol. (Rumanian Jew). Very active in black market operations in diamonds throughout Spain, though he is very discreet and usually states he has not done any such business since leaving Paris. Reportedly not pro-Ally. Emb. Des. No. 1896, January 15, 1944.

GOLDEHLER, W.: Belgian diamond merchant. (Jewish). Formerly at 74 Vestingstrasse, Antwerp. Went underground when the Germans took Belgium.

GOMEZ, MORALEZ: Smuggling diamonds from Venezuela to Spain for Arpon. OEW Watch List, Sept. 25, 1943.

GONZALEZ, ANGEL: Calle Pelaya 5, Barcelona. Ordinary fence for jewels.

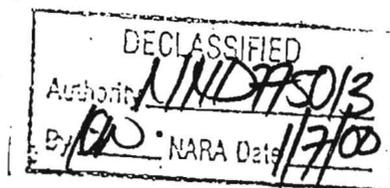
GRIZARD: German, married to a Belgian. Palace Hotel, Madrid. Industrial diamond dealer, February 1944. Emb.Des. No. 2136, March 6, 1944.

HAMPARDUMIAN, H. (or Hamparzorion): Madrid, José Antonio 54. French subject, formerly in diamond business in Antwerp. Expert on polished diamonds. Reportedly pro-Ally. Emb.Des.no. 1896, January 15, 1944.

HEIDENREICH, ANNA: Smuggling diamonds from Venezuela to Spain for Arpon. OEW Watch List, September 25, 1943.

HEINRICHSEN, OTTO: Continental Typewriter Agency, Calle Ledesma 13, Bilbao. Engaged in receiving and sending smuggled letters and other articles in 1943. Dept's. no. 852, March 24, 1944.

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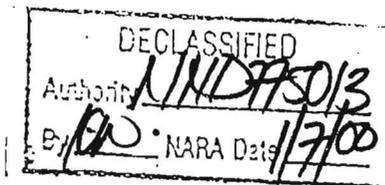


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- HERMANN, M.:** Barcelona. Intermediary between Raoul Boseritan and W. Dorf, who were reported to be selling industrial diamonds in 1943. Emb. Des. No. 1896, January 15, 1944.
- HERNANDEZ GUTIERREZ, RAFAEL:** Smuggling diamonds from Venezuela to Spain for Arpon. ONW Watch List, September 25, 1943.
- HERRERA, IGNACIO:** Cabo de Buena Esperanza. Suspected of being Axis courier. Dept's. no. 852, March 24, 1944.
- HOFFMAN:** Hungarian agent selling diamonds January, 1944 for Conte de Beaumont.
- HOLBECH, JOAO VICTORIO:** Suspected of carrying Axis mail, or smuggling goods and precious metals or currency on S.S. Nyassa from South America to Lisbon. Not certain whether he is a crew member. O.N.W.
- HOMBRAVELLA, JACINTO:** Suspected of acting as couriers between Buenos Aires and Lisbon.
- HOMBRAVELLA, GERARDO:** Address: c/o Pineta, Calzada de Desterro 11, Lisbon. Madrid: José Antonio 31. Emb. Des. No. 1896 January 15, 1944.
- INAZ, CARLOS:** Bilbao (Neguri). Subject is a smuggler. Dept's. No. 852, March 24, 1944.
- INDUSTRIAS ABRASIVAS, S.A.:** Valencia. Consumers of diamonds in connection with making grinding wheels. Emb. Des. No. 1896, January 15, 1944.
- INFANSTA MUNIZ, PEDRO:** In contact with Meimo Von Eitzen, Manager of Deposits Espanol de Carbones, Vigo, for envelopes smuggled from Canaries. Possibly diamonds. Suspected of smuggling German nationals from Canaries to Vigo. First Engineer of "Castillo de Andrade".
- INSTITUTO GEOLOGICO Y MINERAL DE ESPANA:** Madrid. Uses diamond drills. Emb. Des. No. 1896, January 15, 1944.
- INSTRATER, M:** Belgian diamond merchant. Formerly Van Moppen's representative, c/o Albert Silbermann, 53 Rue Jardiniere, Antwerp. Seen in Spain under another name in July 1942. Believed to be anti-Axis.
- JECQUIER, HIJO DE JAIME:** Plaza de Bilbao 1, Madrid. Jewelry and watch repair shop. Industrial diamond fence.
- JORRO:** Radio Operator on "Cabo de Buena Esperanza". Suspected of being Axis courier. Dept. No. 852, March 24, 1944.

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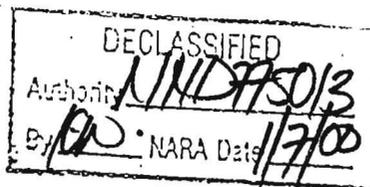


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- BAQUERA, KUSCHE, & MARTIN:** PL/SL. Barcelona Forwarding Agency. Passed goods smuggled on "Rita Garcia" through the Customs falsely 1943. Largest German customs agent in Spain. Wolfram smuggling, 1944.
- KUNZ, HOLLAND:** A German citizen, travelling representative of Rheinmetallwerke, and an agent for Hans W. Gathman of Caracas, Venezuela. GEW Watch List, Sept. 25, 1943.
- LEHR, OSCAR:** Barcelona, Avenida Gralo. Had in his possession 200 carats in June 1942. Reportedly anti-Nazi and has refused sales to Germany. Emb.Des. no. 1898, January 15, 1944.
- LLORENCH, ADUANAS Y CONSIGNACIONES:** Barcelona. Deals in diamonds and platinum. Forwarding agents for S.A. Cros. Suspected of smuggling goods for German U-boats or espionage activities, 1943-1944.
- LOPEZ, MANUEL:** Subject was in Las Palmas in February, 1944 to buy platinum. Letter from Consulate, Las Palmas to Consulate General, Tenerife, February 11, 1944.
- MALLA SANCHEZ, RAMON:** Las Palmas, book seller. Editorial Labor representative. Also interested in purchasing diamonds. Letter from Consulate, Las Palmas to Consulate General Tenerife, February 11, 1944 states subject is reported to be dealing in platinum, offering 100 pesetas a gram. Described as Fascist and Germanophile.
- MANDRY, WERNER:** Engaged in smuggling in May, 1943. Dept's. No. 852, March 24, 1944.
- MARIA REVUELTO, JOSE:** Smuggler. Dept's. No. 852, March 24, 1944.
- MARINHO DE LIMA, JOSE:** Purser of S.S. Anaba. Illicit purchases of platinum. See Dept's. no. 852, March 24, 1944.
- MARTIN GUTIERZ, CASUTLO MARIA:** Smuggling diamonds from Venezuela for Arpon. GEW Watch List, Sept. 25, 1943.
- MARTINEZ, DENIZ:** Argentine Consul. Suspected of being in Las Palmas smuggling ring. Goes out to Spanish ships when they arrive even though he has no apparent business there. However, there is no evidence of his having received or passed contraband material.
- MASSO, MANUEL:** Spanish customs agent at Barcelona. Works with Recoler on jewelry sales.
- MAYO RIVANINEIRA, ALFONSO:** Engaged in smuggling letters on "Rita Garcia" from Buenos Aires to Las Palmas in November, 1943. Dept's. no. 852, March 24, 1944.

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HELLA ALFAGEME, JOSE: Engaged in smuggling in May, 1943. Dept's. No. 852, March 24, 1944.

MENDEZ, RAMON: Steward on "Cabo de Buena Esperanza". Subject is suspected of being Axis courier. Depts. No. 852, March 24, 1944.

MERA: "Cabo de Buena Esperanza". Suspected of being Axis courier. Dept's. No. 852, March 24, 1944.

MONZABETE, JOSE: Suspected of being courier. Dept's. no. 852, March 24, 1944.

MUNOZ, Juan: Suspected of being Axis courier. Depts. no. 852, March 24, 1944.

NAVARRO, ANTONIO: Suspected of being Axis courier. Dept's. No. 852, March 24, 1944.

NAVIERA AZNAR SHIPPING LINE: Bilbao. Successful search of "Monte Albertia" at Gibraltar in September, 1943, confirmed the suspicions of smuggling activities on board ships of this line.

OLIVEIRA DE RIO, JOSE: Engaged in receiving smuggled communications in September, 1943. Dept's. No. 852, March 24, 1944.

PAVILLARD, ALEK: Las Palmas. Son of Victor Pavillard. British subject. British military intelligence officers suspect that family are in smuggling ring in Las Palmas but American Consul has no reason to suspect them.

PAVILLARD, CECIL: Las Palmas. Son of Victor Pavillard. British subject. British military intelligence officers suspect that family are in smuggling ring in Las Palmas but American Consul has no reason to suspect them.

PAVILLARD, VICTOR: Las Palmas. British subject. British military intelligence officers suspect that family (subject and three sons, Victor, Jr., Alek and Cecil) are in smuggling ring in Las Palmas but American Consul has no reason to suspect them.

PAVILLARD, VICTOR, JR.: Las Palmas. British subject. British military intelligence officers suspect that family are in smuggling ring in Las Palmas but American Consul has no reason to suspect them. Is son of Victor Pavillard.

PAZO, ANTONIO: Subject was in Las Palmas in February, 1944, to buy platinum. Letter from Consulate, Las Palmas, to Consulate General, Tenerife, February 11, 1944.

PENARROYA: Barcelona, 151 or 154 Calle de Mallorca. Rather mysterious in his dealings, believed to be smuggling, which are usually on a small scale. Emb.Des.No. 1896, January 15, 1944.

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DECLASSIFIED	
Authority	NND 75013
By	PAW NARA Date 1/7/00

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PEREZ GARCIA, JOSE: Smuggler. Dept's. No. 852, March 24, 1944.

Del PINO, VIVREZ: Smuggler. Dept's. No. 852, March 24, 1944.

PRINTO, JUAN: Dept's. No. 852, March 24, 1944, states Sr. Arnel of Cia. Importadora de Tanas, received smuggled packages from subject.

PUIG, JOSE: Smuggled diamonds from Venezuela to Spain for Arpon. OEW Watch List, September 25, 1943.

de PUTZER, ANNY: Smuggled diamonds from Venezuela to Spain for Arpon. OEW Watch List, September 25, 1943.

QUEVEDO, ERNESTO: Subject is smuggler. Dept's. No. 852, March 24, 1944.

QUINTANA, MANUEL: Dept's. No. 852, March 24, 1944, states subject is a smuggler.

QUINTANA, NICOLAS: Engaged in smuggling letters in November, 1943. Depts. 852, March 24, 1944.

RAMOS, ELIAS: Las Palmas. Dealer in jewelry, platinum, antiques, etc. Business address: Romero Robledo 24, Madrid. Is partner of Ricardo Arias R. Vilarino. Professes to be pro-Ally.

RECODER, JOSE AND JAMES: Diamond cutter, Barcelona. Financed by Jesuit organization. Alleged to cooperate with Manuel Masso. One of Recoder's sons is in Brazil and furnishes rough diamonds to parent house in Barcelona.

REY GONZALEZ, SALUSTIANO: Crew member of "Cabo de Buena Esperanza". Engaged in smuggling letters in July, 1943. Dept's. 852, March 24, 1944.

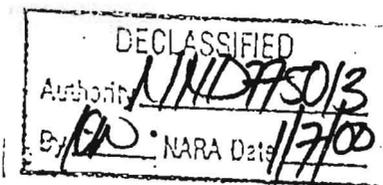
RODRIGUEZ FERNANDEZ, DAMASCO: Smuggled diamonds from Venezuela to Spain for Arpon. OEW Watch List, September 25, 1943.

RODRIGUEZ, JUAN: Barcelona. Diamond Purchaser. See Dept's. Inst. 900 of April 19, 1944. Is silent partner in the firm of P. Juarez, and according to an intercept is implicated in the smuggling of diamonds from Argentina together with Eduardo Sanchez Polidura and Juarez, though British and American Consulate Generals at Barcelona unable to prove any sales to Germans.

RODRIGUEZ SALER, JOSE: Engaged in smuggling letters in July, 1943. Dept's. No. 852, March 24, 1944.

ROGUEST, GASTON: Belgian diamond merchant (Jewish). Formerly at 59 Vestingstrasse, Antwerp. Went underground when Germans took Belgium.

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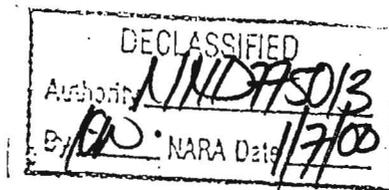


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- SAENZ:** Avenida Jose Antonio 7. Attempted to obtain diamonds from London through Kehrman, Madrid.
- SALVADOR, FERNANDO:** Bilbao and Madrid. Deals in diamonds and foreign exchange. Reported to be on friendly terms with German naval attache.
- SANCHEZ POLIDURA, EDUARDO:** Cadet Officer on "Cabo de Buena Esperanza". Cross-examined in Trinidad. See Barcelona's letter of June 5, 1944. Implicated with Juan Rodriguez.
- SANCHEZ, JOSE:** Former Spanish Minister to Venezuela whose diamond purchasing agent there was Dr. Pablo Fernandez. Active in international jewelry market, Algiers.
- SANTOS, THOMAS:** Smuggled caffeine, cholesterol, and meat extract to Spain. OEW Watch List, September 25, 1943.
- SOCIEDAD ESPANOLA DE CEMENTACIONES Y SONDEOS:** Madrid, Serrano 3. Consumers of diamonds in drilling.
- SOLMAS, LT. FELIPE DE:** Madrid, Hotel Bristol. Reported to be asking about prices and making offers for industrial diamonds in Lisbon. Travels frequently to Tangier. (Name also given as SOLMS).
- SONDEOS FURAXY:** Bilbao. Users of diamonds for drilling.
- de SOUZA GOUTINHO, RODRIGO:** Suspected of carrying Axis mail or smuggling goods and precious metals or currency on S.S. Nyassa from South America to Lisbon. Not certain whether he is a crew member. OEW Watch List, September 25, 1943.
- STROBEL, ERNST:** Madrid - Lisbon. Platinum and diamond smuggler.
- TANAO (CARIN), JOSE:** Suspected as being courier. Dept's. No. 852, March 24, 1944.
- TINOTEO:** "Cabo de Buena Esperanza". Suspected of being Axis courier. Dept's. No. 852, March 24, 1944.
- TRAUTWEIN, HANS OTTO:** (PL/SL) Madrid, Ayala 10. Does considerable travelling with Senora Richard Labbe (Rachel Julia Labbe) inquiring for rough diamonds and offering polished diamonds in exchange.
- URBANEK & ROLAND:** German buyers for SOFINDUS in Spain and Portugal. British Embassy reports possible connections with diamond trade. Emb. Rep. No. 1896, January 15, 1944.
- URZAIZ:** Lisbon, c/o Pimenta, Calzada de Desterro 11. Suspected of acting as courier between Buenos Aires and Lisbon.

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VALLES CRUZ, JOSE: Spanish Attache of Embassy in Buenos Aires. Smuggler.

VAN CUESSEL, CLAES: Subject was formerly of Antwerp and at one time worked with Recoder, but in 1942 started working on his own account in Spain, purchasing rough diamonds for Germany. Emb.Des. No. 2158, March 6, 1944.

VELASCO, BERNARDO: Suspected as being courier. Dept's. No. 852, March 24, 1944.

VIAIRA DE CARVALHO, SILVESTRO: Suspected of carrying Axis mail or smuggling goods and precious metals or currency on S.S. Nyassa from South America to Lisbon. Not certain whether he is a crew member. OEW Watch List, September 25, 1943.

VILLELA MARQUEZ, ANTONIO: Suspected of carrying Axis mail or smuggling goods and precious metals or currency on S.S. Nyassa from South America to Lisbon. Not certain whether he is a crew member. OEW Watch List, September 25, 1943.

VON RITZEN, MEIMO: Vigo. Manager of Depositos Espanoles de Carbones. Connected with smuggling envelopes from Canary Islands, possibly diamonds.

WERTHEIMER, FRED: Belgian diamond merchant. (Jewish). Formerly at 62 Pelikanstrasse, Antwerp. Went underground when the Germans took Belgium. Emb.Des. No. 1898, January 15, 1944.

YBARRA STEAMSHIP COMPANY: Madrid, Jose Antonio S. There is a long record of various smuggling activities on ships of this line.

Newirth, Laya: Involved in Diamond business, Madrid. Reported anti-Nazi.

Vidal y Laura Fulgenis: Spanish Consul, Cardiff, D.B. Involved in diamond smuggling & passing in false currency.

Filippo, Mariani (See Postal Censorship memo from Valeriano Costas to Mariani Filippi) Date of Com. Oct. 2 - 44 Recd. by Emb. Nov. 21 - 44.

Franquelo

310081

DECLASSIFIED
Authority: NND 75013
By: AW NARA Date: 1/7/00

RG 84
Entry 3162-MADRID
File #863.4-Diamonds
Box 50

AIRGRAM

FROM

LISBON

Date: July 31, 12:10 p.m., 1944

Rec'd:

AMG
7/31/44
Rosen
Ladd
Belmont
Clegg
Glavin
Harbo
Nichols
Tracy
Laughlin
Mohr
Winterrowd
Tele. Room
Holloman
Gandy

THE SECRETARY OF STATE

WASHINGTON

A-641, July 31, 12:10 p.m.

For Stone, FEA.

EMBASSY OF THE UNITED STATES
OF AMERICA
AUG 7 - 1944
MADRID

RECEIVED
AUG 7 1944
U.S. EMBASSY
MADRID

Reference Department's A-23, January 11, 5:30 p.m. concerning platinum smuggling.

Embassy has continually kept an outlook for indications of platinum smuggling but has learned of no activity in this traffic. Prices have gradually declined from 125 Escudos per gram, reported in my A-703, December 23, 1943, to the current level of 75 Escudos (about \$3.00), with no reported transactions other than extremely small quantities for jewelry use.

There has been no report of axis purchases nor can the Embassy ascertain any reliable information as to the reasons for such apparent abstention. It would be a reasonable supposition that any smuggling originating in Buenos Aires would cause delivery to be made by Spanish vessel at a Spanish port rather than at Lisbon.

Repeated to London and Madrid.

NORWEG

RWL/vs

cc: Miss Humes
Madrid (by pouch)
London (by pouch)

863.4 - Platinum

DECLASSIFIED
Authority <u>NND 75013</u>
By <u>AW</u> NARA Date <u>1/7/00</u>

RG	<u>84</u>
Entry	<u>3162-MADRID</u>
File	<u>#863.4-Diamonds</u>
Box	<u>50</u>

Madrid, January 15, 1944.

SECRET

No. 1896

Subject: Diamond Smuggling and Illicit Diamond Trade in Spain during 1943.

The Honorable
The Secretary of State,
Washington.

Sir:

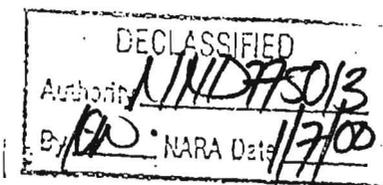
I have the honor to refer to the Department's airgram A-574, 2:45 p.m., December 21, 1943, and to report further concerning Diamond smuggling and the illicit diamond trade in Spain during 1943.

The Department indicated in its telegram no. 273 of December 18, 1943, and its telegram no. 34 of January 22, 1943 to Tangier, that considerable concern was felt in Washington over the probability that there were on hand significant quantities of industrial diamonds in Spain, which might find their way into Axis hands. A preliminary investigation was accordingly begun in Madrid, as stated in the minutes of the January 19, 1943 Meeting of the Anglo-American Sub-Committee, of the diamond stock position of Spain, and certain smuggling activities. On February 1, the American Legation at Tangier reported in its telegram no. 180 to the Department that about 400,000 carats of industrial diamonds had passed through that point en route to Spain, where it was understood they were in the hands of Czechoslovakian and Hungarian Jews. The Tangier price was reported at 800 escudos per carat. No further information was obtained regarding this particular movement.

The British and American Missions in Madrid, with the cooperation of associated organizations and the Consulates in Spain, completed their preliminary investigation and it was reported to the Department in telegram no. 392 (COUSC 1439) that there did not appear to be any considerable stocks of industrial diamonds in Spain or Spanish possessions. The principal diamond dealers in Spain before 1939 were Jackson and Phillips, a British firm, which forwarded at the outbreak of the war its stocks, amounting to about 800 pounds sterling in value, to England. Since that time they have imported only small parcels worth 200 or 300 pounds from British sources. The Spanish requirements for industrial diamonds are very limited, being used mainly for diamond drills. The ordinary industrial type of diamond is of course employed by the machine tool industry and some dust and waste is used for grinding wheels. It was reported, however, that there appeared to be a considerable illicit traffic between Portugal and Axis territory, though definite proof could not be cited. It was also stated that there was a possibility that this traffic was being carried on by use of diplomatic pouches.

863.4 Diamonds + Platinum

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Further investigation strengthened the above suppositions, as reported in this Embassy's telegram no. 449 (COUSC 1453), of February 24, in which it was stated that an indirect offer had come to us of 8 or 10 kilos and another for 4 kilos in Portugal. The prices cited were 750 pesetas a carat for industrial diamonds and 700 pesetas a carat for clean waste and powder. The names of the persons holding the stocks were not obtained, as reported in the Embassy's telegram no. 715 of March 25, but the U.S.C.C. was in a position to supply information indicating that the traffic in Portugal appeared to be well organized and that supplies were received there quite regularly. The Madrid contacts for one of the organizations were reported as being Luis ARIAS, private secretary to the Brazilian Ambassador in Madrid, and Alejandro BORADO, who is associated with the Bloque Ibero-Americano, a trading organization with offices in the Brazilian Chamber of Commerce in Madrid. An intermediary was told by Arias that diplomatic channels are used for bringing the diamonds to Madrid from Portugal.

On April 7, 1943, a member of the American Embassy staff established contacts with several diamond merchants and as a result of conversations with these persons drew up a memorandum, which may be summarized as follows:

"When the Germans invaded Belgium the two biggest diamond merchants in Amsterdam and Antwerp (L. M. van Moppes and Sons, Antwerp, and 14-17 Holbon Viaduct, London, E.C.1, with branches in Geneva, Lausanne, and Amsterdam; and its competitor, also of London and Amsterdam, whose name was not obtained) apparently succeeded in getting out most of their stock. Of course the whole trade immediately went underground and what has happened to the stock is more or less conjectural. The following names are those who are believed to have got away from occupied territory and are now floating about the diamond underworld, outside German control:

1. M. Instrater (formerly van Moppes representative), c/o Albert Silbermann, 53 Rue Jardiniere, Antwerp. This man was seen in Spain, under another name, in July 1942; he is said to have several aliases.

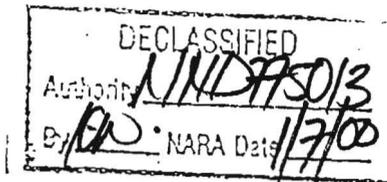
2. Fred Wertheimer, 62 Pelkanstrasse, Antwerp (Jewish)

3. W. Goldzähler, 74 Vestingstrasse, Antwerp (Jewish)

4. Gaston Rogiest, 59 Vestingstrasse, Antwerp.

5. Etablissement Crombeq, 110 Rue de la Province, Antwerp. Crombeq himself is known to have been in Barcelona in June 1942.

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The following Spanish firms are the principal wholesale jewelers who have either stocks of, or means of obtaining, industrial diamonds: (If they are approached the greatest care should be taken, since they will certainly deny all knowledge of diamonds unless approached by an intimate contact.):

1. Gamboa Hijos; Bilbao, Avenida de Urquijo 12, 2^o. The proprietor is a millionaire, Luis de Gamboa, Spaniard, said to be pro-German; has two branches - Barcelona and Madrid - managed by two of his sons. He is the representative of the London-Amsterdam firm unnamed above - the competitor of van Hoppes and Sons. He is believed to have a large quantity of his principal's stones, and told my informant that he could not sell any and was holding them in trust. It is known, however, that he does sell small quantities.

2. Codes; Madrid, Calle Carretas (left-hand side of the street); Spaniard, probably pro-German but anti-Nazi. In any case, his sentiments are based on commercial rather than political considerations. He may not have any stones but certainly knows who has.

3. Oscar Lehr; Barcelona, Avenida Generalísimo Franco, 345. Patriotic German, but definitely anti-Nazi. In June, 1942 he had only 200 carats, but refused to send the stones to Germany.

These three are the principal dealers in Spain. All others, mostly Jews and trading anonymously, work through them. My informant in this case suggested that if any contact with them was contemplated it should be made with the greatest discretion and only through a trade medium, or possibly a mining company.

The center of industrial diamond activity in Spain is still believed to be Badajoz, in a cafe of the principal hotel (Hotel Madrid?). All sales here are naturally clandestine and anonymous. The German Consul in that city knows a lot about the trade but works only through third persons. My informants in this connection think there are not many stones in Spain, except possibly Gamboa's stock, most of them having been smuggled out by way of Portugal to the United States or South America. These Brazilian and South African stones have arrived in Spain for the most part from occupied territory, that is, Amsterdam and Antwerp. There is not much export now and they are principally sold to mines. They arrived in Spain through smuggling, naturally. There is no continuous traffic between occupied and unoccupied territories.

As to the uses to which industrial diamonds are put, I have the following information:

The best stones (Brazil's) are used in making fine silver or other metal wires or cables ("Edelstahl") of a diameter of ten decimillimeters - fine wire for electrical apparatus used, for example, in airplanes, submarines, and precision instruments (Drahtindustrie).

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Second quality stones, also used in precision work, are used in such ways, for example, as fine reductions in axle making (abschleifen). The diamond is the only means for reducing measurements on metals without "tearing".

The poorest quality of diamond is used on boring instruments in the mines - boring, for example, through hard stone.

Prices for industrial diamonds in June, 1942 were as follows:

Poor quality - 200 Ptas. per carat
 Good quality - 300 " " "

(200 milligrams equal one carat; 5 carats equal one gram)

Miscellaneous data on Switzerland: Le Sentier, near the French frontier, is the most active industrial diamond town, where Gollay Bushel et Cie. have their shop. They manufacture principally containers for diamonds and other precious stones, and prepare rubies for watches. The firm is reported to be very anti-German, but creaked. Gamboa, Bilbao, may be their agent here.

Swiss prices for July, 1942: 100 Swiss Francs (250 Ptas.), in Switzerland, per carat, average price. Note that before the war, 1938, the price was 20 Swiss Francs.

One of my informants states he knows at first hand that the Germans are lacking these stones, but that they are having increasing difficulties, in large measure because the present stocks are held by anti-Nazis. Steine and Erden are believed to be one of principal German firms interested in Spanish sources."

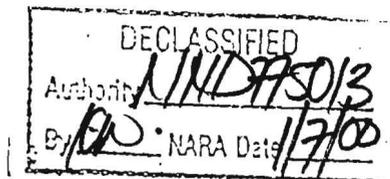
In June, 1943, Luis Arias, mentioned above, requested through the Brazilian Ambassador the assistance of this Embassy in traveling to Brazil by air. This was reported to the Department with the recommendation that air priority for transportation be furnished in the hope that Arias would furnish a lead to his connections in the Western Hemisphere. On September 29, 1943, the Department telegraphed Rio de Janeiro indicating that consideration was being given to granting Arias priority for his return trip via Belem, and requesting information as to whether arrangements had been made for searching Arias at that point. No further information has been received as to the results of such search and the Embassy has not been informed as to whether the priority was granted.

The Embassy suggested to the Department in its 4-394 of August 6, 1943 that authorization be given for making limited purchases to gain information regarding the diamond market in Spain.

There have been many contradictory reports regarding the stock position of industrial diamonds in Germany. Large stocks were confiscated on the occupation of Belgium and Holland and

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the aggregate of German supplies and receipts from 1937 through June 1943 have been estimated at 4,183,000 carats. Consumption during this period was about 3,800,000 and it is now reported that the present annual consumption is between five hundred thousand and seven hundred fifty thousand carats per year. In August 1943, it was reported by M.E.W. that one source estimated Germany had stocks amounting to about 385,000 carats, or about enough for its needs for eight months. Since there are no satisfactory substitutes for industrial diamonds, Germany must face reduced efficiency in certain industries or increase purchases from abroad through clandestine channels. M.E.W. reported in December 1943 that Axis agents were keen to obtain colored rounds and darkest brown stones which are particularly suitable for making diamond dies.

There is reason to believe that the German organization for obtaining diamonds from abroad is efficiently controlled and is composed of a closed group or groups of dealers, who rely on fixed lines of transmission such as diplomatic pouches, rather than unplanned black market operations. The Axis Missions and Consulates in Spain are active collaborators. To the extent that the above suppositions are correct, black market purchasing or selling in Spain on our part would have virtually no effect on the supplies the Germans obtain from overseas. On the other hand there is evidence that quantities of diamonds, mainly roses, are being smuggled from France to Spain and in some cases are being purchased by the Germans here in Spain. There have been reports from a large variety of sources regarding diamond smuggling via Spanish vessels from South America and Africa. The Department mentioned in its telegram of August 26, that the "Monte" and "Cabo" vessels were believed to be involved, and discussed this question further in its instruction no. 588 of September 8, 1943, which latter instruction also forwarded a list of suspected smugglers. The United States Naval Attaché and the British shipping Attaché have informed the Embassy that about 35 Spanish seamen have been beached in Spain during the last six months as a result of the crew control program, whereby the British refuse to issue ship warrants to vessels having undesirable persons in their crews. A list of the seamen beached is contained in the Embassy's airgram A-5, January 6, 4:45 p.m., 1944. Some of these persons were believed to have taken part in diamond smuggling operations.

On August 26, 1943, the Department also indicated that it expected an increase in diamond smuggling and requested that the Spanish authorities be approached with the suggestions of increasing the Spanish customs controls. The Embassy complied with this request as indicated in its telegraphic reply of September 9, 1943.

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With regard to the possibility of obtaining the support of the Spanish authorities to prevent smuggling, such as exists in Portugal, it should be explained, to be fair in the matter, that Spain controls no diamond fields on her own and has therefore no direct interest other than customs revenue. The American Embassy has, however, urged the Spanish authorities in Madrid to institute more rigid customs controls, and the Spanish authorities stated that a circular instruction would be sent to all their customs offices on the subject. We do not expect that customs controls in Spain will be very efficient. If we are unable to prevent smuggling out of ports which the Allies can control where we are making every effort to prevent this traffic, it is less likely that the Spanish controls would be equally as efficient, when Spain's interest derives solely from the revenue to be collected.

It was considered advisable in October 1943 to limit our activities to inquiries into the diamond market, and such token sales or purchases as might be authorized by Washington and London and to carry on these operations through third persons rather than members of the Allied Missions. Pre-emptive purchases being out of the question, and lacking a definite reply to the American Embassy's A-394 of August 6, 1943, suggesting limited purchasing, the British Embassy in Madrid made a start in October with a proposal for selling small amounts of diamonds, in a manner similar to that which it was understood was being followed in Lisbon. Although only 100 carats of boart and 50 carats of diamond flats were received from London, these were quite adequate for showing as samples by our contact men to third parties. The establishing of contacts has been considerably facilitated by comments which were made on the diamond operators in Spain by one H. Hamparzumian, a French national residing at Avenida José Antonio 34, Madrid, whose name was furnished to us by the American Legation in Lisbon in its query of October 21, 1943.

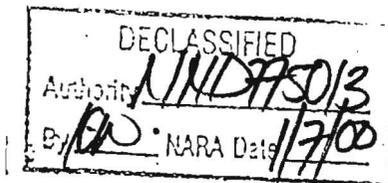
In view of the absolute necessity for secrecy, and in order not to upset the market thus rendering expensive any future possible spot preemptive purchases, it was agreed that only one person, a member of the British Embassy staff, for the time being, would contact the individuals in the diamond trade whom we hoped to use as sources of information and as agents.

The first report, which we shall call that of agent D-1, was substantially as follows:

"Most of the diamonds imported by Germany come from Brazil and Portuguese Angola via Lisbon or Spanish ports such as Bilbao and Barcelona. From Lisbon they go direct to France. It is said that some time ago stones were found on a man who

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was on his way to Iran and was arrested on the Portuguese side of the Spanish border. But in Spain there are also many stones either imported years ago or coming from ancient jewels stolen and broken in pieces during the Civil War. They are spread over the country in small shops and are collected in places like Barcelona, Cordoba and Palma de Mallorca by more important dealers operating for Germans. One of these dealers in Barcelona is very likely an Italian named Mario Caivano, 84 Rambla de Catalunya, Barcelona. He is supposed to sell typewriters and does not seem to know much about diamonds. In some cases he asks to keep the stones for a few hours in order to show them to a friend of his who is at the German Consulate and is probably supplying him with funds. For the time being, Caivano says that he has to buy 800 carats of boarts, which is certainly not for Spain. He was, and may still be, the agent of another Italian named Carelio. This one seems to be a rather important man and used to keep traveling between Tangier, Lisbon, Barcelona, and Italy. He generally lives in Tangier and his address may be found at the Hotel or Cafe de Rome, or at the "Bijouterie Brosse". He has not come to Barcelona since the beginning of the year. Last time he came, he sold a few stones of West African origin.

Mr. Critin is a Frenchman established since over thirty years in Barcelona, where he lives at Calle de Palau No. 5. He runs a workshop for cutting precious stones and fitting tools with industrial diamonds. He has a good reputation and is well known amongst Spanish dealers and has agreed to cooperate with the British Consulate. Before the war he used to buy the few stones he needs from Smith and Thunen, Amsterdam.

This agent also reported that the black market price for boart went as high as 250 pesetas a carat and for flats up to 600 pesetas.

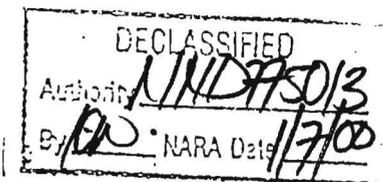
The above report was submitted by the British Embassy to London, who replied that a diamond expert in London, when informed of the sort of prices which these types of goods were fetching in the Peninsula, said that he was certain that this was the clearest indication that we had had that the Germans were desperately short and that our "diamond blockade" was really doing its work. He made the suggestion, however, that when offering diamonds we ought to try to get the prospective purchasers to admit what quantity they are prepared to take. This would give us a further indication of the enemy's demand for particular types of stones. This suggestion is being followed.

In November authority was given the U. S. and British Embassies for the purchase of sample diamonds on joint account up to a maximum cost of \$12,000. It was, however, still considered desirable that the activities of the Allied Missions in Spain should be directed more to discovering definite channels of trade than undertaking preemptive purchases to prevent supplies reaching the enemy.

Another agent was employed in December to test out the market. D-2 reported that he had come to the conclusion that

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the principal buyers were Japanese who were purchasing roses, i.e., chips and diamonds from old jewelry. He obtained the names of two carriers, one Araujo and another German-Swiss called Dabler. He stated that he had been unable to obtain anything regarding the Café at Badajoz, mentioned above. He reported, however, that Goldenberger (see enclosure no. 1 for List of persons in Diamond Trade in Spain) was in active liaison with the principal dealers and personalities in Portugal. Goldenberger is known, however, to be very discreet although he is well informed as to the whole market. It was decided not to use Goldenberger for the present.

Contact has now been made with one of the larger dealers in Spain who has undertaken to keep us fully informed of both sales and purchases which come to his notice. According to the last conversation through D-3 with this contact, inquiries have been made by him in Seville, Bilbao, Madrid and Barcelona and all his agents reported the same thing, namely that there was an extreme shortage of industrial diamonds in Spain and that the traffic was now confined to small lots principally obtained from France. There had been traffic from North Africa, but his had been killed because some of the agents had offered boart which was of inferior quality and also contained a large percentage of material not actually diamonds. The Germans, therefore, sheared off this market.

As regards Badajoz, no definite information had been obtained but he knew the chief diamond merchant at Badajoz and would make further inquiries. Apparently this town was formerly used as a clearing center for smuggled gold.

With regard to Japanese activities he was convinced that the Japanese were now more active in Portugal than in Spain, but he had not yet obtained the names of the buyers. The interesting visitor from Czechoslovakia who is expected to arrive with large quantities of roses was due to reach Madrid at any moment. He will give full details.

An interesting side line was obtained on Goldenberger, namely that the latter was offering jeweled stones at prices up to 800 pesetas a carat. This allegation may be due to a certain amount of professional jealousy, but there is no doubt of the fact that Goldenberger is very active in the market.

The talk confirmed previous information that the Germans are not now buying boart in Spain in any large quantities although they would not be adverse to picking up casual lots. Japanese activities have also diminished for the time being and apparently they are again more active in Portugal.

The following statement shows a comparison between the United Kingdom market prices and Spanish black market prices and illustrates clearly the large profits made by illicit dealers.

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	<u>UNITED KINGDOM</u>		<u>SPAIN</u>
		<u>Prices per carat</u>	
		<u>Ptas. at 44</u>	
Boart.	Sterling 2/6d.	5.50	220/250
Small flats.	20/-	44.	300
Large flats.	40/-	88.	400/600

A report received by the United States Military Attaché in December, 1943 stated that the Spaniards were buying chipped diamonds at 290 pesetas a carat and selling them to the German Embassy.

Both the American and British Embassies feel that considerable progress has been made toward establishing connections in the various diamond markets in Spain, and that such contacts should be maintained and expanded, following the present policy of quiet investigation and small token purchases and sales. It is not contemplated in the immediate future to make any attempt at preemptive buying in Spain, and thus far no purchases of any kind have been made on joint account. Reports will be submitted periodically to Washington and London indicating the developments in Spain in the diamond markets.

Respectfully yours,
 For the Ambassador:

Ralph H. Ackerman
 Commercial Attaché.

✓ Enclosures:

1. Diamond Trade List.
2. Memorandum: Statement of Mr. Weir, Tenerife, with respect to smuggling activities.

Original and hectograph to the Department.
 ✓ Two copies to American Embassy, London.
 ✓ Copy to American Legation, Lisbon.
 PHW/am

File No.: 863.4 Diamonds.

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Enclosure no. 1 to despatch no. 1096, dated January 15, 1944 from American Embassy, Madrid, Spain, on the subject of: Diamond smuggling and Illicit Diamond Trade in Spain during 1943.

DIAMOND TRADE LIST - SPAIN

- ALMADEN MERCURY MINES, use diamond drills.
- ALONSO, Rodolfo. Vigo. Acts as carrier of diamonds over Portuguese-Spanish border.
- AUAJO. Acts as carrier of diamonds over Portuguese-Spanish border.
- ARIAS, Luis. (Mexican) Private secretary of Brazilian Ambassador in Madrid. Known to have dealt in diamonds.
- ARPON y GANDERA, Angel. Zaragoza. Has smuggled diamonds and United States checks. (OW)
- BOSEHNITAN, Raoul. Barcelona: o/o boarding house at Avenida José Antonio 74. French national of Russian origin. On list for evacuation to North Africa. Reported selling industrial diamonds September 1943.
- CALLADO, Manuel. Lisbon, also in Switzerland from time to time. Purchases platinum and industrial diamonds, payment to be made in Lisbon.
- CARELIO. Tangier. (Italian) Travels between Lisbon, Tangier and Barcelona. Probable address: "Bijouterie Brosse", Tangier.
- CARVANO, Mario. Barcelona: Rambla de Cataluña. Sells typewriters but also deals in precious stones. Has close contacts with German Consulate.
- CEMENTACIONES ESPECIALES, S.A., Madrid. Use diamond drills.
- CHRITTIN, Gaston. Barcelona: Calle Palau 5. Fits diamonds into tools; obtains them from Brazil through Lisbon and Tangier. Will pay 250 pesetas cash, per carat, for any amount of industrial diamonds. Reportedly pro-Ally.
- CLAVELL, José María. Barcelona: Calle Pelayo 20.
- CODES, Carretas. Madrid. Said to have connections in Spanish diamond markets.
- CROMBECQ. Belgian diamond merchant, formerly owner of Etablissement Crombecq, 110 Rue de la Province, Antwerp. Believed to have gone underground when the Germans took Belgium. Was seen in Barcelona in June 1942.
- DOBLER. German courier who poses as a Swiss. Believed to carry diamonds.
- DORADO, Alejandro. Madrid: Bloque Ibero-Americano, Brazilian Chamber of Commerce, José Antonio 27. Has industrial diamonds for sale. 31 October 1943.

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DORF, W. Lisbon: c/o Prof. Diesendruck, Rua Bernadin Ribeiro 63. Also gives address as Pensao Ritz, Avenida de Libertad 240. Connected with Hermann and Raoul Bosernitan. Reported selling industrial diamonds September 1943.

EMPRESA NACIONAL "ADARO" de INVESTIGACIONES MINERAS, S.A., Madrid. Use diamond drills.

FRATINI, Nino. Lisbon. Reported smuggling currency into the United States and buying platinum and diamonds for the Axis. Was an intelligence officer in the Italian Army in Spain and engaged in diamond trade in Spain before going to Lisbon.

GAMBOA, Luis de. Has two sons, one of whom, Julio Gamboa, address: Alameda de Urquijo 12, Bilbao, is reputed to keep large stock of diamonds and precious stones at this address. Reported to be very wealthy and pro-German. Also have an office in Madrid. May be agent of Golag Bushel of Geneva, a large firm dealing in watch-making accessories.

GOENAGA Martinez, Eduardo. Salamanca: Plaza del Mercado 10. He is reported by Washington to be the contact for Vicente de Sebastian of San Felipe, Venezuela, for sending packages and letters by Eduardo Romeral or Antonio Alvarez, both members of the crew of the Spanish "Cabo de Hornos". He may be connected with diamond smuggling. A secret source reported that police records show serious political offenses of Gamboa. British Embassy advised H.K.W. and it is believed that action was taken regarding Alvarez, who at that date (April 1943) was at sea.

GOLDENBENGER. Madrid: Hotel Capitol. (Rumanian Jew) Very active in black market operations in diamonds throughout Spain, though he is very discreet and usually states he has not done any such business since leaving Paris. Reportedly not pro-Ally.

GOLDEAHLER, W. Belgian diamond merchant. (Jewish) Formerly at 74 Vestingstrasse, Antwerp. Went underground when the Germans took Belgium.

HAMPARZUMIAN, H. Madrid: José Antonio 54. French subject, formerly in diamond business in Antwerp. Expert on polished diamonds. Reportedly pro-Ally.

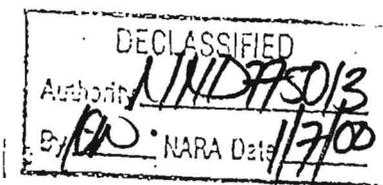
HERMANN, M. Barcelona. Intermediary between Raoul Bosernitan and W. Dorf, who were reported to be selling industrial diamonds in September 1943.

HOMBRAVELLA. Suspected of acting as courier between Buenos Aires and Lisbon. Address: c/o Pimenta, Calzada de Desterro, 11, Lisbon.

INDUSTRIAS ABRASIVAS, S.A. Valencia. Consumers of diamonds in connection with making grinding wheels.

INSTITUTO GEOLOGICO y MINERAL de ESPAÑA, Madrid. Use diamond drills.

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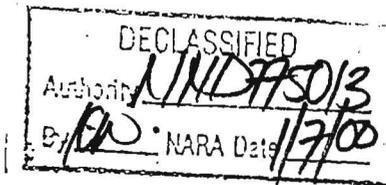


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- INSTRATER, M.** Belgian diamond merchant. Formerly van Moppes' representative, c/o Albert Silbermann, 53 Rue Jardiniere, Antwerp. Seen in Spain under another name in July 1942. Believed to be anti-Axis.
- INPIESTA MURIZ, Pedro.** Vigo. In contact with Meimo von Eitzen, manager of Depositos Espanoles de Carbones, Vigo. Has smuggled envelopes from the Canaries, possibly diamonds.
- LEHR, Oscar.** Barcelona: Avenida Oralo. Franco 345. Had in his possession 200 carats in June 1942. Reportedly anti-Nazi and has refused sales to Germany.
- MARINHO de Lima, José.** Purser of S.S. Anaba. Illicit purchases of platinum.
- PENAROYA.** Barcelona: 131 or 134 calle de Mallorca. Rather mysterious in his dealings, which are usually on a small scale.
- ROEGIEST, Gaston.** Belgian diamond merchant (Jewish). Formerly at 59 Vestingstrasse, Antwerp. Went underground when Germans took Belgium.
- SOCIEDAD ESPAÑOLA DE CEMENTACIONES Y SONDEOS.** Madrid: Serrano 3. Consumers of diamonds in drilling.
- SOLMAS, Lt. Felipe de.** Madrid: Hotel Bristol. Reported to be asking about prices and making offers for industrial diamonds in Lisbon. Travels frequently to Tangier.
- URBANEK & ROLAND.** German buyers for SOPINDUS in Spain and Portugal. British Embassy reports possible connections with diamond trade.
- URZALIZ.** Lisbon: c/o Pimenta, Calzada de Desterro 11. Suspected of acting as courier between Buenos Aires and Lisbon.
- VON EITZEN, Meimo.** Vigo. Manager of Depositos Espanoles de Carbones. Connected with smuggling envelopes from Canaries, possibly diamonds.
- WERTHEIMER, Fred.** Belgian diamond merchant. (Jewish) Formerly at 62 Pelikanstrasse, Antwerp. Went underground when the Germans took Belgium.
- FRAUTWEIN, Hans Otto.** (PL, SL) Madrid: Ayala 10. Does considerable traveling with Señora Richard Labbé (Rachel Julia Labbé) enquiring for rough diamonds and offering polished diamonds in exchange.

Note: The above list is not intended as a list of persons suspected of trafficking with the enemy, but merely as a list of persons connected with the diamond trade in Spain. As indicated, some of these persons and firms are suspected of working with the enemy, though in a number of cases such suspicion is based on hearsay. In this connection, reference is made to the OEW Watch List, the MEW Crew Control List, and other trading-with-the-enemy lists.



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Enclosure no. 2 to despatch no. 1896, dated January 15, 1944 from American Embassy, Madrid, Spain, on the subject of: Diamond Smuggling and Illicit Diamond Trade in Spain during 1943.

MEMORANDUM

Subject: Statement of Mr. Weir, Petroleum Observer at Tenerife, with respect to smuggling activities.

1. General Conclusions:

Most of the contraband platinum and diamonds carried on Spanish ships are taken to the Canary Islands by radio operators and seamen. At either Las Palmas or Tenerife the packages are passed to the members of a close-knit German ring. These in turn send the diamonds and platinum by registered mail or parcel post to cover addresses in metropolitan Spain (it will be recalled that British navicert control does not apply to mail between the Canary Islands and the Spanish mainland.)

It is Mr. Weir's impression that practically none of the smuggling is done on behalf of profit-minded middlemen but is done at the direct instigation and under the supervision of enemy agents. There is no market for platinum and diamonds in the Islands, which tends to substantiate this impression.

2. Control Aboard Spanish Ships:

Mr. Weir points out that the owners and masters of Spanish vessels have no control over the selection of their crew members, these being supplied by the seamen's syndicate. A Spanish military intelligence officer is always aboard Spanish ships, and he is usually the chief wireless operator.

3. Control at the Port:

The ports at Las Palmas and Tenerife are free ports and hence Spanish customs has little to do and exercises little control. The ports are under the control of the Comandancia de Marina and Mr. Weir has been informed by his contacts that practically all of the petty officers in this service are in the pay of the Germans. A few of the officers like a few of the ships' masters are friendly.

A great difficulty with respect to port observation is that though all ships bound to Spain from Latin America stop at the Islands, they frequently choose one of the two ports to the exclusion of the other, thus preventing complete observation with present personnel facilities at both ports.

4. Postal Control:

This is the great loophole and nothing appears possible at the moment beyond attempting to develop contacts within the Spanish postal service. Some 3 or 4 months ago Mr. Weir reported in detail to Washington regarding the mailing system from the Islands, particularly with respect to package markings, mail classification, etc. It seems that all mail destined for other European countries is placed in one bag. However, if the German ring uses Spanish cover addresses the utility of this last

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piece of information is questionable.

5. The Ring:

Four Germans at Las Palmas are in the receiving and transmission of the materials received from seamen in the Islands. There are no Spaniards within this ring, and contact has not yet been established. Mr. Weir suspects that recruits for bringing the materials from Latin America to the Islands are found through the chief engineer of the S.S. Apollo (Buenos Aires furnished this information).

Mr. Weir has been informed that platinum reaching the Islands goes by mail to a Barcelona firm owned jointly by Germans and Spaniards.

He also reports that he has been reliably informed that at least one package of an unknown substance was received by the quartermaster of the Comandancia de Marina at Las Palmas.

6. Suspects:

BELTRAN, Diego. Radio operator on the s.s. Monte Monjuich. This man works for the Spanish military intelligence service.

MADA, Rafael. A representative of the shipping firm of Alvaro RODRIGUEZ Lopez.

MARTINEZ, Deniz. Argentine Consul.

(Note: MADA and MARTINEZ go out to Spanish ships when they arrive when they have no apparent business there, but there is no evidence of their having received or passed contraband material)

The port doctor at Tenerife is notoriously pro-German and suspect.

The PAVILLARD Family (consists of the patriarch Victor and his sons Alek, Cecil and Victor Jr.) Mr. Weir suspects the old man. They are British subjects and Cecil was the leader of the British fascist party on the Islands in the heyday of Sir-Oswald Mosley. British military intelligence officers have told Weir that the family is highly suspect. However, Consul Fernald has no reason to suspect them and the Embassy files contain an exchange of correspondence between the Consuls at Tenerife and Las Palmas manifesting Mr. Fernald's confidence.

7. Miscellaneous:

a) Mr. Weir has no information regarding any diamond movement from Africa via the Islands.

b) He has no impression as to the volume of the clandestine diamond trade through the Islands.

c) He has received no tips regarding contraband in drugs.

d) He does not know whether the Argentine Consul ever receives a diplomatic pouch from Spanish ships.

DECLASSIFIED
Authority: NNDP 5013
By: AW NARA Date: 1/7/00

RG 84
Entry 3162-MADRID
File #863.4-Diamonds
Box 50

Madrid, March 6, 1944.

No. 2136

SECRET

Subject: Diamond Traffic in Spain during January and February - 1944.

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to my despatch no. 1896, January 13, 1944, transmitting information concerning diamond smuggling and illicit diamond trade in Spain during 1943, and to forward herewith a memorandum concerning developments of this nature during January and February of 1944.

For the secret information of the Department and the American Missions in London and Lisbon, the names of the principal sources of information of the British Embassy in Spain are as follows:

- D-1 Armenak Hamperzounian, Avenida José Antonio 54, Madrid.
- D-2 Gaston Chrittin, Calle Palau 5, Barcelona.
- D-3 R.C. Bastid, representative of the Compagnie Minière Coloniale and Selection Trust.

The British Embassy has already transmitted these names to London and to the British Embassy in Washington.

Respectfully yours,
For the Ambassador:

Ralph H. Ackerman
Commercial Attaché.

✓ Enclosure: Memorandum, as stated.

Original and hectograph to the Department.
Two copies to American Embassy, London.
Copy to American Consulate General, Barcelona.

AW
File 863.4

✓ & Lisbon

863.4 Memoranda

DECLASSIFIED
Authority <u>NND 75013</u>
By <u>AW</u> NARA Date <u>11/7/00</u>

RG 84
 Entry 3162-MADRID
 File #863.4-Diamonds
 Box 50

Enclosure to despatch no. 2156, dated March 6, 1944 from the American Embassy, Madrid, Spain, on the subject of: **Diamond Traffic in Spain during January and February - 1944.**

SECRET

MEMORANDUM

Diamond Traffic in Spain during January and February 1944.

As previously reported to Washington and London, it was considered advisable in October 1943 to limit the joint Anglo-American investigations and activities in the diamond market in Spain to studying the existing traffic and such purchases and sales as might be authorized by Washington and London. The British Embassy received at that time 100 carats of boart and 50 carats of diamond flats from London for sale through third persons, from whom it was expected to receive information concerning the diamond market. In view of the absolute necessity for secrecy, and in order not to upset the market thus rendering expensive any future possible spot preemptive purchases, it was agreed that only one person, a member of the British Embassy staff, for the time being, would contact the individuals in the diamond trade whom we hoped to use as sources of information and as agents. Although authorization was subsequently received from Washington and London for joint purchase of \$12,000 worth of samples, such action has not been considered necessary.

The information which has come to the two Embassies during January and February 1944 has been jointly summarized as follows:

In January information became available to the British Embassy confirming a report that the Belgian Consul in Madrid had paid a fine of 10,000 pesetas to recover 2,000 carats of industrial diamonds taken by the Spanish authorities from a refugee named Fischer upon his entry into Spain from France. Mr. Fischer is at present believed to be in Belgian Congo. He was carrying these diamonds for his father, a certain Liebermann, a refugee diamond merchant in Barcelona. Appropriate steps have been taken by the British Embassy to assure that these stones, when released, will be under Allied control.

The American Mission in Tangier reported on December 6, 1943 that 15 kilos of industrial diamonds of Brazilian origin were available for purchase. On January 8, 1944 the Department of State requested that samples of this lot be obtained. On January 27, Tangier reported that samples were being forwarded to M.E.W., and stated that the local agent was a Brazilian, one Luis Fortunato Pinto. The diamonds were reported to be actually in Lisbon. No enemy interest or connection of José Antonio Sangroniz de Castro had been observed. Tangier's airgram of January 13 to the Department reported, however, an unusual amount of traveling by auto by Sangroniz, and also mentioned the possibility of smuggling

of...

310098

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Authority	NND 75013
By	W. NARA Date 1/7/00

RG	84
Entry	3162-MADAM
File	#863.4-Diamonds
Box	50

- 2 -

of diamonds from Tangier to Spain via the Iberia airline. Attempts are being made in this and other connections to control freight as well as passenger traffic via this line.

The American Embassy in London's despatch no. 13135, January 6, 1944, Economic Warfare (Blockade) Series no. 745, on the subject of "Proposals of Ministry of Economic Warfare to combat diamond smuggling from Africa to Axis" and despatch no. 13745, February 7, 1944 (Economic Warfare /Blockade/) Series no. 776 on "Germany's Industrial Diamond Stocks at Outbreak of War", were received and noted.

A reply was received from London by the British Embassy indicating that a further investigation had been made by the British Intelligence Service of the "Statement of Mr. Weir, Petroleum Observer at Tenerife, with respect to smuggling activities", previously referred to Washington and London, and that little information had been obtained tending to confirm these rumors.

Early in February, it was reported that one Max Genthe had shipped platinum and jewels in December via Bilbao to The German Consulate at Pasajes, and that the transmitting agent was either the chief engineer or radioman of the Castillo Andrade.

A report was received from London dated late in January stating that an expert from the Reich in the "control of technical products" was going to Barcelona to obtain industrial diamonds. This was referred to the British Consulate in Barcelona which has been unable to develop any further information as yet.

A report was received from London as follows, dated February 9:

"Manuel Fernandez.

Jeweller - Manuel's name was first mentioned when the diamond smuggler Angel Arpon was cross examined at Trinidad in February 1942. Arpon admitted that he intended to sell the stones to Manuel Fernandez in Madrid.

Fernandez has a brother in Caracas Dr. Pablo Fernandez also a jeweller, who was reported to be a buying agent for José de Sangroniz when he was Spanish Minister in Venezuela.

"Ahmed Bey.

In May 1943 we received a reliable report from a secret source that Ahmed Bey "Egyptian Pretender" had been accredited to Spain and was proceeding there with his son. The latter, before leaving the Ariz Hotel, Lisbon informed the manager, Armanda Serpa, that he would be travelling to Lisbon every two

months...

310099

DECLASSIFIED
 Authority: NNDP5013
 By: EW NARA Date: 1/7/00

RG 84
 Entry 3162-MADRID
 File #863.4-Diamonds
 Box 50

- 3 -

months, and suggested that business could be done in smuggling diamonds and pesetas, which could be carried in his bag."

A source of unknown reliability states that:

"Ernest Strobel, who usually stays at the Hotel Florida when in Madrid, is actively engaged in smuggling platinum and diamonds from Portugal. Strobel travels frequently between Lisbon & Madrid and has shown informant several cheques for important amounts in escudos to pay for the stuff. He is believed to have left for Lisbon a few days ago and is expected back shortly with the swag."

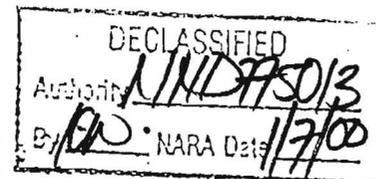
A report was received that one Grizard, a German married to a Belgian, resident at the Palace Hotel is engaged in commercial industrial diamond trade from South America. Grizard is away at present. He was married to the Belgian woman recently at a place near Malaga, but is reported to have been closely associated with her for a number of years.

Copies of the American Embassy in London's airgrams nos. 114 and 151 to the Department have been received and noted.

On February 1, 1944 Mr. Satchell of the British Embassy discussed diamonds with Conte Pinci, who had just escaped from France. The latter is an administrator of the Compagnie Miniere de L'Oubanghi-Oriental Mines, and also advisor to the director general of the Bank of Indo-China. He is an Italian but joined the British Army during the last war and was British liaison officer with the Italian Government. His wife is of British origin. One item discussed was that of 5,000 carats of Angola unsorted diamonds, which, just prior to the collapse of France were taken off a boat at Casablanca. Later French experts were sent there to sort the diamonds. One of the experts sold a copy of the report to the Germans, who, about one and a half years ago, by exerting pressure, obtained all but 30 o/o of the shipment. This 30 o/o consisted of brownstones and cutting goods which the French managed to secure for their own use. Another item discussed was a reported 12,000 carats of Ubangi stones which Pinci had imported from his own mines into France during 1941. The Germans again exerted pressure and acquired these stones.

Mr. Pinci estimated that there were in France at present over 25,000 carats of rough diamonds. He also mentioned that there were about 200,000 carats perhaps of rough diamonds buried in Antwerp, but that due to the difficult financial position of the owners, this amount might be unearthed and sold to the Germans. Pinci suggested that an organization be formed for buying and reburying the stones. Pinci also stated that the German buyer, Urbaneck, a commercial entrepreneur who has become tremendously wealthy in this trade

through...



RG	<u>84</u>
Entry	<u>3162-MADAL</u>
File	<u>#863.4-Diamonds</u>
Box	<u>50</u>

- 4 -

through his activities in France, Spain and Portugal, has two diamond dye factories in Germany. Details regarding the location of these factories were sent by the British Embassy to their Air Attaché. Pinci said that he had been informed by persons in the German diamond trade two years ago that they held stocks of 4.5 million carats of rough diamonds. He described the present German situation as tight but not short.

A report was received that Urbanek's son has been seized by Allied authorities in Sicily and is being made the subject for official exchange negotiations.

A further report was received from D-1 who stated that the main smuggling of stones, as given by Mr. Setchell in the Minutes of the 30th. Meeting of the Anglo-American Sub-Committee, is in yellow from the United States, where the price is roughly 50 o/c below prices in Spain, owing to the preference in the United States for white diamonds. It is of interest to record that the people engaged in this do not consider they are helping the Axis, since no industrial diamonds are involved. A majority of the stones are reported to be cut stones and are sold mainly for jewelry in the Spanish market. Any available information in this regard from Washington or London would be helpful.

A report was received on February 7, regarding a visit of Emilio Recoder, son of one José Recoder of Barcelona, who is reported to be financed by a Jesuit organization. José Recoder is stated to be one of the largest diamond cutters in Spain. He is alleged to cooperate with a Manuel Masso, who is believed to be the Spanish customs diamond expert in Barcelona. It is also reported that one of Recoder's sons is in Brazil, and that he furnishes rough diamonds to the parent house in Barcelona. The same source stated that a certain Claes Van Gussel of Antwerp at one time worked with José Recoder, but in 1942 started working on his own account in Spain purchasing rough diamonds destined for Germany.

D-1 will keep us informed of any offers which come on the market of industrial diamonds as well as other types. The British Embassy has tacitly agreed not to interfere in his cut gem stone market in Spain. We are extending our information regarding the traffic in Spain and are now able to verify reports with a good deal of accuracy.

It is not believed necessary to engage in any purchasing operations at this time. However, it is believed desirable that we continue to be in a position to make purchases of sample lots, if it develops that additional information may be thus obtained. The British Embassy is continuing its sales of diamonds other than industrial through third parties. Increased efforts are being made to try to uncover the official Axis smuggling rings, but thus far there appears to be little connection between those groups and the ordinary diamond dealers, legitimate and clandestine.

KRW/am

310101

DECLASSIFIED
Authority NND 75013
By AW NARA Date 1/7/00

RG 84
Entry 3162-MADRID
File #863.4-Diamonds
Box 50

Madrid, May 26, 1944.

No. 2227

CONFIDENTIAL

Subject: Transmitting Minutes of Discussions by the Diamond and Platinum Smuggling Section of the Anglo-American Sub-Committee.

The Honorable
The Secretary of State
Washington

Sir:

I have the honor to refer to my despatch no. 1896, of January 15, 1944, transmitting information concerning diamond smuggling and illicit diamond trade in Spain during 1943, and to forward herewith the minutes of discussions by the diamond and platinum smuggling section of the Anglo-American Sub-Committee. These minutes are being submitted jointly to Washington and London by the British and American Embassies in Madrid, and summarize activities by the two missions during February, March and April, 1944.

Respectfully yours,
For the Ambassador:

Ralph H. Ackerman,
Commercial Attache.

✓ Enclosure: Minutes as stated.

Original and hectograph to Department
✓ Two copies to American Embassy, London
✓ Two copies to American Embassy, Lisbon
✓ Copy to American Consulate General, Barcelona

REW:sah

File 863.4

863.4 Diamonds & Platinum

DECLASSIFIED
Authority <u>NND 75013</u>
By <u>AW</u> NARA Date <u>1/7/00</u>

RG: 84
 Entry 3162-MADRID
 File #863.4-Diamonds
 Box 50

Enclosure to despatch no. 2527, dated May 26, 1944, from the American Embassy, Madrid, Spain, on the subject of: Transmitting Minutes of Discussions by the Diamond and Platinum Smuggling Section of the Anglo-American Sub-Committee.

CONFIDENTIAL

MINUTES OF DISCUSSIONS BY THE DIAMOND AND PLATINUM
 SMUGGLING SECTION OF THE ANGLO-AMERICAN SUB-COMMITTEE

Summary of Information Received and Action Taken -
 February, March, and April.

1. Reports were submitted to London regarding the disposal of 500,000 carats of Angola diamonds which were in France during the collapse and which, with the exception of about 30% which went to French industry, were eventually obtained by the Germans.
2. Reports were also submitted to London regarding 12,000 carats of Ubangi stones which were originally in Dakar and were brought to Paris on instructions from the French Colonial Minister. The French interested parties managed to save 6% of these diamonds as cutting goods. The balance were obtained by the German authorities.
3. A report was received that Ernest Strobel who usually stays in the Hotel Florida in Madrid is engaged in smuggling diamonds from Portugal.
4. A report was received that 47 carbons were ordered from Treifus, London, by Kehrman, Madrid, actually for Seenz, of Avenida Jose Antonio 7, for someone in the Air Ministry. When the latter heard of our interest in the matter the order was cancelled. It was suspected that the diamonds were for an aero-crankshaft factory in France.
5. An application for diamond drilling crowns for the Almaden quicksilver mines was rejected, since their output is potentially for the enemy.
6. The Belgium Consul has taken steps to obtain possession of a packet of diamonds taken up by Spanish customs authorities at the northern border from a Belgium refugee. Acting on instructions from London, the Belgium Consul will forward the diamonds to London for disposal in agreement with the diamond control.
7. A report has been submitted to London that the smuggling in Spanish boats is mostly in cut yellow stones. The general opinion of the smugglers was not that their action was against the Allies, since the stones were to be used for sets in Spain. The trade between the United States and Spain was believed to be due to price differentials.

8. Inquiries...

310103

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Authority	NND 75013
By	EW NARA Date 1/7/00

RG	84
Entry	3162-NABAN
File	#863.4-Diamonds
Box	50

- 2 -

8. Inquiries have been made into the trade regarding the trends in the boart market. During the last three months the black market has hardened and prices are now up to 275 pesetas per carat for boart as against 250 pesetas three months ago.

9. Information was received that the French authorities in Algiers are endeavoring to control the output of the Africa mines. This was transmitted to London.

10. Details have been forwarded to London regarding a company which has been formed to prospect for diamonds in New Guinea.

11. Investigations were made without result of a reported Hungarian diamond buyer in San Sebastian.

12. A report was received that one Urbanek had been captured in Sicily and that he was connected with the Urbanek group of official buyers for the German Government. As the Ministry of Economic Warfare has not been able to trace this man, further inquiries are being made.

13. The Ministry of Economic Warfare Statement of Action for the period April 1-30, 1944, was received, and items 11, 26 and 33 noted particularly.

14. Inquiries are now being made into the platinum market in Spain.

15. A report was received regarding the use of diamond powder with tungsten and other hard steels in the making of cutting tools in Germany. This development is reportedly being used in many cases for the old style diamond studded tool.

16. A report from Washington containing BL-200 Rev., "Watch List of Suspected Firms and Individuals, Revision I", was received and noted.

17. A report from Washington concerning the diamond smuggling activities of Eduardo Sanchez Polidura was received and forwarded to British and American Consular officers at Barcelona.

18. A source in Spain reports that the Germans are displaying an increased interest in diamond filings and platinum in Spain. Investigation is being conducted to ascertain the persons involved and the exact nature of their purchases.

310104

RG	56
Entry	Accsn 69-A-4707
File	RESTITUTION
Box	84

DECLASSIFIED
 Authority: NN0978025
 By: SZ NARA Date: 10-28-99

DEPARTMENT OF THE ARMY *Term: Restitution*
 STAFF MESSAGE CENTER

OUTGOING CLASSIFIED MESSAGE

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 PRIORITY

PARAPHRASE NOT REQUIRED

CAD Lt Col Jorgenson 75140

To: OMGUS
 Info: HQ EUCOM
 Nr: WARX 84492

21 February 1949

From CSCAD cite ECON. Reurads Jan CC 7687, CC 7535,
 Dec CC 7234. Diamonds claimed for restitution by Belgian
 Govt is subj

State Dept has discussed this matter with Belgian
 Ambassador, who has made repeated strong representations.
 State supported fully responsibility and auth of mil
 govt to determine whether items claimed for restitution
 can be identified, provided he has recd and considered
 all pertinent data offered by claimant within reasonable
 time.

Essential points raised here by Belgian Ambassador
 are:

- (A) Experts can by inspection identify mines of
 origin of diamonds.
- (B) Avail Belgian documents identify mines of
 origin, weight, color, etc of diamonds looted fr
 Belgium.
- (C) Of1 German report on collection of diamonds in
 occupied areas indicates large quantities of Belgian
 diamonds were introduced into Germany during war.
- (D) Practically all diamonds of given mines of
 origin and with given characteristics were in
 Belgium at time of German invasion.
- (E) Investigation in Germany would sho no substantial
 amts diamonds these characteristics were in Germany
 before war.

CM OUT 84492

(Feb 49)

CONFIDENTIAL

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 AFFECTING THE NATIONAL DEFENSE OF
 UNITED STATES WITHIN THE MEANING
 OF ESPIONAGE ACT, U.S.C. 50, 31 A
 TRANSMISSION OR THE REVELATION
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34

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Authority <u>MM0978025</u>
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PRIORITY

Nr: WARX 84492 Page 2

(F) By reason foregoing points, experts in diamond trade can identify ownership some specific stones and can determine with reasonable certainty in what country Germans obtained bulk of them.

If true, foregoing indicates probability that some or all of diamonds in ques removed fr Belgium by Germans during occupation. If this is case it would be violation of intent of restitution policy if diamonds were withheld fr Belgium and turned over to German economy without pursuing every reasonable means of identification, using all aval info and expert advice.

Extent to which evidence on foregoing points was submitted to you not known here. Object here is not to invade or alter your responsibility for administering restitution policy but to insure that claimants in this case either recover items in just application of intent of restitution policy or in alternative are fully informed that reasonable effort at identification of these items of considerable value has been exhausted.

Request that if so requested by Belgians, OMGUS again disuss this matter with Belgian representative, that your experts consider any new pertinent info they may offer, and that the action you then decide to take in view of considerations set forth in this msg be explained to them and reported to us. State Dept is telling Belgian Ambassador to have Belgian representative present any new pertinent info to OMGUS. This is really a public relations point toward Belgians and we wish to assure that every consideration has been taken into acct.

CC 7687 is CM IN 1863 (Feb)
CC 7535 is CM IN 18243 (Jan)
CC 7234 is CM IN 12580 (Dec)

ORIGINATOR : CAD
DISTRIBUTION: CAD (STATE), OUS, PO, CSA
CM OUT 84492 (Feb 49) DTG 212317Z

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"THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE ACT, U.S.C. 50, 51 AND 52 AND THE REVELATION OF ANY PART OF THE REVELATION OF WHICH IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW."

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310106

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 Authority: 11NOV8025
 By: SR NARA Date 10-28-99

DEPARTMENT OF THE ARMY
 STAFF MESSAGE CENTER *Term: Restitution*
 INCOMING CLASSIFIED MESSAGE

CONFIDENTIAL
 PRIORITY

PARAPHRASE NOT REQUIRED

From: OMGUS Berlin Germany sgd Hays
 To: CSUSA for CSCAD
 Info: Reparations and Restitution Liaison Office, Frankfurt
 for McCord
 Nr: CC 7535 24 January 1949

Reference your WX 82683 and our CC 7234 subject is diamonds.

Restitution of subject diamonds to Belgium and Netherlands has been under discussion with their restitution missions for over 3 years. We have repeatedly denied their claims on the basis of non-identification.

As stated in our recent Telecon the responsibility for such inspection of properties claimed for restitution is that of military government. To change our policy regarding inspections would result in our being swamped with hundreds of requests for reinvestigation of properties many of which are as valuable as the industrial diamonds that are being claimed.

As we previously informed you in our CC 7234, the subject properties had been inspected by French jewel experts in July and August of 1947 and the decision was that the properties could not be identified. The FED officials state that 5 jewel experts made this determination. OMGUS officials have also been unable, because of the fact that the properties are so intermingled, to establish identification.

During November 1948 we received protests and requests for reconsideration from the military missions of these two nations. The military missions were informed that we made reasonable effort to have these properties identified and that inasmuch as identification could not be established, the claims had been dropped and we intend to release these properties for use in the German economy.

CM IN 18243 (24 Jan 49)

THIS DOCUMENT CONTAINS CONFIDENTIAL
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 TRANSMISSION OR THE REVELATION OF ITS CON-
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32

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 By SK NARA Date 10-28-99

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Nr: CC 7535

Page 2

In view of the importance of this matter and the inquiry made by you during Telecon TT 1821 on 14 January, an OMGUS representative during the past week again reviewed with FED officials the efforts made to establish identification of these properties and we again repeat that identification is impossible and that further inspection of these properties would be useless and would only further delay disposal of the properties. Although not related to the matter of identification, military government has in custody approximately 198,000 carats rather than the 980,000 carats that are being claimed for restitution. The value of these diamonds has been exaggerated. The total lot is valued at about 1/2 million dollars.

We would like to dispose of this troublesome matter without further delay and urgently request your concurrence in our plan to release these properties to the German economy.

Note: CC 7234 is CM IN 12580 (30 Dec) CAD.

ACTION: CAD

INFO: CAD (STATE), OUS, PO, SGS, ECA

CM IN 18243

(24 Jan 49) DTG: 241610Z ejf/B

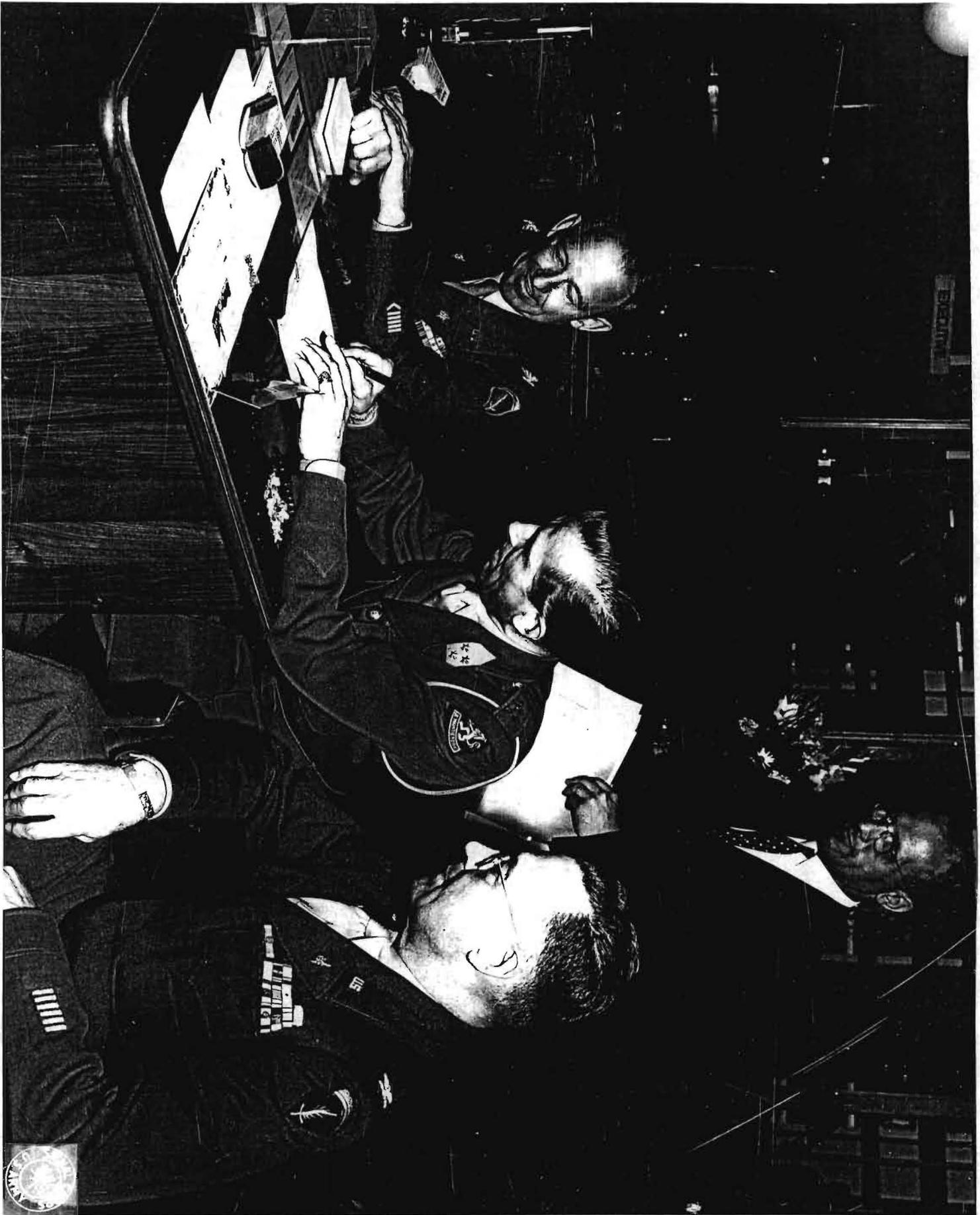
THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE EXECUTIVE ORDER, 12958, OF OCTOBER 3, 1950, AND 12962, OF OCTOBER 16, 1950, AND 12969, OF OCTOBER 31 AND 32, 1950. THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

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By SR NARA Date 1-8-00

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File [NO TITLE]
Box 470

Diana



DECLASSIFIED
Authority NND 775119
By: SR NARA Date 1-8-00

RG 260
Entry FGD
File [NO 71115]
Box 470

SUCOM
CREDIT - 02541
PHOTOG - 7/5 JIMMIE TAYLOR 69TH

DAPT. SMIT KLEIME, CHIEF OF THE PETIT-
LANDS MISSION, IS SHOWN SIGNING FOR THE
412,000 WORTH OF DIAMONDS ~~WHICH WERE~~
~~DISCASATED DURING THE GERMAN OCCUPATION~~
OF THE NETHERLANDS. COL. WILLIAM BREY,
CHIEF FOREIGN EXCHANGE DEPOSITORY SECT
(LEFT), MR. FREEMAN GREENE, ASST HEAD
DEPOSITORY SECTION, FOREIGN DEPOSITORY
FINANCE DIV., CMGUS (CENTER, REAR); AND
COL. WALTER KLUSS, CHIEF OF THE PETIT-
LANDS BRANCH ECONOMICS DIVISION, CMGUS,
ARE SHOWN DURING THE SIGNING OF THE
RECEIPT FOR THE DIAMONDS. *DC*

FRANKFURT, GERMANY.

FOR OFFICIAL USE

RG
 Entry 56
 File Accsn 69-A-4707
 Box RESTITUTION
84

DECLASSIFIED
 Authority NN0978025
 By SZ NARA Date 10-28-99

DEPARTMENT OF THE ARMY *German Restitution*
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 INCOMING CLASSIFIED MESSAGE

SECRET
 PRIORITY

PARAPHRASE NOT REQUIRED.

From: OMGUS Berlin Germany sgd Hays
 To: CSUSA for CSCAD
 Nr: CC 6659

8 November 1948

We are in process of releasing to Czechoslovakia, by way of restitution, diamonds, other precious stones, silver bullion, et cetera, looted by the Nazis in Czechoslovakia. It has been suggested by a friendly Czechoslovakian representative here that publicity in respect to this transaction would be to the advantage of the western powers.

Please advise soonest your views.

ACTION: CAD
 INFO: AF, ID, PO

CM IN 1570

(8 Nov 48)

DTG: 081307Z ohlp/A

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28

DECLASSIFIED
 Authority NND 775119
 By SR NARA Date 1-8-00

RG 260
 Entry FED
 File SECURITIES
 Box 470

SECS.

R E S T R I C T E D28 June 1947DFIN/MEMO(47)90ALLIED CONTROL AUTHORITYDIRECTORATE OF FINANCESUBJECT: RESTITUTION OF LOOTED SECURITIESTO: DIRECTORATE OF REPARATIONS, DELIVERIES AND RESTITUTIONS

At its 48th, 49th and 51st Meetings, the Finance Directorate considered a memorandum from the Directorate of Reparations, Deliveries and Restitutions on the definition of the term "property subject to restitution."

After having replied on this question to the Directorate of Reparations, Deliveries and Restitutions (DFIN/MEMO(46)198), the Finance Directorate instructed the Banking Committee to consider a procedure for the restitution of looted securities (DFIN/MISC(46)165).

At its 75th Meeting on the 16th June 1947 the Directorate considered the report of the Banking Committee (DFIN/P(47)139) and after making various amendments in it, agreed to forward the amended document to the Co-ordinating Committee.

In addition, the Directorate agreed (DFIN/M(47)21 Conclusion 220C):-

"To send a copy of the paper to the Directorate of Reparations, Deliveries and Restitutions."

A copy of DFIN/MEMO(47)89 is therefore attached.

H. H. de LUZE

Duty Secretary.

DFIN/MEMO(47)89.

R E S T R I C T E D

310112

DECLASSIFIED
 Authority NND 775119
 By SR NARA Date 1-8-00

RG 260
 Entry FED
 File SECURITIES
 Box 470

R E S T R I C T E D

28 June 1947

DFIN/MEMO(47)89

ALLIED CONTROL AUTHORITY

DIRECTORATE OF FINANCE

SUBJECT: Restitution of Looted Securities

TO : Allied Secretariat

During its 46th, 49th and 51st Meetings, the Finance Directorate considered the memorandum from the Directorate of Reparations Deliveries and Restitutions on the definition of the term "property subject to restitution", and having answered on this point to the Directorate of Reparations Deliveries and Restitutions (DFIN/MEMO(46)198), the Finance Directorate instructed the Banking Committee to study a procedure for the restitution of looted securities (DFIN/MISC(46)165).

During its 75th Meeting on 16th June 1947, the Directorate studied a report of the Committee (DFIN/P(47)139) and after having made various amendments, agreed (DFIN/M(47)21 Concl. 228b):

"to forward the paper thus amended to the Coordinating Committee".

Therefore I am sending you attached the document DFIN/P(47)139 amended according to the decision of the Directorate.

H. H. de LUZE

Duty Secretary

ATTACHED:

DFIN/P(47)139/1 and
 Annexes A & B

R E S T R I C T E D

310113

DECLASSIFIED
Authority <u>NND 775119</u>
By <u>SR</u> NARA Date <u>1-8-00</u>

RG	<u>260</u>
Entry	<u>FCO</u>
File	<u>SECURITIES</u>
Box	<u>470</u>

R E S T R I C T E D
-----20th June 1947DFIN/Memo(47)89
(DFIN/P(47)139/1)ALLIED CONTROL AUTHORITYFINANCE DIRECTORATERESTITUTION OF LOOTED SECURITIES

1. The Finance Directorate considered the question of the restitution of looted securities found in Germany, but has been unable to reach a unanimous agreement. The US, UK and French position is outlined in Annex A. The Soviet position is outlined in Annex B.
2. It is the US, UK and French position (as shown in Annex A of the present paper) that securities removed to Germany from the territories of other countries while such other countries were occupied or effectively controlled by Germany, are presumed to have been acquired and removed by force or duress ("looted securities"), and are subject to restitution unless this presumption is rebutted and it is established that such securities were neither acquired nor removed by force or duress. The US, UK and French members agree that securities are property, but they are of the opinion that the restitution of securities presents some very special problems requiring special treatment; for example, their identification is more difficult than that of other property. Therefore, in the opinion of the US, UK and French members, special procedure on restitution must be established in accordance with Annex A to this paper. This procedure is not considered inconsistent with the principles agreed to by the Control Council at its Meeting of 21 January 1946 nor with the principles outlined in the paper of the Directorate, Reparations, Deliveries and Restitutions (DRDR/P(46)33/Rev).
3. The Soviet member considers that a special procedure for restitution of securities must be based on principles established and in force at the present time in the sphere of restitution of property. In connection with this, the Soviet member calls the attention of the Coordinating Committee to the fact that the point of view expressed in the paper submitted by the US, UK and French members is inconsistent with the principles agreed to by the Control Council at its Meeting on 21 Jan. 1946 and the principles stated in the paper of the Directorate, Reparations, Deliveries and Restitution, Reference DRDR/P(46)33 Revise. In the Soviet member's opinion, a special procedure on restitution must be established in accordance with Annex B hereto.

Moreover, the Soviet Delegate informs the Coordinating Committee that the restitution of securities in the Soviet Zone of Occupation is made in accordance with quadripartite procedure for restitutions set up by the Coordinating Committee.

R E S T R I C T E D

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DECLASSIFIED
 Authority NNO 775119
 By SR NARA Date 1-8-00

RG 260
 Entry FED
 File SECURITIES
 Box 470

R E S T R I C T E D
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28th June 1947

Annex A to
DFIN/P(47)139/1

ALLIED CONTROL AUTHORITY

DIRECTORATE OF FINANCE

Restitution of Looted Securities

the restitution of

1. The Finance Directorate has examined the question of/looted securities found in Germany, and the US, UK and French delegates recommend that the following principles be adopted, consistent with the 5 January 1943 Interallied Declaration Against Acts of Disposition Committed in Territories under Enemy Occupation or Control:

- (a) Securities removed to Germany from the territories of other countries while such other countries were occupied or effectively controlled by Germany, are presumed to have been acquired and removed by force or duress ("Looted Securities"), and are subject to restitution as hereinafter provided unless this presumption is rebutted and it is established that such securities were neither acquired nor removed by force or duress in which case they shall be subject to the provisions of the 3rd sub paragraph of the second paragraph of Appx "A" of DRDR/P(46)33 Revise.
- (b) Such looted securities are restitutable at the earliest practicable date to the government of the country from whose territory they were removed if such country can be identified. Where such identification is not possible, the securities shall be held in safekeeping pending future agreement as to their position.
- (c) As a prerequisite to restitution of looted securities to claimant countries which are members of IARA, the governments of such countries shall agree to report to IARA any German interest which may be established in such securities and to dispose thereof in accordance with such intercustodial arrangements as may subsequently be made by IARA.
- (d) Securities which were removed to Germany from countries under German occupation or control without ostensible transfer of title and simply for purpose of safekeeping shall be returned to the government of the country from which they were removed, except that such securities as were previously acquired under circumstances described in 1.(a) above shall be subject to restitution principle specified in 1 (a), (b), and (c).
- (e) The above principles shall not apply to securities whose German ownership is known to ante-date the period of German occupation or effective control of the countries concerned.

2. With respect to the procedure of restituting looted securities, the US, UK and French delegates recommend the following:

/ (a) ...

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Authority	NND 775119
By	SR NARA Date 1-8-00

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File	SECURITIES
Box	470

R E S T R I C T E D

Annex A to
DFIN/P(47)139/1

- (a) Governments of countries which were under German occupation or effective control shall be requested to prepare and transmit to the Control Council lists of all securities, irrespective of where issued, which in the estimation of these governments are subject to the provisions of para 1 (a) above. These lists shall group securities according to types i.e. stocks, bonds, mortgages, etc., and shall contain information concerning the date, circumstances and terms of acquisition as well as data on identifying marks such as registration numbers, etc. Claimant countries shall be asked to certify that to the best of their knowledge, no German interest, direct or indirect, existed in the securities being claimed prior to the period of German occupation or control of claimant country.
- (b) Simultaneously, each Zone Commander shall be asked to submit to the Control Council an inventory on the same pattern as indicated in para 2 (a) above, of foreign securities uncovered in his Zone of Occupation. For this purpose, use shall be made of information submitted by residents of Germany on forms of declaration required by MG law in the respective Zones of Occupation, as well as any other available pertinent information. Zone Commanders shall be asked to inaugurate such investigations as may be necessary to make available for purposes of this inventory full information concerning foreign securities located in Germany.
- (c) Under the authority of the Control Council, a quadripartite Group of Experts shall be established and vested with the following responsibilities:
- (1) Merging the inventories of the four Zones of Occupation.
 - (2) Combining the lists submitted by various countries of securities acquired by Germans.
 - (3) Comparing the merged inventories with the combined lists for the purpose of determining the extent to which identifiable looted securities uncovered in Germany suffice to meet established claims for restitution.
 - (4) Preparing recommendations to the Allied Control Authority, to be submitted to the interested Governments, as to the disposition of non-identifiable looted securities, including the allocation of such securities to the Governments concerned to meet listed claims not satisfied by other looted securities returned.
 - (5) Taking necessary steps to centralise under quadripartite safekeeping securities originally issued in Germany and falling within the provisions of para 1 (a) and 1 (b) above, and making recommendations as soon as possible as to how the principles in this paper can be made effective with respect to these securities.

3. Securities as used herein shall include all instruments evidencing participations or interests in enterprises, syndicates or cartels, and all investments, including but not limited to certificates of stocks, shares, bonds, debentures or indebtedness of Governments, States and public authorities or of commercial undertakings, companies or associations.

- 2 -

R E S T R I C T E D

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DECLASSIFIED
 Authority ANN 775119
 By SR NARA Date 1-8-00

RG 260
 Entry FED
 File SECURITIES
 Box 470

R E S T R I C T E D
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28th June 1947

Annex B to
DFIN/P(47)139/1

ALLIED CONTROL AUTHORITY

FINANCE DIRECTORATE

PROCEDURE ON RESTITUTION OF SECURITIES
 LOOTED BY THE GERMANS FROM THE COUNTRIES
 THEY PREVIOUSLY OCCUPIED

1. The Finance Directorate has considered the question of the restitution of securities which were forcibly taken from countries previously occupied by Germany and the Soviet delegate informs the Coordinating Committee of the following:-

(a) Taking into consideration that the Finance Directorate adopted a decision that "securities are included in the term Property Subject to Restitution" the method of working out the details of restitution of above mentioned papers, is to be guided by the Control Council decision of 21 January 1946, on the question of defining the term "restitution".

(b) Consideration must be given to the order of procedure for restitution of property prepared by the Directorate, Reparations, Deliveries and Restitutions (DRDR/P(46)33 Revised); the principles of procedure for restitution of securities must be identical with the principles of restitution of property stated in the first part of DRDR/P(46)33. Revised.

2. The Soviet delegate recommends that the Coordinating Committee establish the following special procedure for restitution of securities:-

(a) Countries previously occupied fully or in part by the German Armed Forces must submit to Control Council the lists of all securities forcibly removed to Germany during the period of occupation, indicating the following data:-

1. Type of securities (shares, bonds, etc.)
2. Name and citizenship of the owner of the securities.
3. Information for identification of securities (numbers, series, date of issue and acquisition, etc.)
4. Detailed circumstances and time of forcible removal of securities to Germany.
5. Other (special) particulars.

(b) Control Council Secretariat to send two copies of above mentioned lists to the respective Zone Commanders for the purpose of investigation and consideration of the claims stated in the list.

(c) Foreign securities discovered in various zones must be immediately returned to claimant countries, provided there is sufficient evidence concerning their forcible removal to Germany.

(d) German securities which belonged to the claimant countries must be deposited until the time when the questions connected with the future of German securities are settled.

3. The above-stated procedure for restitution of securities does not apply to securities which belonged to Germans prior to the period of German occupation.

R E S T R I C T E D
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310117

Heinrich Prop - SECS

MAY 25 1960

May 24, 1960

Mr. S.J. Rubin
 1832 Jefferson Place, N.W.
 Washington 6, DC

(S) ✓

cc: Mr. Kagan

Dear Sy:

You will recall that quite some time ago we discussed in the State Department the problem of heirless Dutch securities held in the U.S.A.

Mr. Spier talked to me about it when I was in Holland last time. He mailed me copy of a letter by the Dutch Finance Ministry and a list of the securities (both attached). Why they waited over two years, is not known to me.

I assume you could find out what the status of these securities is and whether it would be possible to obtain their release on the conditions stipulated in the letter.

I am not clear whether these securities are regarded as German assets and may come under the JRSO bill.

Kindest regards,

N. ROBINSON

NR:IA
 encls.

310118

TRANSLATION

The Hague, 26th April, 1958.

Ministry of Finances

Mr. A. IJ. A. Looijen

A-8-10055

Re: Heirless assets.

MAY 25 1958

E. Spier, Esq.,
 Notary Public,
 Westeinde 24,
A m s t e r d a m

Dear Mr. Spier,

During our conversation of March 13, 1958, I have promised you to give you some details concerning the above named question. As the collecting of information regarding the assets in question caused some trouble, it took longer than I expected at that time. However, now you will receive enclosed a list in duplicate of the assets in the United States, which are known at present and which belong to estates fell open in the Netherlands for which no heirs could be found.

During our conversation we agreed that you would approach in this matter the Jewish organization* in the United States, in order to investigate whether there would be a possibility that from Dutch side towards the American Government these assets would be given up and that in consequence of it they would be allotted to a Jewish organization in the United States, which would transfer these assets again to the Jewish Social Work Foundation. This last one should naturally give a guarantee that if heirs would come up still, the assets belonging to these heirs would be transferred to them.

I am looking forward with interest to the result of the approach with the organization in question.

Very truly yours,

(s) A.IJ.A. Looijen

* in question

TRANSLATION

MAY 25 1960

List of heirless assets

<u>Name of former owner</u>	<u>Tested assets</u>
P. de Jong Elsbach	\$ 1000. - Cuba Railroad 5% 1952
Julius Gottheim	\$ 1000. - Denver and Rio Grande Western Railroad 5% 1955
Unknown Jewish owners	\$ 1000. - Cities Service Company 5% 1958
	\$ 1000. - Southern Pacific 4% 1949
A. Bühler	ca \$ 3000. - Balance with Guaranty Trust Comp.
B. Kellner Naumann	ca \$ 10,000. - Balance with Guaranty Trust Comp.
	\$ 1000. - 4 1/2% Baltimore & Ohio
Rachel de Leeuw	\$ 1868. - Balance with American Express Comp.
Ernst Seelman/Hanna Löwenstein	\$ 4800. - Balance with Chase National Bank
Emma Zsadany-Mayer	\$ 1000 - Balance with Bankers Trust Comp.
Hugo Salvendi	\$ 1559.71 with Commercial National Bank and Trust Comp.
O. M. Rosen-Krauskopf	\$ 3239.68 with Guaranty Trust Comp.
	\$ 1000 - 3 1/2% Uruguay, id.
	\$ 1000 - 3 1/2% Southern Railway, id.
Israël Glowinsky	\$ 5000. - 5% Chicago Milwaukee

310120

013/12833

RG	<u>165</u>
Entry	<u>27 JUL 47</u>
File	<u>HETTLAGE, KARL</u>
Box	<u>3</u>

SECS

Exhibit 24

Interrogation of Professor Dr. KARL M. HETTLAGE, Financial and Economic Adviser of Speer, Reich Minister for Armament and War Production, at Dustbin Interrogation Center, 3 September 1945.

Hettlage is one of the best informed, intelligent and cooperative men interrogated by this team. A practical banker as well as an economist, he had also taken part in politics as a member of the Catholic Center Party before 1933 and he maintained throughout a critical attitude towards the Nazi Regime.

Since Hettlage had already been interrogated previously on his special subjects of price control and war finance, those interrogation reports have been used in order to avoid duplication. They are attached to this report as appendices 1 and 2. The report itself deals with some financial questions and Hettlage's general view of Germany's war potential.

A. FINANCIAL QUESTIONS

Q: How did the capital and private investment market function during the war?

A: There was practically no private investment market during the war. New issues of industrial bonds amounted to 80 or 90 million RM in 1943, 20 million in 1944. Issues of new mortgage bonds amounted to 200-250 million in 1943, about half of that in 1944.

Long term industrial credits were granted by institutions specially created for that purpose, who received a Reich guarantee covering war risk. About 80% of these credits were granted by the German Industrial Bank, the capital of which, amounting to 8-900 million, was mostly held by industry. This bank had been founded originally for agricultural credits, to create purchasing power among the farmers.

Short and medium term credits continued to be granted by the commercial banks.

The government also financed war production by means of other guarantees, such as guaranteeing the interest on bonds of synthetic gasoline plants, guaranteeing prices and sales, etc.

45 pages

310122

RG	<u>165</u>
Entry	<u>27 [unclear]</u>
File	<u>HERNIMAG. KAN</u>
Box	<u>3</u>

Many factories belonged to the Armed Forces — the Army owned plants costing about 3 billion RM, of which 2 billion represented chemical and explosives factories. Such State-owned factories were frequently leased to private industry.

Very few new shares were issued as a means to obtain new capital. Industry increased its own capital by accumulating large additional open and hidden reserves, and could finance its own requirements out of capital to a large extent.

Trade and transfer of securities was not prohibited, but very much restricted by the lack of sellers. The big combines attempted to buy up industrial shares, but were opposed by the government. In 1942 a conscription of shareholdings over 50,000 RM was introduced, which could be called up. Ceiling prices for shares had been introduced in 1941, but not for bonds, which, however, did not rise beyond the price of government securities. The average yield of non-government bonds was between 4 and 4½%, of government bonds 4%.

In spite of the official tendency against large shareholdings and for a fair distribution of the limited available material, there were exceptions to the rule. When the EHER publishing firm (Hitler's own) wanted to buy HUGENBERG's newspapers (SCHEEL - VERLAG), Hugenberg asked for and got equities in exchange.

The conscription of shareholdings provided a useful instrument for the expansionist aims of certain agencies, at least as a threat, which frequently sufficed — e.g. Goering's German Aviation Bank and Ley's Bank of German Labor. Interests in Austrian and mixed international enterprises were acquired by such methods.

Even before the introduction of ceiling prices for equities in 1941 the Ministry of Economics had exercised an effective control over the stock market through their stock exchange commissioners. Certain changes in the ceiling prices could be made according to supply and demand. There were even instances of lowering of prices of shares of industries in former Poland. In determining the ceiling price the last rate of dividend was an important factor, the yield being based on government securities in the final analysis.

Q: How were financial relations with occupied territories?

RG	<u>165</u>
Entry	<u>27 JUL</u>
File	<u>HONIGER, KAM</u>
Box	<u>3</u>

A: There was little disturbance of ownership. Contacts were mostly commercial, with few new participations.

Foreign industrialists would sometimes look for a German partner, and there were instances, in 1940/41, where they might even seek participations in German industries.

Most German circles preferred to await the end of the war before getting involved in foreign participations, figuring that they would get them anyway in case of a German victory. The military occupation authorities were dead against such participations.

The Dresdner Bank tried to acquire an interest in the Societe Generale de Belgique and the Credit lyonnais, but did not succeed.

Before the war, investments abroad had been expanded, being considered as important as other exports. This was especially true for new chemical and textile fibre industries — Spain is a typical case in point.

The capital market had been fairly large and well tended prior to the war, especially for building projects and mortgages. There was rigid control of mortgage and title institutes, and their bonds (Pfand-briefe) were a very popular investment. There were large capital increases by corporations up till 1940, some in order to pay larger dividends without increasing the rate of dividend.

Q: Who were Hitler's economic advisers?

A: In chronological order, KEPLER, SCHACHT AND FUNK. SPEER, of course, eventually took over the direction of the entire economy. This was welcomed by the industrialists, who feared the socialist tendencies of National Socialism and saw in Speer their protector, who would keep the political wolf from the door.

At first Speer's idea of the self-responsibility of industry was very popular with industrialists, since it stood for private capitalism and initiative. Speer also fought against the encroachment of the Gauleiters and the SS — with success until 1944.

B. GERMANY'S WAR POTENTIAL

Q: How could Germany wage war for six years in spite of the apparent lack of economic preparation?

310124

RG	<u>165</u>
Entry	<u>27 [unclear]</u>
File	<u>Hendrickson, Karl</u>
Box	<u>3</u>

A: It is true that Hitler had not planned for war, though he decided for it.

There is a variety of reasons for Germany's capacity for carrying on so long. The people could be directed and stimulated to the employment of unused reserves like no other people in the world. It was primitive obedience rather than romantic enthusiasm, a mixture of faith and fear resulting from fear.

Voluntary and involuntary devotion could increase performance by a good third.

There was furthermore the question of material reserves which had not been fully exploited in the early years of the war -- actually not until 1943. Such reserves could be found in machine capacity, coal and iron mines, manpower (female labor was never fully committed).

There were great windfalls to the German war potential from the loot of occupied territories, especially France. This considerably increased stocks of aluminum and copper, guns and tanks, provided motor vehicles, locomotives and a few hundred thousand freight cars; France's contribution in wheat was also considerable. (Interesting details concerning the value of France to the German war economy could be found in a study published as classified material in 1944 by the Military Commander in Chief, France, entitled "France's contribution to the German war economy.")

Czech army equipment and industrial capacity were very valuable, as were Balkan foodstuffs, metals and oil.

Without the resources of territories occupied since the outbreak of war (i.e. exclusive of Austria and Czechoslovakia), the German power to wage war could have been shortened by some 18 months.

Another considerable reserve was found in the possibility to eliminate civilian production (with the exception of food) almost completely. The population showed an incredible readiness for individual sacrifice, freeing the entire productive capacity of the consumer goods industry for war production.

The German power to wage war, even without sufficient preparation, was further assisted by the political organization of Nazi Germany. The government was not bound by any constitutional considerations, and no provision existed for an alternative government. Party radicalism and measures increased in vio-

RG 165
Entry 27 [unclear]
File Heritage Hall
Box 3

lence, making any effective opposition to a continuation of the war impossible.

DECLASSIFIED
 Authority: MMD755001
 By: WRD NARA Date: 12/20/77

RG 260
 Entry PROPERTY
 File JRSO CHARTER
 Box 8

JRSO
 CHARTER
 ARTICLES OF INCORP.

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U. S.)
 Office of the Military Governor
 Berlin, Germany
 APO 742

LICENSE NO. 49
 17 August 1949

AS 000 (FD)

SUBJECT: License

TO : Headquarters
 Jewish Restitution Successor Organization
 APO 696-1, U. S. Army

You are hereby authorized by the Office of Military Government for Germany (US) to engage in the transactions delineated under (B) below, and the hereinafter regulations constitute the terms of a license under which your activities will be governed within the US Area of Control in Germany.

REGULATIONS

- (A) You will be subject to such Control Council, Military Government and German law as may be applicable to a charitable organization operating in Germany and to applicable directives and orders of the Theater Commander. Your activities will at all times be subject to the control of the Office of Military Government for Germany (US) or such offices as it may designate.
- (B) You are authorized to engage in the following activities in Germany as a successor organization, to the extent necessary to the fulfillment of the purposes of your organization, as set forth in your Appointment issued under Regulation No. 3, pursuant to Military Government Law No. 59:
1. to hold, administer, rent and lease property recovered on your behalf pursuant to MG Law No. 59;
 2. to reconstruct such property when such reconstruction is necessary in order to return it to its pre-war condition;
 3. to sell such properties for Deutsche Marks;
 4. to mortgage and pledge properties acquired by you on your behalf when such action is necessary to carry on the above activities;
 5. to transfer gratuitously funds or properties to agencies, organizations and institutions in Germany engaged in relief, rehabilitation and resettlement;
 6. to engage in any transactions ordinarily incidental to the above activities.
- (C) The restrictions imposed upon you by Article I of Military Government Law No. 59 and Article II of Military Government Law No. 52 are hereby waived to the extent necessary to authorize you to engage in the transactions specified under paragraph (B) above.
- (D) Deutsche Marks may be used by you only for expenditures in Germany for goods and services essential to your operations in Germany and for the purposes stated in paragraph (B) above.

310127

DECLASSIFIED
 Authority: MMD755001
 By: WSD NARA Date: 12/20/77

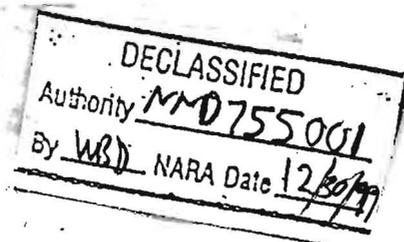
RG 260
 Entry PROPERTY
 File JACO CHANTER
 Box 8

- (E) Deutsche Marks will in no event be used for the acquisition of interest in business enterprises or in real property, except for the temporary rental of necessary facilities, nor will they be convertible into dollars or other foreign exchange or transferable against dollars or other foreign exchange to any other person or firm. The Office of Military Government for Germany (US) desires that it be clearly understood that you accept marks under these conditions entirely at your own risk.
- (F) You are required to render a statement within 15 days after the close of each calendar month, indicating the balance of Deutsche Marks you had on hand at the beginning of the month, marks acquired by you during the month under the terms of this license, mark expenditures for the month, and mark balance on hand on the final day of the month. Such statement will contain a supplemental schedule of your mark expenditure for the month, classified as to major types of expenses. Statements will be submitted to the Internal and External Finance Group, Finance Division, OMSG, Berlin, APO 742, US Army, and will be certified as to their accuracy and completeness by a responsible official or employee of your organization, who will hold available for inspection by Military Government, or its designee, all ledgers, books of account, vouchers, receipts, and records as may be necessary to corroborate your statement.
- (G) This license is not granted for a stated term, is not a property right and is not transferable. It is subject to revocation in the event that licensee violates the terms of its appointment under Regulation No. 3 of Military Government Law No. 59 or any of the foregoing regulations.

FOR THE MILITARY GOVERNOR:

Telephone BERLIN 42994

V. W. BOND
 Major AGD
 Acting Adjutant General



RG 260
 Entry Final
 File Colly + S. / vol: Hunt
 Box 50

ATTN:
 HELB
 JUN 2

C O P Y

TELEGRAM RECEIVED

FROM: PARIS

Date: June 15, 1946
 4 p.m.

No. : 228

CODE: SECRET (NPN)

Received: June 17,
 10:55 a.m.

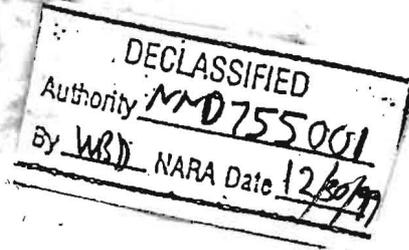
FOR GA NO. 18 FROM GINZBERG.

Final agreement signed June 14, 4 pm Paris time. Released date Thursday pm June 20 for text of agreement only. Letter of instruction to the inter-Governmental committee on refugees and letter to neutral powers re "heirless funds" not to be publically released. The official title follows as well as the official English text:

"Agreement on a plan for allocation of a reparation share to non-repatriable victims of German action."

In accordance with the provisions of Article 8 of the final act of the Paris conference on reparation, the Governments of the United States of America, France, the United Kingdom, Czechoslovakia and Yugoslavia, in consultation with the inter-Governmental committee on refugees, have worked out, in common agreement, the following plan to aid in the rehabilitation and resettlement of non-repatriable victims of German action. In working out this plan the signatory powers have been guided by the intent of article 8 and the procedures outlined below are based on its terms:

In recognition of special and urgent circumstances, the sum of \$25,000,000 having been made available by Allied Governments



RG 260
 Entry Finance
 File Gold & Silver; Hunt. Res.
 Box 50

as a priority on the proceeds of the liquidation of German assets in neutral countries, is hereby placed at the disposal of the inter-Governmental committee on refugees or its successor organization for distribution to appropriate public and private field organizations as soon as they have submitted practicable programs in accordance with this agreement.

(A) It is the unanimous and considered opinion of the five powers that in light of paragraph H of Article 8 of the Paris Agreement on reparation, the assets becoming available should be used not for the compensation of individual victims but for the rehabilitation and resettlement of persons in eligible classes, and that expenditures on rehabilitation shall be considered as essential preparatory outlays to resettlement. Since all available statistics indicate beyond any reasonable doubt that the overwhelming majority of eligible persons under the provisions of Article 8 are Jewish, all assets except as specified in paragraph B below are allocated for the rehabilitation and resettlement of eligible Jewish victims of Nazi action, among whom children should receive preferential assistance. Eligible Jewish victims of Nazi action are either refugees from Germany or Austria who do not desire to return to these countries, or German and Austrian Jews now resident in Germany or Austria who desire to emigrate, or Jews who were Nationals or former Nationals of previously occupied countries and who were victims of Nazi concentration camps or concentration camps established by regimes under Nazi influence.

DECLASSIFIED
 Authority MMD 755001
 By WSD NARA Date 12/30/77

RG 260
 Entry Finance
 File Gold + Silver; Bank. Res.
 Box 50

(B) The sum of \$2,500,000 amounting to 10 percent, arising out of the \$25,000,000 priority on the proceeds of German assets in neutral countries, 10 percent of the proceeds of the "non-monetary gold", and 5 percent of the "heirless funds" shall be administered by the inter-Governmental committee on refugees or its successor organization through appropriate public and private organizations for the rehabilitation and resettlement of the relatively small numbers of non-Jewish victims of Nazi action who are in need of resettlement. Eligible non-Jewish victims of Nazi action are refugees from Germany and Austria who can demonstrate that they were persecuted by the Nazis for religious, political, or racial reasons and who do not desire to return, or German and Austrian Nationals, similarly persecuted, who desire to emigrate.

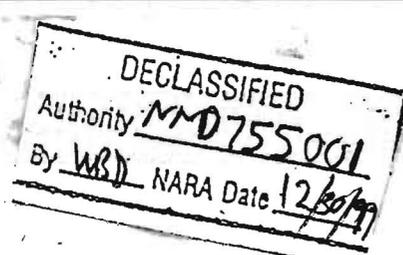
(C) The director of the inter-Governmental committee on refugees or the director general of the successor organization shall under the mandate of the agreement make funds available for programs submitted by the appropriate field organizations referred to in paragraphs A and B above as soon as he has satisfied himself that the programs are consistent with the foregoing. Only in exceptional circumstances may the cost of resettlement programs exceed a maximum of \$1,000 per adult and \$2,500 per child under 12 years of age. The action of the inter-Governmental committee on refugees or its successor organization shall be guided by the intent of Article 8 and by this agreement which is to place into operation as quickly as possible practicable programs of rehabilitation and resettlement submitted by the appropriate field organizations.

DECLASSIFIED
 Authority MMD 755001
 By WBS NARA Date 12/30/77

RG 260
 Entry Finance
 File Gold + Silver; 40000000
 Box 50

(D) In addition to the \$25,000,000 sum the inter-Governmental committee on refugees or its successor organization is hereby authorized to take title from the appropriate authorities to all "non-monetary gold" found by the Allies in Germany and to take such steps as may be needed to liquidate these assets as promptly as possible, due consideration being given to secure the highest possible realizable value. As these assets are liquidated, the funds shall be distributed in accordance with paragraphs A and B above.

(E) Furthermore, pursuant to paragraphs C and E of Article 8, in the interest of justice, the French Government on behalf of the five Governments concluding this agreement, are making representations to the neutral powers to make available all assets of victims of Nazi action who died without heirs. The Governments of the United States of America, the United Kingdom, Czechoslovakia, and Yugoslavia, associating themselves with the French Government in making such representations to the neutral powers. The conclusion that 95 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 in 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. The "heirless funds" to be used for the rehabilitation and



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resettlement of non-Jewish victims of Nazi action should be made available to the Inter-Governmental Committee on Refugees or its successor organization for distribution to appropriate public and private field organizations. In making these joint representations, the signatories are requesting the neutral countries to take all necessary action to facilitate the identification, collection, and distribution of these assets which have arisen out of a unique condition in international law and morality. If further representations are indicated the governments of the United States of America, France and the United Kingdom will pursue the matter on behalf of the signatory powers.

(F) To insure that all funds made available shall inure to the greatest possible benefit of the victims whom it is desired to assist, all funds shall be retained in the currency from which they arise and shall be transferred therefrom only upon the instructions of the organization to which the Inter-Governmental Committee on Refugees or its successor organization has allocated the funds for expenditure.

(G) The Director of the Inter-Governmental Committee on Refugees shall carry out his responsibilities to the five governments in respect of this agreement in accordance with the terms of the letter of instruction which is being transmitted to him by the French Government on behalf of the governments concluding this agreement.

In witness whereof the undersigned have signed the present agreement.

DECLASSIFIED
Authority NND 755001
By WSD NARA Date 12/30/77

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Done in Paris, on the Fourteenth of June, 1946, in the English and French languages, the two texts being equally authentic, in a single original, which shall be deposited in the archives of the Government of the French Republic, certified copies being furnished by that Government to the signatories of this present agreement.

(Signed)

ELI GINZBERG, Delegate of the United States of America.

JOSEPH VLADIMAR KLVANA, Delegate of Czechoslovakia.

PHILIPPE PERIER, Delegate of France.

DOUGLAS MACKILLOP, Delegate of the United Kingdom of Great Britain and Northern Ireland.

MATO JAKSIC, Delegate of Yugoslavia.

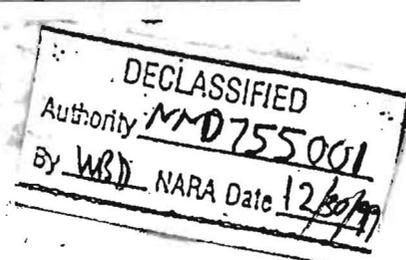
"Annex to the Agreement on the plan for allocation of a reparation share to non-repatriable victims of German action.

In accepting the phrasing of paragraph (E) of the Agreement, the Czechoslovak and Yugoslav delegates have declared that the Republic of Czechoslovakia and the Republic of Yugoslavia have not by so accepting, given up their claim to the forthcoming inheritances mentioned therein which, according to the provisions of international law, belong to their respective states."

Signed Paris, Fourteenth June, 1946.

JOSEPH VLADIMIR KLVANA, Czechoslovak Delegate

MATO JAKSIC, Yugoslav Delegate



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Suggest press release substantially as follows. It may be desirable to state in the press release that additional details will be available upon my return from Europe:

The Five Power Conference Meeting in Paris has successfully concluded its discussions and reached an agreement, the Department of State announced today on making certain reparation funds available for the rehabilitation and resettlement of non-repatriable victims of German action.

In addition to the United States, the governments participating were United Kingdom, France, Czechoslovakia, and Yugoslavia.

The Conference worked out its plan in terms of the final act of Paris Conference on Reparation which made available a fund of twenty-five million dollars out of German assets in neutral countries, all the non-monetary gold found by the Allies in Germany, and all the assets in neutral countries of victims of Nazi action who died without heirs. It is believed that the non-monetary gold and the "heirless funds" will amount to millions of dollars.

Since the overwhelming group of eligible victims were Jewish, the Conference allocated \$22,500,000 out of German assets in neutral countries, 90 percent of the non-monetary gold and 95 percent of the "heirless funds" for the rehabilitation and resettlement of Jews. The remaining part of the fund was made available for those German and Austrian non-Jewish victims who were persecuted by the Nazis for religious, political, or racial reasons and who are in need of resettlement.

DECLASSIFIED
Authority: MMD755001
By: WSD NARA Date: 12/20/77

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Entry Finance
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The Agreement gave general administrative responsibility to the Director of the Inter-Governmental Committee on Refugees who will make funds available to authorized field organizations.

It is expected that the authorized Jewish field organizations will use a large part of these funds for the rehabilitation of refugees and for the resettlement in Palestine.

The American delegate to the Conference who had been given plenipotentiary powers by the President was Professor Eli Ginzberg of Columbia University, who had been made available for this mission by the Secretary of War. Professor Ginzberg was assisted by Mr. Jacob Kaplan of the Department of State and Mr. Irwin Mason of the American Embassy, Paris.

Sent to Department as 2904, repeated to London as 426, Brussels as 80, Berlin as 228, and Frankfurt as 45.

CAFFERY

was likewise taken into consideration. The problem of effecting an equitable distribution of reparations in accordance with such percentage quotas, taking into account the small amount of industrial capital equipment made available to date, is already becoming most difficult. If the industrial capital equipment in Germany should not be made available in large amounts, it will be impossible to carry out some of the important decisions of the Paris Convention in their present form as planned.

740.00119 Council/3-2047: Telegram

The Acting Secretary of State to the Secretary of State at Moscow

TOP SECRET

WASHINGTON, March 20, 1947—1 p.m.

586. Secdel 1349. Personal for Secretary from Acheson. March 13 I attended meeting in Secretary Anderson's office with Secretaries Commerce,⁴⁰ War,⁴¹ Navy,⁴² Budget Director⁴³ and Herbert Hoover to hear latter's views on Germany.⁴⁴ These were:

(a) Prospects for economic unification of Germany very slight because Russians will not agree to give up their control of German industries their zone and to unify Germany without such agreement would be to grave disadvantage of British and ourselves and might soon result in Russian control of all of Germany.

(b) Therefore, only sound course is to proceed to make Germany self-supporting and remove the load from British and American taxpayers by concentrating our efforts on British and American zones and, if possible, on French.

(c) This means that level of industry agreement should be regarded as having been set aside by Russian breaches of the Potsdam conception of an economically unified Germany and we should develop German heavy industry.

(d) Development of German heavy industry is necessary to support Germany because Germany cannot furnish necessary exports by products of light industry. Light industry in Germany would have to be developed to do this with disastrous result to international trade. Furthermore, it would not be successful.

(e) Heavy industry development necessary not only for Germany to support itself but necessary if Europe, particularly that part not under Soviet control, is to get the necessary steel and machinery. U.S. cannot with its present plant capacity supply this steel and machinery and it could never be paid for if supplied.

⁴⁰ W. Averell Harriman.

⁴¹ Robert P. Patterson.

⁴² James V. Forrestal.

⁴³ James E. Webb.

⁴⁴ For Secretary Forrestal's account of this meeting, see *The Forrestal Diaries*, pp. 255-256.

(f) It was recognized that program suggested by Hoover would produce some complications arising out of competing demands of France for Ruhr coal.

(g) Denazification procedures should permit employment German technicians at their skills.

Cabinet officers present seemed to concur in the views expressed. I told them nothing in this analysis unfamiliar to you and your advisers. Discussion reported for information and not with idea that action contemplated your absence.

ACHESON

740.00119 Council/3-2147: Telegram

The Acting Secretary of State to the Secretary of State at Moscow

TOP SECRET

WASHINGTON, March 21, 1947—7 p.m.

611. Secdel 1361. Personal for the Secretary. Mr. Pauley has requested Dept to transmit following message to you:

"Have been greatly impressed by reports of Molotov's current insistence on 10 billion reparations. Went through this entire argument with Maisky and others at Moscow meeting in 1945⁴⁵ and later at Potsdam.

Feel sure Stalin, Molotov and other Soviet officials firmly committed internally budgetwise and to their people with regard to obtaining reparations having a monetary value of 10 billion dollars, consequently, do not believe they can be dissuaded from that point, if it involves public exposure of their previous inaccuracies.

However this problem can be solved by different methods of valuation. So long as they are permitted to value their reparations in amount of 10 billion whether the value is fictitious according to US standards or not, they will be able to say they have maintained their long advocated position of obtaining 10 billion reparations. Respectfully call your attention to the fact that USSR and Poland will receive more than this in fee ownership of land etc. east of Oder and Neisse Rivers.

If in addition what they get from Germany is valued at 10 billion through their own methods of valuation, believe it immaterial to fix total monetary value of reparations to be removed from Germany.

Am convinced from previous contacts present USSR leaders will lose face if they back down on 10 billion reparations figure.

Believe sincerely you are doing marvelous job reflecting untold credit on US and yourself. Am making above suggestion in hopes your splendid record will not be endangered by Russian adamance on a point that can be handled in manner suggested above."

⁴⁵ For documentation on the meetings in Moscow during June and July 1945 of the Allied Commission for Reparations, see *Foreign Relations*, 1945, vol. III, pp. 1169 ff. and *Foreign Relations*, The Conference of Berlin (The Potsdam Conference), 1945, vol. I, pp. 510-548 *passim*.

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DECLASSIFIED
Authority 775057
By 7 J MARA Date 12/30/99

ATTN: Helen June

things, unification of Germany. I have worked, through my staff, in close association with the regular divisions of the Department which have been considering these problems. The consensus in the Department has been that bare economic unification would be a delusion unless coupled with a great many other considerations. I share that view.

I have explored the reparations question in all its aspects. I am submitting a paper comprising a detailed discussion of the reparations problem, and its economic and political implications. There is included as an appendix a summary of pertinent statistical and economic data.

I am now convinced that a practical reparations offer alone could not constitute a sufficient inducement to Soviet Russia to obtain agreement to all the political and economic conditions which we believe necessary for a European settlement. Nevertheless, I believe a definitive reparations offer should be made at London, in association with other inducements, to indicate our desire to abide by our past commitments and to require the German economy to assist, to its practical maximum, in the recovery of Europe including the recovery of Russia. I believe such an offer is strategically essential to counter Russia's current offensive which is designed, I believe, to indicate to the world that the United States is seeking selfish ends, even at the cost of war. I have included in the attached documents a political discussion developing this viewpoint and its implications.

After detailed consideration of many alternative reparations formulas, I have returned to the proposal you made at Moscow in March, 1947.⁶³ Bearing in mind the conditions you attached to that proposal, I have suggested a means of meeting those conditions.

In brief, my proposal, which is expanded at length in the attached Paper, provides for the grant to all reparations claimants of a reparations credit, redeemable in finished and processed goods, equivalent to the value of the capital installations the claimants would have received from the Western Zones under the 1946 level of industry, but retained in Germany under a new level of industry to be finally decided upon at London. This level, I assume, is to be roughly equivalent to the 1947 bizonal level. The reparations credit is to be available only upon the condition that reparations claimants furnish for the German economy food, fuel, raw materials or acceptable equivalents required to enable the German economy to produce the finished goods in question. If necessary, the 15 per cent of Western Zone capital removals provided under the terms of the Potsdam Agreement for the USSR and Poland in exchange for reciprocal deliveries of specified commodities could be

⁶³ The reference here is presumably to Secretary Marshall's proposal regarding the level of German industry and reparations from current production, circulated to the Council of Foreign Ministers on April 3, 1947; for the full text, see *Germany 1947-1949*, p. 410 or Department of State *Bulletin*, April 13, 1947, pp. 652-653. Regarding this proposal, see also telegram 1167, Delsec 1385, April 2, from Moscow, p. 306.

equated to a separate reparations credit to be divided between the IARA countries and the USSR-Poland. It is suggested that the reparations credit could be based upon the in-place value of the capital equipment previously scheduled for removal but now to be retained in Germany. I believe that a level of industry roughly equivalent to the 1947 bizonal level could easily support such a program. This reparations program, itself, would assist in activating idle German capacity that would not otherwise be utilized. It would not involve, of itself, expenditures by the United States. It is, therefore, consistent with our major objectives.

It is recommended that despite interdepartmental commitments, there be a new level of industry determination based upon whatever agreements are made, whether among all four occupying powers, or only with Britain and France.

Inasmuch as Soviet spokesmen have repeatedly gone on record as demanding \$10 billion in reparations, you might consider it desirable to accept a formula by which past Soviet-Polish removals from Germany plus reparations collectible in the future could be computed for the record, at \$10 billion. This, of course, would be predicated upon prior agreement on the actual amount of future reparations for Russia and Poland.

It is recommended that removals as reparations of all capital equipment in excess of the new level of industry be promptly resumed and completed.

It is implicit that the above plan and the negotiating variants suggested in the attached paper are based upon the satisfaction of the politico-economic conditions to be proposed as terms of a general European settlement.

In my judgment, the forthcoming CFM meeting will be one of transcendental significance. It will constitute one of the Great Divides of American policy in this era. I am grateful for the opportunity given me to advise you in this situation.

Respectfully,

EDWIN W. PAULEY

[Annex]

Paper on German Reparations, Prepared by the Special Adviser to the Secretary of State on Reparations (Pauley)

SECRET

[WASHINGTON, November 17, 1947.]

I—SUMMARY OF REPARATIONS PAPER

Situation

At Moscow Secretary Marshall agreed to consider equating once-for-all removals due each recipient nation under the 1946 level of industry to current production, with the reservation that any such

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REPRODUCED AT THE NATIONAL ARCHIVES

plan must not increase the financial burden on the American Government and should not interfere with the prospects of Germany's attaining an economic balance.

In the summer of 1946, at Paris, Russia made a demand for \$10 billion in reparations, mostly out of current production, a demand which she had not voiced since Potsdam; the USSR indicated a desire to raise the level of industry to make possible reparations out of current production. The USSR is believed to have taken this position because of disappointment with the economic benefits, to her, of capital removals. Russia vigorously restated this position at Moscow in March, 1947, and rejected the American argument that the Potsdam Reparations formula had extinguished all previous Russian reparations demands.

It can be assumed, for the sake of negotiations, that Russia's intransigent position on unification and reparations is due to a desire to obtain the maximum amount of industrial and consumer goods from Germany, to meet internal political prestige needs and to help rebuild the Soviet industrial machine. The United States, therefore, might advantageously propose a settlement which might make available to the USSR the maximum amount of goods from Germany consistent with the other imperatives of American policy, namely, economic self-sufficiency for Germany at the earliest possible date, and the economic recovery and political stability of Europe, especially of Western Europe.

It is believed that no feasible reparations offer can be devised of sufficient scope to induce Russia to agree to both the economic and political conditions required by the United States for a general settlement of Central European problems. Nevertheless, it is manifest that we should attempt to gain acceptance of a reparations settlement which will, as nearly as possible, accomplish our goals of European recovery and the industrial disarmament of Germany. It is psychologically important that the United States emphasize its desire to require Germany to contribute, through reparations, to the recovery of Europe, while also pointing out that the recovery of Germany would be in itself a contribution to European recovery.

Capacity of Germany to Provide Reparations

The German economic situation is such as to preclude any program of "pure" reparations out of current production regardless of any further increases in the level of industry. Actual production is restricted by shortages of (a) coal, (b) food, (c) transport, (d) raw materials, (e) housing, and by dislocations in manpower and management. Most of the shortages are in categories of which there are world shortages. Almost all import requirements of the German economy require dollars; German production cannot increase to major

proportions without such imports because of the lack of indigenous resources. Economic unification of Germany would only reduce to an unestablished extent, but would not eliminate, the deficit in the German economy under present circumstances. Any program of "pure" reparations out of current production would thus be at the expense of the nation or nations supporting the German deficit. Germany's import requirements, which will increase in proportion to increased industrial production, include: food, petroleum products, rubber, iron ore, copper, almost all other non-ferrous metals, cotton, wool, hides, fertilizer, and basic chemicals.

There is no foreseeable possibility of a full restoration of Germany's prewar export markets, because of (a) increased indigenous production in former market countries, (b) political antipathies and fears resulting from war, (c) increased nationalism throughout Europe, (d) shortage of dollars in Germany's former markets, (e) inability of former market countries to supply Germany with Germany's import needs such as food and raw materials, (f) current political and economic orientation of Balkan and Eastern European nations to the USSR; these countries were formerly dependent to a major extent on Germany for their external trade.

At the same time it must be a major objective to give certainty to the German economy so that, at the earliest possible date, the German people, having made their contribution to the recovery of the victim nations, can aim at the goal of national improvement in the standard of living, and cooperation with other European nations in the solution of continental economic problems.

Nature of Reparations Program

The United States is committed to the principles of Potsdam including a reparations program. The United States has been one of the chief protagonists of once-for-all removals both to reduce the German war potential and to help raise the standard of living of the nations against whom Germany waged war and occupied. It is to America's interest to support a reparations program, including a continuation of capital removals, both to give support to democratic forces in Western Europe and to discharge implied commitments to potential reparations recipients for whom the United States was, by implication, the spokesman and agent at Potsdam.

There is no economic prospect for the utilization of all standing plant capacity now in Germany in the foreseeable future. Even without the existing bottlenecks to increased production, much of the standing equipment is autarchic, uneconomic in present relation to transport and sources of raw materials, and geared to a wartime instead of a peacetime economy. Most of this excess capacity was built up during the period of preparation for aggression. Its removal would

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not interfere with Germany's economic recovery, while its transfer to other countries would aid in their rehabilitation and the establishment of a more balanced economy in Europe. In the long run, these removals would be a boon to German economic regrowth on a sound and integrated basis.

A limited program of reparations out of current production, along the lines of Secretary Marshall's Moscow proposal, could be so arranged as to be economically feasible and consistent with German economic recovery. The reparations plan proposed below would require claimant nations to provide food, fuel or raw materials to the German economy as part payment for manufactured goods to be received as reparations. Although most of the raw material and fuel resources of Western Europe have already been committed under the terms of the European Recovery Program, some of these nations have food surpluses of a certain category (such as eggs, vegetables, and fats) and others might be able to obtain raw material or other commodities required by the German economy which the countries in question would be willing to supply to Germany in return for a greater quantity of manufactured goods than they would otherwise be able to obtain by outright purchases from Germany or imports from other areas.

Reparations Negotiations and Plan

It is recommended that the United States propose the following plans and seek agreement or agree to the following conditions:

A. A program of limited reparations out of current production, the total amount of which is to be equated to the removal value of capital equipment scheduled to be awarded as reparations under the 1946 Level of Industry Plan, but to be retained in Germany under the new level: Provided that each claimant country agrees to supply in acceptable commodities (food, fuel, or raw materials) a portion of the value of finished goods delivered, the remainder of the value of which is to be considered the reparations payment.

As a variant to this proposal, the Secretary might agree to equate the value of current reparations credit to the in-place value of the capital equipment in question. This would increase the value by approximately 70 per cent.

This program would be projected over a five-year period; all "payments" of commodities would be delivered within that period; the reparations deliveries would be consummated within the shortest possible time, but not necessarily within the five-year period.

B. The percentage of the total "reparations credit" to be allowed USSR-Poland would be as in the Potsdam Agreement. If it is desired to make an additional concession on this proposal, it is suggested that the 15 per cent of capital removals provided in exchange for commodity deliveries be divided equally between USSR-Poland and the IARA nations. Percentages for the IARA nations would be as in the Paris Agreement. The Potsdam provision for "reciprocal deliveries" would be eliminated. The assent of the IARA nations would be required to make this arrangement.

C. As an alternative, it might be proposed that there be a resumption of the capital removals program on the above percentage basis, without current reparations.

D. Capital removals above the 1947 level of industry (or the level suggested in "E" below) would be resumed to all claimants.

E. The level of industry would be reviewed, at a technical level, in the light of economic unification, the type of reparations program adopted and other current factors, by representatives of the appropriate occupying powers.

F. Inasmuch as Soviet spokesmen have repeatedly gone on record as demanding \$10 billion in reparations from Germany, the internal political needs of the government of Soviet Russia might be satisfied by a formula under which past Soviet-Polish removals from Germany, as reparations collectible in the future, could be computed, for the record, at \$10 billion, provided that agreement were first reached as to the actual amount of future reparations.

G. Whatever reparations plan is agreed upon should constitute a final settlement of all reparations claims by all nations.

H. The administration of Plan A would be left to the Allied Control Council and its economic agencies, including the determination of plants to be utilized for reparations work, the types of finished goods to be available for reparations, and the commodities to be considered acceptable in return for finished goods.

I. It is implicit that all of the above offers by the United States would be contingent upon Soviet agreement to the politico-economic conditions deemed essential for a German settlement including political and economic unification.

J. If the USSR declines to accept any of our reparations proposals and refuses a major settlement of German problems, it is recommended that the United States resume immediate capital reparations deliveries to the IARA nations but continue indefinitely the suspension of deliveries to the USSR and Poland.

[The remainder of this paper, covering fifty-five pages in the typewritten source text, is not printed. It was arranged under the following sub-headings: Political Observations, Level of Industry and Economic Unification, Reparations Plan and Negotiations, Negotiations with the USSR, First Charge Principle, Reparations Background, Present Status of the Reparations Program, Capital Removals vs Current Production, Analysis of European Economic Problems, Role of Coal, and Statistical Appendix.]

740.00119 Control (Germany)/10-3147: Telegram

The Secretary of State to the Embassy in Belgium

SECRET

WASHINGTON, November 14, 1947—4 p.m.

1642. ReEmbtel 1700 Oct 31.* Dept sympathetic in principle allowing Benelux present their views CFM London meeting and

* *Ante*, p. 696.

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Restitutions Directorate. (See our cable 1955, 14 August 1947.)¹⁷ Since very little agreement could be reached at this level at a meeting held on August 22, 1947, a comprehensive report on the points which remain unsolved is being prepared for submission to the Coordinating Committee.¹⁸

Three principal questions await resolution by the Coordinating Committee:

(1) Who shall take delivery of commodities dispatched as reciprocal deliveries? The Soviets insist that each Zone Commander shall take delivery and sign receipts for commodities in proportion to the industrial capital equipment dispatched from that particular Zone; neither the Zone Commanders of the Western Zones nor the Zone Commander of the Soviet Zone can act as agents for IARA. The three Western nations insist that they can only accept such commodities "acting on behalf of IARA."

(2) What is to be the source of the commodities dispatched as reciprocal deliveries? The Soviets insist that they alone are to determine the source from which such commodities are delivered. The Americans and British—partially supported by the French—insist that commodities furnished as reciprocal deliveries must come from outside Germany, unless they are in excess of the requirements of an agreed minimum economy for all of Germany and are not exportable to provide funds for reimbursement of occupation costs.

(3) What is to be the price of the commodities dispatched as reciprocal deliveries? The Soviets insist that the cost of packing and transport outside the German borders should be added to the 1938 price in Reichsmarks (plus 5 per cent), and therefore, such costs should be borne by the recipient. The three Western nations insist that such costs are already included in the basic price (i.e., the 1938 price in Reichsmarks plus 5 per cent), and that they should not again be added to the price used for accounting purposes.

The main questions of principle and an outline of the development and current position of the various delegations on each are indicated in the following pages.

Respectfully yours,

ROBERT MURPHY

¹⁷ Not printed; it reported that at the 133rd Meeting of the Coordinating Committee of the Allied Control Authority, August 13, 1947, document CORC/P (46) 403/3 was referred back to the Reparations, Deliveries and Restitution Directorate for further discussion (740.00119 EW/8-1447).

¹⁸ Reciprocal deliveries were discussed at the 137th Coordinating Committee meeting, September 12, and the 70th Allied Control Council meeting, September 20. Ultimately, at the 139th meeting of the Coordinating Committee, October 2, agreement was reached on a Soviet offer to deliver certain goods, including wood, benzine, grain and synthetic rubber, as reciprocal deliveries. Decision on the questions of principle, i.e., the source of deliveries, transportation costs, etc., was deferred pending economic and political unification of Germany. For an account of the commodities made available by the Soviet Union and the amounts finally allocated to certain member governments of the Inter-Allied Reparation Agency, see *Inter Allied Reparation Agency: Report of the Secretary General for the Year 1947* (Brussels, 1948), pp. 21-22.

740.00119 EW/9-1147: Telegram

*The Secretary of State to the Embassy in the United Kingdom*¹⁹

TOP SECRET

WASHINGTON, September 11, 1947—5 p.m.

3946. Text of State-War telegram (TopSec) to OMGUS on resumption reparation deliveries follows:

"For General Clay and Ambassador Murphy. Following is policy of State and War for resumption of reparation deliveries:

1. No actual deliveries on reparation account to be made until after next CFM meeting other than advance reparations & equipment from war plants being delivered under existing policy.
2. As it is very important not to give any basis for charges that the commitment on this subject given in connection with level of industry announcements not made in good faith, you will prior to next CFM discussions avoid any association of resumption of reparation deliveries with attainment of economic unity.
3. Publication of plant lists should be made as soon as possible. Expected delays in obtaining quadripartite agreement on allocation and valuation mentioned in Gen Clay's NR 72088²⁰ will be relied upon instead to postpone deliveries until after CFM meeting.
4. All preliminary steps will be taken in US and UK zones so that deliveries can be resumed to certain countries as soon as possible after next CFM meeting.
5. Deliveries to USSR to be suspended indefinitely if economic unity not attained at next CFM meeting. State studying question whether deliveries to Albania, Czechoslovakia and Yugoslavia should also then be suspended."

Sent London rptd Paris 3423 and Brussels 1270.

MARSHALL

740.00119 EW/9-1547: Telegram

The United States Delegate to the Inter-Allied Reparation Agency (Dorr) to the Secretary of State

TOP SECRET

BRUSSELS, September 15, 1947—11 a.m.

1407. OE from Dorr. Re Deptel 1270, September 11.²¹

1. In view paragraph five feel it extremely difficult make any statement whatever to IARA re US policy which might not in certain even *events?* afford later justification for charges of bad faith. Accordingly request detailed instructions concerning position to be taken by US.

¹⁹ Telegram 4120, September 24, to London, not printed, asked Ambassador Douglas urgently to assess the feasibility of obtaining British concurrence to the position outlined in this telegram. Should Douglas deem such concurrence obtainable, he was to present the position to the British as soon as possible (740.00119 EW/9-2047).

²⁰ *Ante*, p. 1059.

²¹ Same as telegram 3946 to London, *supra*.

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2. Re paragraph five hope that, if Dept seriously considering stopping deliveries to any non-occupying power, opportunity will be afforded me to present personally views as to possible effects on work here. Would such suspension apply all reparation deliveries including neutral assets [*assets*], or only industrial equipment? Is there any indication British French would agree? If not, presume restriction would apply solely to relatively small number plants which might be delivered from US zones, since British French have already shown willingness make unilateral removals from their zones when quadripartite action blocked. Strongly inclined to feel if any restriction attempted position US Delegation IARA would become untenable in view clear violation Paris Act.

3. Pending advice from Dept regarding extent to which British support our attitude, have not felt it possible to discuss subject even informally with British delegate.²² British alternate delegate going Berlin today probably for consultation this matter.

[DORR]

740.00119 EW/10-847

Memorandum of Conversation, by Joseph A. Todd of the Division of Occupied-Area Economic Affairs

SECRET

[WASHINGTON,] October 3, 1947.

Participants: Mr. Hubert Penson—Minister, Advisor to the Ambassador on Germany, British Embassy.
Mr. A. F. Geolot, Second Secretary, British Embassy
Mr. C. Tyler Wood—A-T
Mr. Covey T. Oliver—OE
Mr. Joseph A. Todd—OE

Messrs. Penson and Geolot called to present the views of the United Kingdom with reference to the United States proposals²³ discussed by Ambassador Douglas with Foreign Secretary Bevin in London last week. These proposals were to the general effect that further deliveries to the Soviet Union of capital equipment as reparation would not be made pending the outcome of the forthcoming CFM meeting, and that no deliveries would be made thereafter to the Soviet Union if agreement was not reached on the question of economic unity for

²² Telegram 1288, September 15, to Brussels, for Dorr, not printed, replied in part as follows:

"For your info this position has not yet been discussed with UK. Until further informed you should endeavor avoid responding questions this subject." (740.00119 EW/9-847)

²³ The reference here is presumably to the statement of policy for the resumption of reparation deliveries set forth in telegram 3946, September 11, to London, p. 1123.

Germany. The Foreign Secretary was also informed that the United States was considering the possibility and desirability, under the latter circumstance, of including Albania, Czechoslovakia and Yugoslavia under the ban against further deliveries, despite the status of these countries as signatories to the Paris Reparation Agreement.

The British Embassy representatives stated that their Government viewed these United States proposals with alarm and referred to the commitment given by the Secretary of State at Moscow that reparation deliveries under a revised level of industry would be resumed to both Eastern and Western nations. They went on to point out the probable undesirable effect on the CFM discussions if the Soviet Union should be in a position to charge bad faith as a result of delaying tactics which were clearly revealed as such. While the UK is willing to consider the prohibition of further deliveries of capital equipment to the Soviet Union if the CFM fails to reach substantial agreement, she is very anxious to proceed rapidly with the announcement and implementation of the reparation program under the revised level of industry.

During the discussion it was made clear that the allocation of capital equipment between the USSR and IARA would not take place before approximately December 1, even if there were no delays of entirely usual origin, and that actual dismantling and removal in any appreciable volume could not, therefore, be expected before the end of the year.

Mr. Wood pointed out that there appeared to be general agreement between the two Governments regarding the desirability of having the record clear at the time the CFM was discussing economic unity and, because of the time table referred to above, little disagreement as to the practical results which might be expected. Before confirming officially that the US was prepared to agree allocations before or during the CFM meeting in the event this came about in the normal course of events, he wished to consult Assistant Secretary Saltzman and, possibly, Undersecretary Lovett.

In addition to the question of making allocations and resuming deliveries, the UK representatives also stated it appeared desirable to emphasize at the time the new reparation program was announced that the US would make every effort to maintain the food ration in the bizonal area and to assist the Germans in reviving their economic activity conditioned upon the acceptance by the Germans of the reparation program and their full cooperation in its implementation. Mr. Wood stated that the Department wished to take this question under consideration and informed the UK representatives that he would get in touch with them at a later date.

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discontinuance of the program would have on the Free Nations of Western Europe. We have entered into an international agreement at the Paris Conference in which we promised deliveries of capital equipment. While no quantities were specified, it was certainly intended that the deliveries would be substantial. It seems to us that we have reduced the deliveries to a minimum to satisfy our commitments to these countries and to meet real needs. A failure to deliver substantial quantities of capital equipment would certainly be regarded as a breach of our commitment. In the case of France, I have pointed out its concern as a matter of security over the present agreed level for the British and American Zones. The French believe too that shortages of coal will make it difficult to establish this level in Germany without holding back industrial development in Western Europe. Therefore, in establishing the present level of industry, we have already challenged French friendship and any further increase in this level would be certain to arouse great additional French resentment.

"Moreover, this presently agreed level of industry is not a unilateral US matter but a joint matter covering the British and American Zones with, in fact, the greater amount of the capital equipment coming from the British Zone.

"In the general interests of Western Europe we believe we have reached a solution which, while perhaps satisfactory to no one, is less unsatisfactory to everyone than any other solution which could be developed. Finally, this decision settles the reparations program, fixes the plants to be left in Germany so that their owners may put them at work, and definitely tells the nations belonging to IARA what they may expect from Germany. This final solution is essential and further delays and studies could only add uncertainty and doubt to a program which needs resolving now.

"In addition it might well be pointed out that the repairs of Germany's war damage will for years require a substantial percentage of German manpower and this alone would prevent sufficient manpower being available to operate present industrial capacity in Germany if all of this industrial capacity were left in Germany and fully restored for production."

Quite recently the Department of State had occasion to make a general statement of its position on the relationship of the dismantling program to the proposed European Recovery Program. This statement seems relevant to the present inquiry and is set out below in its entirety.

[Here follows the text of the statement by Acting Secretary of State Lovett on the objectives of the reparations removals program in Germany, released to the press on November 26, 1947. For the text of the statement, see Department of State *Bulletin*, December 7, 1947, pages 1088.]

The right of the member countries of the IARA to receive reparation from Germany is incontestable. A delay of two years has already occurred in the large-scale implementation of the reparation program on which they counted when signing the Paris Agreement. Still fur-

ther delay would tend to be considered by them as evidence of lack of United States interest in reparation and security, and as lending substance to the Soviet charge that the United States favors German over European recovery.

The Department of State would, of course, agree that these considerations, strong as they are, could not take precedence over important United States interests. It is the firm view of the Department, however, that the Revised Level of Industry Plan affords ample protection to the financial interests of the United States, and that all other United States interests in this matter favor the prompt completion of the dismantling program. The Department of State would not, therefore, favor passage of House Resolution 364.

House Resolution 365 constitutes a rather detailed request for information. The Department of State is prepared at all times, of course, to furnish to the best of its ability any information requested, in whatever form, by the Congress, its Committees, or its individual Members. A memorandum³⁸ is enclosed which furnishes the additional information not believed to have been provided by Mr. Lawrence Wilkinson's testimony before your Committee on December 3. If this information is considered sufficient for your immediate purpose, it would appear unnecessary to have the Congress pass this Resolution.³⁹

The information furnished herewith was gathered with the complete cooperation of the Department of the Army, which concurs fully in the views expressed.

Because of the urgency of the matter this letter has not been cleared with the Bureau of the Budget, to which a copy is being sent.

Sincerely yours,

ROBERT A. LOVETT

740.00119 EW/12-2747

*The British Embassy to the Department of State*⁴⁰

AIDE-MÉMOIRE

Reference is made to the recent conversation of the United States Secretary of State with the British Foreign Secretary on December

³⁸ Not printed.

³⁹ House Resolution 365 of the Eightieth Congress was adopted by the House of Representatives on December 18, 1947. The Resolution requested the Secretaries of State and Defense to transmit information to the House of Representatives on eleven questions regarding the removal of industrial plants from Germany. For the text of the questions contained in House Resolution 365 and the answers provided thereupon, see Department of State *Bulletin*, February 8, 1948, pp. 185-191.

⁴⁰ Delivered on December 29, 1947; see the memorandum of conversation by Acting Secretary Lovett, *infra*.

17th regarding the question of reparations deliveries to the Soviet Union.⁴¹ In this conversation, Mr. Bevin recalled the conversation which had taken place between them at Moscow when, as Mr. Bevin understood, it had been agreed that both Governments should proceed with deliveries from the Western Zones to the Soviet Union and Poland, as well as to the other Allies. At the recent Council of Foreign Ministers meeting in London, Mr. Bevin had said that His Majesty's Government intended to carry out the Potsdam decisions on reparations.^{41a} This implied that His Majesty's Government, for their part, considered reparations deliveries from West to East should continue to be made. After the Council of Foreign Ministers had ended, the British Cabinet had further considered the matter and had confirmed the view that it would be a great mistake to stop deliveries to the Soviet Union. Mr. Bevin stated that he thought it would be playing into the hands of the Soviet Union if we stopped delivering reparations from capital equipment to them. He also made it clear that he had never been happy when action had been taken in the Control Council which had prevented allocations being made over a long period.

It was clearly stated by Mr. Bevin that His Majesty's Government considered themselves committed to deliver what they had covenanted to deliver to the Soviet Union—that and no more. On the other hand he was anxious to avoid any conflict with the United States Government over this question. There were bigger things going on in Western Europe which should surely take precedence over this question of surplus equipment.

It had been understood that, on his return to Washington, Mr. Marshall would consider the whole question in the light of His Majesty's Government's views, and that Mr. Bevin would then be informed of the considered opinion of the United States Government. It is not clear, however, particularly from Senator Vandenberg's remarks⁴² in the recent debate in the United States Senate, whether the United States Government may not have already decided that all deliveries to the Soviet Union from the United States Zone should cease.

Whilst Mr. Bevin entirely appreciates the strength of feeling on the subject in the Congress and understands the necessity of the United

⁴¹ For the record of Secretary Marshall's conversation with Foreign Secretary Bevin on December 17, see p. 815.

^{41a} For the statement on reparations by Foreign Secretary Bevin, intended for delivery to the Fifth Session of the Council of Foreign Ministers, London, November 25–December 15, 1947, but not made and subsequently published in the press, see *Documents on International Affairs, 1947–1948*, pp. 522–527.

⁴² Reference is to a statement by Senator Vandenberg to the Senate on December 19 on the question of reparations; regarding the Senator's statement, see the memorandum of conversation by Lovett, *infra*.

States Government's paying full attention to this feeling, he cannot help wondering whether the full implications of a policy of terminating reparations deliveries to the Soviet Union have been realised and the complications which such a policy would be likely to cause in our relations not only with the Soviet Union but with the I.A.R.A. powers.

In addition to the general arguments used by Mr. Bevin against taking a step which the Soviet Union will almost inevitably regard as marking the final breach between West and East Germany and the undesirability of departing from the Potsdam decisions, Mr. Bevin has instructed me to mention the following further points which, in his view, should be taken carefully into consideration:

(i) Of the 25 per cent share in reparations allocated to the Soviet Union, 15 per cent is in return for reciprocal deliveries from the Soviet Union. These are now being made. On receipt, these reciprocal deliveries are turned over to the I.A.R.A. powers, including the United States, the United Kingdom, and France. If all deliveries to the Soviet Union are to be stopped it is certain that the Soviet Union will stop making these reciprocal deliveries. This will inevitably cause the United States and the United Kingdom great difficulties with the I.A.R.A. powers, who will thus be deprived of part of their share of reparations. The I.A.R.A. powers, whose friendly cooperation is very necessary for the success of the European Recovery Plan, are already disappointed at the smallness of the reparations programme as a whole, and they will greatly resent any unilateral action by the United States and the United Kingdom calculated still further to reduce the reparations accruing to them. This is especially so as some of them will have been counting on these reciprocal deliveries from the Soviet Union of scarce commodities, such as timber and wheat as a means of helping their own economic recovery. Furthermore, if reciprocal deliveries are stopped, it will no longer be possible for the occupying powers to make use of their share or part of it for the benefit of the German economy.

(ii) It is most desirable to do everything possible to stimulate trade between Western Germany and the Soviet Zone. The cutting off of reparations deliveries to the Soviet Union would have just the reverse effect.

(iii) It is undesirable to take any action which might give the Soviet Union an excuse for making the Allies' position in Berlin, which they are already attacking, even more difficult; or so prejudice the chances of maintaining in existence the quadripartite machinery, one of whose main functions in future could be reparations allocations.

(iv) If none of the dismantled plants is to go to the Soviet Union, the opposition of the German Communists to the reparations plan as a whole is likely to be greatly increased and the task of the Anglo-American authorities in enforcing it made correspondingly harder, especially in the British Zone where the major problem arises.

(v) It has frequently been suggested that the United States' intention is to suspend deliveries not only to the Soviet Union (and Poland) but to Yugoslavia, Czechoslovakia, and Albania. This would constitute

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a definite breach of the Paris Act on Reparations. Although the stoppage of deliveries to Russia might be justified on account of Soviet failure to observe the Potsdam decisions, this argument could not apply to these other countries and it would be difficult to justify depriving them of reparations.

(vi) It is clear in the view of His Majesty's Government that Category 1 war plants should be completely dismantled and removed physically from Germany.

(vii) It has been suggested that all the reparations procedure might be carried out up to and including the dismantling and packing stages, the material then being stored in Germany. Whilst such an arrangement would clearly be much better than suspending reparations procedure altogether and leaving the plant allocated to the Soviet Union undismantled, it would inevitably encounter many difficulties in respect of storage accommodation and provision of guards.

WASHINGTON, 27th December, 1947.

740.00119 EW/12-2947

Memorandum of Conversation, by the Acting Secretary of State

[WASHINGTON,] December 29, 1947.

Participants: The British Ambassador [Lord Inverchapel]
Mr. Penson
Mr. Lovett
Mr. Wisner, A-S
Mr. Wailes, BC

The British Ambassador called by appointment at 3:30 today and left with me the attached *Aide-Mémoire*⁴³ concerning reparations deliveries to the Soviet Union and certain members of the IARA group. After giving me an opportunity to read the *Aide-Mémoire* the Ambassador asked for an indication of our current views on the subject.

As background I pointed out that this matter had recently come very much to the fore during a debate on the floor of the Senate concerning the Department of the Army's request for a deficiency appropriation for occupation expenses in Germany and the other occupied areas. An attempt had been made to write into the Appropriation Bill a clause which would prevent the use of any of the appropriated funds for the compensation or other expenses of personnel engaged in the dismantling of non-military plants in the bizonal areas of occupation in Germany. Due to the strong stand and prestige of Senator Vandenberg, he had been able to effect the withdrawal of this crippling amendment. In order to accomplish this result it was necessary for

⁴³ *Supra.*

Senator Vandenberg to give the firmest assurances to the Senate that the entire dismantling and reparation program would be the subject of an exhaustive investigation by the Senate Foreign Relations Committee as soon as the Congress reconvenes. It had also been necessary for the Senator to say that he had been advised by State Department spokesmen that the Department is seeking adequate arrangements with the British regarding any further shipment of dismantled plants to the East, or words to that effect. Later in the same day the Department had issued a very brief statement to the press in approximately the same language.⁴⁴ It was obvious that there was a very strong sentiment in the Congress against the making of further reparations deliveries by the United States under the Potsdam Agreement inasmuch as the Soviet Union had so flagrantly violated various provisions of this agreement.

I then pointed out that it would seem from reading the attached *Aide-Mémoire* that the British Government had overlooked a major factor which considerably colored the thinking of our Congressmen on the subject. This is the fact that the United States has recently agreed to take over a substantial portion of the United Kingdom's dollar commitments in the bizonal area. This added expense to the American taxpayers led many members of Congress to feel that we could not afford to continue to make reparations deliveries of plants equipment and material which might be used to lessen U.S. dollar expenditures.

The Ambassador then pointed out that at the bottom of page 2 of the attached *Aide-Mémoire* it was indicated that reciprocal deliveries from the Soviet Union are now being made and inquired whether, in view of this fact, we were still not prepared to go along with the Potsdam decisions. I replied that we had no information of actual receipt of any such deliveries in the American Zone, but that we would send a telegram immediately to ascertain the current situation. I said that it might be somewhat easier to convince Congress that we should continue certain reparations shipments if they were on a "barter basis" and in return for countervailing deliveries by the Russians. I indicated, however, that we were still considering the whole subject of our reparations policy and that we would reach no final decision until after the return of the Secretary to Washington.

The Ambassador then raised the question of our reparations policies toward the IARA nations and I pointed out that this aspect of our reparation policy is likewise still under study but that I felt somewhat more optimistic about the possibility of continuing deliveries to

⁴⁴ The text of the Department's press statement, dated December 19, is quoted in telegram 2529, December 30, to Berlin, *infra.*

[Annex]

*Memorandum From the Inter-Allied Reparations Agency to the
Council of Foreign Ministers*

[undated.]

I. Basic Aim of the Paris Agreement on Reparations

The Inter-Allied Reparations Agency was created by the Paris Agreement on Reparations of January 14, 1946.³⁹ The aim of this agreement, signed by eighteen governments, was to secure a just distribution among the countries which signed this agreement of the assets declared subject to reparations from the western zones of Germany in accordance with the Potsdam Declaration.

II. Basis for Reparations

The powers which signed the Potsdam Declaration agreed to establish a general policy regarding reparations and the elimination of the war industry potential of Germany which, while leaving sufficient resources to enable the German people to subsist without outside aid, will force Germany to compensate to the greatest possible extent for the losses and sufferings caused by her to the United Nations and to meet the responsibilities which the German people cannot evade.

III. Importance of Including Industrial Capital Equipment in Reparations

The Potsdam Declaration considers the deliveries of industrial capital equipment as one form of reparations. The real value of this type of reparations for countries receiving reparations depends to a considerable degree on the speed with which they are made available and delivered, and on the speed with which factories are dismantled. The countries represented at the Paris Conference and at present members of the Inter-Allied Reparations Agency therefore especially hoped that speedy large-scale deliveries of this kind of reparations would constitute a rapid and considerable form of help for restoration of the economy of those countries whose industry was subjected to destruction, deterioration and disorganization as a result of the war with Germany.

IV. Industrial Capital Equipment Subject to Reparations to Date

The rate of delivery of reparations from Germany in the form of industrial capital equipment has been extremely slow, and the amount

³⁹ For the text of the agreement under reference, see Department of State, *Treaties and Other International Acts Series*, No. 1655 or 61 Stat. (pt. 3) 3157. For additional documentation on the establishment of the Inter-Allied Reparation Agency, see the index entry in *Foreign Relations, 1945*, volume III.

received has been very small. Furthermore, the member governments of this Agency have not received information as to the general volume of capital equipment to be delivered by Germany, and as a consequence thereof they have not been able to determine to what extent they can count on this type of reparations in the formulation of plans for the rebuilding of their economic structure.

Up to the present time, the Allied Powers have left the Inter-Allied Reparations Agency only the following lists of industrial capital equipment:

- a. Up to May 28, 1946, 71 plants distributed in accordance with the Potsdam Declaration, which provides for advance supplies of industrial capital equipment until the establishment of an over-all amount of equipment subject to withdrawal from Germany.
- b. In November 1946, general purpose lathes from 51 war plants.
- c. In November 1946, general purpose lathes and equipment to a value of 75 million reichsmarks, from the British zone.
- d. In December 1946, general purpose lathes and equipment to a value of 15 million reichsmarks from the French zone.

Of the 122 plants indicated in *a* and *b*, it has been impossible to date to distribute the equipment of 30 thereof among the member governments of the Agency, since the corresponding inventories have not been received from the Allied Control Authorities. The items mentioned in *c* and *d* are still in the process of being identified by the corresponding zonal authorities.

Furthermore, only a small part of the equipment distributed to date by the Inter-Allied Reparations Agency among the member governments of the Agency has been furnished by it.

It is expected that the Inter-Allied Reparations Agency will soon conclude the distribution among member governments of the Agency of all usable industrial capital equipment given the Agency and for which inventories have been received. This amount of equipment is not only small in itself but is also insignificant as aid in the restoration of the economies of the countries concerned.

V. Effect on the Paris Agreement of the Present Situation With Respect to Reparations

The percentage quotas of Governments which signed the Paris Agreements, the primary aim of which was to guarantee an equitable distribution of all German assets subject to reparations, were established after a detailed statistical study of the war effort and losses of each country; furthermore, the assumption that the amount of industrial capital equipment included in reparations would be significant

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HEADQUARTERS
 U S GROUP C C
 APO 742

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 AUTH: CG, US Group CC
 INIT:
 DATE: 7 Apr 1945

Copy No. 1

7 April 1945

SUBJECT: Short-Term Policy for Production Control.

TO: AC of S, G-4, SHAEF. (Attn: Colonel Whipple, Chief, Plans Branch)

1. Reference is made to memorandum dated 5 April 1945, subject Short-Term Policy for Production Control, requesting comments thereon from this Headquarters. This Headquarters concurs, in general, with the proposed policy but submits the following suggestions.

2. In paragraph 3 (2) omit the words "or restitution". As commonly used, the term "restitution" refers to the return of identifiable, looted property. There can, therefore, be no "production for restitution". The term might be replaced by the term "rehabilitation" if it is the intention of the paper to give priority to this type of exports.

3. Paragraph 8 d provides that "producer goods representing major reconstruction of a plant or facility will be given lower priority". In view of the stated policy (Paragraph 2 c) that "no action will be taken which will in any way permit the rehabilitation of Germany" we believe that no "major reconstruction" should be permitted except upon specific directives by higher authority in exceptional cases of extreme urgency.

For the Acting Deputy:

BRYAN L. MILBURN,
 Brigadier General, U. S. A.,
 Asst. Acting Deputy

Distribution:

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HEADQUARTERS U. S. GROUP C. C. A G CABLES

INCOMING MESSAGE
DATE: 290900Z RECD 301625B June 58/30

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T O P S E C R E T

U R G E N T

FROM : MILITARY MISSION MOSCOW FROM DEANE SIGNED PAULEY
TO : SHAEF MAIN TO SCAEF FORWARD TO REPARATIONS COMMISSION RD AND R DIVISION TO CLAY FOR FAIGLE FOR ADAMS
REF NO : M-24845 29 June 1945 *Ag 602.3 Resti*

In considering questions of restitution our present thoughts are these:

1. Restitution, as we understand the term, means the delivery of particular items of property free and clear of any obligations either to pay for such items in acceptable currencies or to account for their value as a part of the total reparations claim which a particular nation may ultimately be allowed by the reparations commission.
2. Restitution, even of art objects, should turn on the conditions and circumstances under which a particular art object was taken or removed. If taken and paid for, even though such payment may have been made in occupation currency, those receiving such payment became possessed of legal tender which they could use to purchase tangible property or goods. To apply restitution to an art object removed under such circumstances allows both the cake and the penny. Short answer may be made to the argument that payment in occupation currency amounted to looting an occupied country of its tangible assets. All of the warring nations, regardless of whether they have been occupied by the enemy, have suffered depreciation in the purchasing power of their currencies and the loss or

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30 June 1945

destruction of art objects, architectural monuments and other items from their cultural heritage. This means that even though for cultural reasons a particular art object ought to be returned to the country from which it was removed, such return should not be deemed to be restitution unless such object was actually stolen without payment of any kind.

3. As regards industrial machinery, railroad rolling stock and the like, even where such property can be specifically identified, restitution free and clear of any subsequent obligation to account for the value of such property as a part of reparations should not be made. It is impossible fairly to differentiate between property which may be found and identified, and property that either cannot be found or was destroyed by bomb or shell fire or sunk upon the high seas.

4. Extreme care should be exercised in approving the withdrawal from Germany of any property, regardless whether claimed as restitution or otherwise, where it is likely that demands for property of the character by the Allied Powers will probably exceed the total supply of such property that is likely to be available for removal from Germany. Particularly in the case of gold, precious metals, foreign currencies, and any foreign exchange assets, it is now obvious that the demand for this type of property by the Allied Nations is certain to exceed the supply. Therefore no withdrawals of any property of this character in any form whatsoever should be approved.

5. No restitution in kind would be approved in any form. Once commenced for gold, currency, precious metals, railroad cars, machinery, cattle or other types of property, restitution in kind will most certainly be used as a means of attempting to secure a preference over and above the amounts allowed by way of reparation and tend to remove much of what would otherwise be available for reparation.

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By SR NARA Date 10-28-99

German Restitution

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PRIORITY

FARAPHRASE NOT REQUIRED. HANDLE AS CONFIDENTIAL CORRESPONDENCE
PER PARAS 511 and 60a (4), AR 380-5

From: OMGUS Berlin Germany sgd Hays
To: Chief of Staff US Army for CSCAD
Info: HQ EUCOM Heidelberg Germany
Nr: CC 5324

27 July 1948

~~Reurad WX-86305 regarding termination of external restitution of non-cultural items.~~ We have again discussed this matter with British and French, and British state that they have not as yet decided on termination date for this program but are considering either 1 January 49 or 31 May 49. French informed us on 24 July 48 that they expect to agree on date of 31 March 49. We do not feel that the British or French would interpose any objections to our establishing a completion date which may differ from the one they may agree.

As of 1 July 48 we had some 7500 outstanding claims for non-cultural items, approximately 50% of which had been investigated and properties located. We have recently issued instructions that priority be given for shipment of these items. As to investigation remaining claims, we have substantially increased our field forces and anticipate completing these investigations by not later than 31 October 48, with shipments to be made immediately upon release.

We have discussed matter of completing non-cultural phase of restitution program within next few months with Chiefs of various military missions in Berlin, and they have indicated their willingness to cooperate.

CM IN 5709

(28 Jul 48)

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Page 2

Nr: CC 5324

As to the practical effects of establishing termination date, we offer the following comments:

1. US would continue to receive and process meritorious non-cultural claims.
2. US would continue to restitute any items located as a result of claims referred to in 1.
3. US would continue to restitute securities and possibly currencies.
4. Completion of restitution of certain properties to USSR and its satellites is of course dependent upon final decision for disposition of these items.
5. We will of course maintain a very small organization to handle any cases for which final decisions have not been made by our deadline date.

We have established no cut-off date for receiving cultural claims and will continue to restitute such items although it is our opinion that very few if any additional claims for cultural items will be received. As a matter of information, we have about 800 cultural claims on hand, and investigation of these claims will be completed within the next 90 days.

We have already advised missions that we intend to complete the non-cultural phase of restitution program within the next few months, but would like at this time to inform them that a definite date of 31 December 48 has been established.

CM IN 5709 (28 Jul 48)

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OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)

AG CABLES



OUTGOING MESSAGE

SECRET

RECD 131719Z Apr 11 48

ROUTINE

TO : DEPT OF ARMY FOR CSCAD
 INFO : HQ EUCOM
 FROM : OMGUS SIGNED HAYS
 REF NO : CC-3852

Reurads Mar WX-98101 and Nov WX-91270 and ourads
 Oct CC-2071 and Dec CC-2532.

Disposition of securities is subject.

1. We have made a detailed study of the problem of the disposition of securities and wish to advise you that we are faced with the problem of disposing of securities which in terms of issue may be categorized as follows:
- German issue expressed in German currency.
 - German issue expressed in currency other than German
 - Non-German issue expressed in German currency.
 - Non-German issue expressed in currency other than German.

2. We envisage four phases of the program affecting disposition of the above categories of securities, some aspects of which might be in operation concurrently.

- First phase: External restitution with recommended cut-off date for filing of claims of 31 Dec 1948, after which no further claims would be accepted. This should give claimant countries ample time for submission of claims, provided an early announcement can be made with your concurrence.
- Second phase: Screening for internal restitution which could be terminated shortly after 31 Dec 1948, the

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Exempt from paragraph 1, Article 15, in compliance with AR 380-5.

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 Authority NND 775119
 By SR NARA Date 1-8-00

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REF NO: CC-3852

date as of which all petitions under MG Law 59 (Internal Restitution Law) must be filed.

c. Third phase: Screening of claims for release to owners of securities which had not been found to be subject to external or internal restitution, with cut-off date for such claims to be established at a date which cannot be earlier than 31 Dec 1948.

d. Fourth phase: All securities which have been found not to be subject to external or internal restitution nor returnable to claimants under the third phase above, would be disposed of after 31 Dec 1948.

3. It is our recommendation that we make external restitution of securities in any of the four categories mentioned in para one above as the first phase of the disposition program, provided a proper restitution claim is filed. We will advise you of our policy recommendations as they pertain to the other phases as soon as possible.

4. Present procedure for external restitution of securities calls for the submission to the Restitution Control Branch of Property Div at Karlsruhe of claims containing detailed information for proper identification including exact description and serial numbers of securities. In case of conflicting claims the burden would be placed on all claimants for the particular security to substantiate their claims, and no delivery would be made until the dispute was settled.

5. In recent discussions, the Netherlands Mil Mission submitted a request that they be furnished with a complete list, including serial numbers, of all securities held by US either in the Foreign Exchange Depository or under MG Law 53. Although we refused to agree to this, we discussed a proposition whereby a master list would be prepared, from available tabulations, setting forth by countries of issue, all securities held by US, categorized by issuers of these securities and series of issue,

CC-3852

SECRET

310153

DECLASSIFIED
 Authority NNO 775119
 By SR NARA Date 1-8-00

RG 260
 Entry FED
 File SECURITIES
 Box 470

S E C R E T

-3-

REF NO: CC-3852

omitting, however, serial numbers. This would be made available upon request to all governments who are eligible to claim restitution, whose claims would then be limited to those securities, issues of which we are actually holding. This procedure would cut down not only the volume of claims submitted, but also the work necessary for processing them.

6. Presently available tabulations cover all securities deposited under MG Law 53. We can likewise prepare within a few weeks time, additional tabulations of securities held at Foreign Exchange Depository. Proposed list would then be prepared for both these tabulations.

7. On the basis of preliminary conversations with the British, we believe they are in general agreement with procedure outlined in paragraphs 4 and 5 above. However, their list of securities will not be available before Sept. Further, it must be remembered that their program will have to extend to end of 1949 in view of the fact that they expect their internal restitution law will fix a deadline for the filing of internal restitution claims as of 31 Dec 1949.

8. With reference to Inter Allied Reparations Agency letter 6 Mar 48 addressed to US delegate at IARA concerning return of securities to member governments of IARA. copy of which was forwarded to the Zone Commander, we feel that securities constituting German external assets, which would presumably represent the bulk of securities remaining for distribution under the 4th phase, might then be delivered either to IARA or to member govts of IARA. Inasmuch as such securities could in no event under our proposed procedure be delivered prior to 31 Dec 1948, it would seem advisable to defer the final decision so that the procedure could be adapted to whatever situation might exist at time of delivery. Under any procedure then agreed upon the recipients would have to release the US Govt from any further responsibility. It would further be essential that safeguard be inserted for

CC-3852

S E C R E T

310154

DECLASSIFIED
 Authority NNO 775119
 By SR NARA Date 1-8-00

RG 260
 Entry FED
 File SECURITIES
 Box 470

SECRET

REF NO: CC 3852

circumscribed cases of erroneous delivery to IARA or IARA countries, of individual securities. British appeared agreeable in preliminary discussions to such a general plan, although similar performance with reference to British held securities would have to await termination of British Internal Restitution Program.

9. The above constitutes departure from and elaboration on our plan originally submitted to you and was influenced by our conversations with the British and consideration that coordinated policy appears advisable. Whereas para 8 above is merely exploratory suggestion and decision does not appear urgent, your early comments are requested on paras 1 through 7, to enable US to implement the procedures described under the 1st, 2nd, and 3rd phases.

WX-98101 is AGC IN 88294
 WX-91270 is AGC IN 78245

ORIGINATOR : PROP DIV AUTH: SAMUEL M ROSE

INFORMATION : C/S
 POL AFF
 LEGAL
 US SEC ACA
 OFF FIN ADV
 OFF ECON ADV
 CAD
 GOVT AFF ADV

CC-3852 14 April 48 WLC/vmr AG 602.3

SECRET

DEPARTMENT OF THE UNITED STATES
OF AMERICA
JAN 17 1944
LISBON

EXEC _____
COM'CL _____
CON SEC _____
PRESS _____
SECURITY _____
PUBL'NS _____
ADM'VE _____
AGENTS _____

AIRGRAM

From
LISBON

Mr. Tolson _____
Mr. E.A. Tamm _____
Mr. Clegg _____
Mr. Glavin _____
Mr. Ladd _____
Mr. Nichols _____
Mr. Rosen _____
Mr. Tracy _____
Mr. Carson _____
Mr. Egan _____
Mr. Gurnea _____
Mr. Harbo _____
Mr. Hendon _____
Mr. Pennington _____
Mr. Quinn Tamm _____
Mr. Nease _____
Miss Gandy _____

THE SECRETARY OF STATE,
WASHINGTON.

Date: Jan. 5, 4:10 p.m., 1944.
Rec'd:

A-G, Jan. 5, 4:10 p.m.

CONFIDENTIAL

Reference Department's Circular Airgram dated Dec. 10, 1943, 7:30 p.m.

Belgian diamond experts in Lisbon place no credence in figures mentioned in "excerpt". They believe that an extremely conservative estimate of German stock pile of industrial diamonds before the war would be about 3,000,000 carats. Surprise is expressed that the diamond committee should ~~concur~~ in estimated pre-war stock of 150,000 carats since Germany was a heavy buyer before the war and that most important sales were made by London. It should be possible to check this statement through the diamond syndicate.

Sources estimate that in May 1940 there were approximately 2,500,000 carats in hands of diamond merchants in Holland, Belgium and France but spoke of rumors current at the time that a destroyer took large quantity to London from Amsterdam.

A Belgian refugee diamond merchant who left Antwerp in late 1941 states that until his departure the Germans had not confiscated diamonds and that trade therein was quite freely permitted. However, he states there were a few "grabbing" incidents by Gestapo agents believed to have been for personal gain. General confiscation took place end of 1941/early 1942. Prior thereto, judging from the lengthy period of widespread "sorting" activity, he estimates that several million carats were being sorted.

It would appear inconceivable that the German industries had a mere 150,000 carats in stock at the beginning of the war in the light of estimated annual requirements of 350,000/400,000 carats.

Repeated to London and Madrid.

ROSEN

EWL/hob

"MAILED BY POLON"

cc - Miss Humes
London (by pouch) *H*
Madrid (by pouch) *H*

JAN 9 1944

310156

RG
Entry 3126-7158
File #863.4-11/18
Box 103

DECLASSIFIED
NND 75013
MAR 04 1970

REPRODUCED AT THE NATIONAL ARCHIVES

863-4-Industrial Diamonds

Please give a copy of this despatch and its enclosure to Mr. Winfield W. Riefler, Minister in charge of the Economic Warfare Division of this Embassy, who will wish to discuss the problem with the Foreign Economic Administration and the Department upon his arrival at Washington for consultation on about January 5, 1944.

Respectfully yours,
For the Ambassador:

Ware Adams
Second Secretary of Embassy
Economic Warfare Division

Enclosures:

1. Copy of a Memorandum prepared by the Ministry of Economic Warfare on the subject of diamond smuggling from Africa to the Axis.
2. Copy of a letter dated December 22, 1943 from Ministry of Economic Warfare, enclosing Memorandum.

Distribution made by Embassy, London:

1. Copy to American Embassy, Madrid.
2. Copy to American Legation, Lisbon.
3. Copy to Office of Military Attaché, London.
4. Copy to Office of Naval Attaché, London.

Suggested Distribution by Department:

1. Blockade Division, F. E. A.
2. Military Intelligence Service
3. Office of Naval Intelligence
4. Mr. Winfield W. Riefler (now in Washington on consultation), c/o Mr. William T. Stone, F. E. A.

AHR:EL

310158

RG
Entry 3126-21580-
84
File #863.4-11/18/43
Box 103

DECLASSIFIED
APR 11 1973
BY NARA DATE 1/7/00

Our general blockade of Europe now ensures that no bulk shipments of commodities from America or Africa to enemy territory can take place (except in rare cases) but there is still a substantial smuggling trade by which the enemy is replenishing his stocks of industrial diamonds, platinum, mica and no doubt, other materials as well.

2. Industrial diamonds, platinum and mica are of vital importance to the German war effort and are consumed by German industry on a large scale. They are also singularly well adapted for smuggling by the fact that their bulk is extremely small in relation to their value and a pint size tin of either of them constitutes a sizable shipment.

3. The two great sources of supply are Latin America (diamonds and platinum) and Africa (diamonds and mica). So far the efforts of this Ministry have been concentrated upon the Latin American-Iberian Peninsular traffic, and controls over ships on that route are now as effective as political and practical conditions allow. Very much less attention has been paid to the many routes out of Africa and we are now trying to evolve a scheme which, if it does not altogether stop smuggling on these routes, may at least reduce its volume.

4. The problem is very complex. Its importance will be appreciated when it is realized that so far as industrial diamonds are concerned, production in Latin America is at the most only 425,000 carats, whereas over 11,000,000 carats are produced annually in Africa. German and Japanese annual requirements are estimated at about 1,000,000 carats annually.

Diamonds are produced in Africa in:-

(1) The Union of South Africa	{ about 1,050,000 carats
(2) The Belgian Congo	{ " 7,500,000 "
(3) Angola	{ " 750,000 "
(4) French Equatorial Africa	{ " 35,000 "
(5) Gold Coast	{ " 1,000,000 "
(6) Sierra Leone	{ " 950,000 "

5. From all these areas a complicated network of air and sea routes stretches both North and South. At the present time an Axis agent who acquires diamonds in say, the Congo, would have little difficulty in reaching receiving centres for Axis supplies. He could travel:

- (a) by plane to Egypt and from there forward the diamonds to Germany via Turkey;
- (b) on one of a number of air routes to North West Africa and thence to Lisbon;
- (c) by plane to Aden and there deliver the diamonds to the captain of an Arab ship for onward forwarding via the Persian Gulf;
- (d) to the West Coast by plane and thence by Portuguese ship direct to Portugal.

310159¹⁶.

RG 84
 Entry 3126-2158
 #863.4-11/11/1940
 File 103
 Box

DECLASSIFIED
 APR 13 1970
 MARA DEPT
 11/17/00

6. While much work has been done by the police in the Union of South Africa and neutral and allied territories to stamp out the illegal diamond buying rings, the control of routes at vital points has not been designed with a view of stopping smuggling. So far as air routes are concerned the controls at present consist of:-

- (a) Normal customs inspection of passengers and cargo at frontier airfields.
- (b) Censorship control over mail bags leaving or entering neutral territory.

Control over sea routes is also not designed to detect diamond smuggling and opportunities must certainly exist at ports in the diamond producing areas for passengers and members of crews of vessels to take small packages of stones aboard.

7. It is clearly impossible to attempt to set up a complex system of controls at all African ports and air route landing places. To do so would not only take many months but would be likely to lead to endless confusion. The geographical grouping of air and sea routes, however, presents a possible way out of this difficulty. An examination of a map of Africa shows that just north of the most northerly diamond producing areas the air line network is much less complex than further south and converges on seven centres, all on approximately the same latitude, namely, Dakar, Bolama, Bathurst, Niamey, Khartoum, Asmara and Aden. If satisfactory controls could be exercised over all north-bound aircraft arriving at these seven points an effective "seal" would be placed on the diamond areas and carriers of diamonds, if they decided not to risk the rigorous search at one of these seven points, would be forced to use other means of transport.

8. This brings us to the sea routes. Here too, it would be impossible to establish close supervision over shipping at the many ports in East and West Africa. It would seem desirable, however, to select one port on the main trade route between Africa and Europe in the West (possibly Gibraltar) and two more in the East (possibly Aden and Dar-es-Salaam) for the purpose of control.

9. On the East-West line from Aden to Dakar we find that the suggested air-line control points lie within the following territories:-

French Senegal (Dakar), British Gambia (Bathurst), Portuguese Guinea (Bolama), French Equatorial Africa (Niamey), British Sudan (Khartoum), Eritrea (Asmara) Aden Protectorate (Aden).

It follows therefore that both the French and Portuguese authorities will have to cooperate if the control scheme over air routes is to be successful.

/10.

310160

RG
 Entry 3126-71850
 #863.4-11/18/50
 103
 BOX
 File

DECLASSIFIED
 AUTHORITY: NND 75013
 DATE: 11/7/00
 BY: NARA

10. The type of control which we have in mind consists of:-

- (a) a most thorough "body search" of all passengers and others suspected by the Security services of being engaged in smuggling.
- (b) a routine, but nevertheless thorough, search of the cabins etc. of all planes arriving from the South.
- (c) occasional searches of the clothing and effects of members of aircraft crews and of any passengers who make regular flights from the "sealed" to the "unsealed" area.
- (d) the infliction of very severe penalties on any person found to be engaged in diamond smuggling together with wide publicity as to the nature of his offence and the penalty exacted.

310161

RG 84
 Entry 3126-2158
 File #863.4-11/18/58
 Box 103

DECLASSIFIED
 APPROX. 11/17/03
 BY: MARA D/1/7/00

December 22, 1943.

T579-D.

Dear Adams,

As you suggested at our recent meeting, I enclose three copies of a memorandum on the subject of industrial diamond smuggling from Africa which Riefler may care to take with him to Washington.

This memorandum sets out the problem in general terms and since it was drafted various developments have taken place. As you will see we originally thought that our aim should be to set up controls over civil aircraft at Dakar, Solama, Bathurst, Niamey, Khartoum, Asmara and Aden but, on the advice of the Air Ministry, Khartoum, Dakar, Gao, Monrovia, Bathurst, Kano and Accra have now been selected as the airfields most suitable for effective control.

We have requested the Governors of the British territories involved (Nigeria, the Gold Coast and Gambia) to report urgently on the existing customs organisation in their territories and to give an opinion as to whether our suggested control points appear the most suitable.

When replies to this telegram have been received it will be necessary to consider what additions to customs staff are necessary and how we can best implement the policy of interception and search suggested in the last page of the enclosed memorandum.

At the same time we are considering what control can be set up at airfields in French possessions (Dakar and Gao) with the assistance of the local authorities.

The foregoing concerns civil aircraft only but it is clear that if we are to stop, or at least to hinder, the very large traffic in diamonds which we believe to be taking place it is essential that allied military planes should also be controlled. We have definite evidence that on the Khartoum - Cairo route military flying personnel are carrying diamonds together with other contraband and while they may have no idea of the gravity of their offence the profit involved is such that we consider that only drastic action such as search of aircraft and crews will act as a deterrent.

Procedure of this type would probably be resented very strongly by British and American officers and men but this resentment could, we feel, be overcome in part if it was explained that industrial diamonds were urgently needed by the enemy for the production of armaments.

So far as/

310162

RG 84
Entry 3126-71560
File #863.4-114
Box 103

DECLASSIFIED
APPROX. 1/17/03
BY NARA DATE 1/17/03

So far as the Royal Air Force is concerned preliminary control measures have already been introduced at Khartoum and we are discussing with the Air Ministry the possibility of instituting controls at military airfields further West.

When Riefler is in Washington perhaps he could approach the War Department and find out whether they would be prepared to set up controls at airfields under United States jurisdiction on a line running across Africa roughly on the latitude of Monrovia.

We feel that the problem is an important and urgent one. The lack of direct evidence of smuggling does not in our opinion weaken the case since at the moment there are no means of finding diamonds carried on the persons of aircraft passengers and crews.

We know however that on the most conservative estimates German industry is forced to obtain from overseas at least 500,000 carats of industrial diamonds annually and we believe that of this figure 400,000 carats must be of African origin. Moreover from intelligence reports having an "A 1" grading we are informed that diamonds are constantly passing through Egypt and Palestine to Axis destinations, and we know that in Palestine one smuggling ring has been broken up recently by the Police.

On the West Coast intelligence reports state that French airlines are carrying diamonds from the Congo and Equatorial Africa to Algiers and thence to Lisbon for onward-forwarding to Germany, and it seems not unlikely that that route is of equal importance to the Middle East traffic.

Yours sincerely,
Sgd. Anthony Lousada.

Copied and Rectographed by HMP.

310163

RG 84
Entry 3126-71550
File #863.4-11/10/50
BOX 103

DECLASSIFIED
APPROX. 11/17/03
BY SP-6 NARA DLS/17/00

AIRGRAM

From

LISBON

Date: Jan. 13, 4:05 p.m., 1944.

Rec'd:

THE SECRETARY OF STATE,
WASHINGTON.

MIN.	_____
COUNS.	_____
EXEB.	_____
COM'CL	_____
CON SEC.	_____
PRESS.	_____
SECURITY.	_____
PUBL'NS.	_____
ADM'VE	_____
AGCTS.	_____

A-29, January 13, 4:05 p.m.

Reference Department's Confidential Circular Airgram of December 10, 1943, 7:20 p.m., and the Legation's A-9, dated January 5, 1944, 4:10 p.m.

The following notes have been taken from articles written by Mr. Sidney H. Ball and published in the "DIAMOND NEWS" edited and published by Mr. Gordon Chambers, Stockdale Street, Kimberly, Union of South Africa.

Number for November 1941:

In early May 1940 the Germans found important stocks of uncut, cut and industrial diamonds in Antwerp and Amsterdam. Stones on deposit in the vaults of the Bank of Amsterdam, valued at \$500,000, as well as smaller lots, fell into their hands.

Many Antwerp diamond merchants who had fled to France with their stones were overtaken by the Germans and forced to return to Antwerp therewith. According to German reports 1,000,000 carats of rough stones were taken from such refugees.

Out stones valued at several million Dollars were taken from Jewish holders.

The article also mentions the well-known lot of 400,000 carats of Casablanca mentioned in the Legation's 1423, October 24, 1942, 1 p.m.

In 1939/1940 important lots of industrial diamonds were sent from Brazil to Germany by boat and by Italian plane. One of the latter was lost at sea in mid-January 1940 in which I.D's valued at \$100,000 were lost. Later due to transport difficulties, Japan purchased in Brazil for the Nazis, shipping them via Vladivostok. From December 1, 1940, to May 31, 1941, 14,969 carats were carried from Brazil to Europe for the Axis.

Number

JAN 13 1944

310164

RG	84
Entry	3126-7155
File	#863.4-11/18/44
Box	103

DECLASSIFIED
 AUTHORITY: NND 75013
 DATE: 1/7/00
 BY: NARA

863.4-01 diamonds

MIN.	_____
COUNS.	_____
EXEC.	_____
COM'CL	_____
CON. SEC.	_____
PRESS.	_____
SECURITY.	_____
PUBL'NS.	_____
ADM'VE.	_____
ASSTS.	_____

LEGATION OF THE UNITED STATES
OF AMERICA
JAN 24 1944
LISBON

SECRET

-2- (Lisbon's A-29 to Dept)

Number for February 1942:

Brazil's diamond exports for 1939 were 194,028 carats. Estimate for 1940 is 325,000, of which 25,000 carats were "carbonates." In the latter year Japan and Germany obtained a considerably larger quantity from Brazil than the total estimated exports.

Mentions the discovery of diamonds in mail destined to Germany - at Bermuda in January 1940.

In April 1940 representatives of the British Board of Trade visited Antwerp and Amsterdam where they learned of exports to Germany of diamonds of British origin.

In the occupied zone of France, industrialists were compelled to declare their stocks of diamonds in September 1940. 30% were confiscated by Nazis.

Repeated to London and Madrid by pouch.

NORWEB

RWL/nab
cc -London and Madrid (by pouch)
Miss Humes

"MAILED BY POUCH"

JAN 13 1944

310165

RG 84
Entry 3126-71580
File #863.4-11/14/44
BOX 103

DECLASSIFIED
Auth: NND 75013
Date: 1/7/00
By: NARA

DECLASSIFIED	
Authority	NND 75013
By	EW NARA Date 1/7/00

RG 84
 Entry 3162-MADRID
 File #863.4-Diamonds
 Box 50

Excerpt

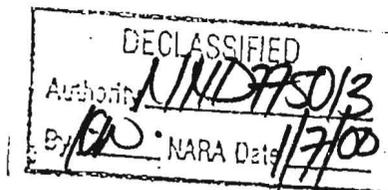
From: WATCH LIST OF SUSPECTED FIRMS AND INDIVIDUALS

BL-200 Rev.
CONFIDENTIAL

Section XVI. SPAIN. - Suspected Firms and Individuals

<u>Name</u>	<u>Address</u>	<u>Comment</u>
Aznar, Don Luiz	Spain	Director of La Cruz Mining Co. of Linares, Spain. On British Statutory List. Head of Naviera Aznar Shipping Co. Evidences of smuggling activities have been uncovered on vessels owned by this line.
Dorado, Alejandro	Madrid, Spain (Offices in Brazilian Chamber of Commerce)	Associated with Bloc Ibero-Americano. Is suspected of being an intermediary in the illicit transfer of diamonds to Lisbon.
Escuder, Jose	Barcelona, Spain.	Consignee for falsely navigated goods which were contraband, found on S.S. "Monte Albertia", when it was searched September 1943.
Kuache, Baquara	Barcelona, Spain	Head of Barcelona Forwarding Agency. It is reported that this company passed goods smuggled on "Rita Garcia" through the Customs falsely.
Naviera Aznar Shipping Line	Bilbao, Spain Apartado 13	The successful search of the "Monte Albertia" at Gibraltar in September 1943, confirmed the suspicions of smuggling activities on board ships of this line.
Ybarra Steamship Company (also Ibarra)	Spain	There is a long record of various smuggling activities on ships of this line.

310166



RG	<u>84</u>
Entry	<u>3162-MADAIN</u>
File	<u>#863.4-Diamonds</u>
Box	<u>50</u>

- 2 -

<u>Name</u>	<u>Address</u>	<u>Comment</u>
Alonso, Rodolfo	Vigo, Spain	Reported to act as carrier of diamonds over Portuguese-Spanish border.
Araujo		Reported to act as carrier of diamonds over Portuguese-Spanish border.
Arpon y Gandra, Angel	Zaragosa, Spain	Reported to have smuggled diamonds & U.S. checks
Carvano, Mario	Barcelona, Spain	Deals in precious stones. Has close contacts with Germans.
Goenaga Martinez, Eduardo	Salamanca, Spain	Reported to be the contact for Vicente de Sebastian of San Felipe, Venezuela, for sending parcels by crew members of "Cabo de Hornos." He may be connected with diamond smuggling.
Goldenberger, W.	Madrid, Spain	Active in black market operations in diamonds throughout Spain, tho discreet. Reportedly not pro-Ally.
Infiesta Muniz, Pedro	Vigo, Spain	Has smuggled envelopes from Canaries, possibly diamonds.
Marinho de Lima, Jose	Purser on SS "Anaba"	Illicit purchases of platinum reported.
Von Eitzen, Meimo	Vigo, Spain	Manager of Depositos Espanoles de Carbones. Allegedly connected with smuggling envelopes from Canaries, possibly diamonds.

310167

DECLASSIFIED
Authority: NND 75013
By: [Signature] NARA Date: 1/7/00

RG 84
Entry 3162-MADRID
File #863.4-Diamonds
Box 50

Blue →

File copy should
not be...
so this is...
May 28

Madrid, January 21, 1944.

No. 1927

SECRET

Subject: Smuggling of Diamonds, Platinum, and Other Commodities by Certain Spanish Nationals.

Still missing
Oct 25, 1944
R.H.

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to the Department's instructions nos. 588 and 716 of September 8 and December 14, 1943, which forwarded lists of Spanish firms and individuals suspected of smuggling activities.

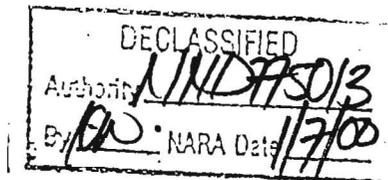
As of possible interest to the Department and FEA, the following information has been obtained regarding certain of the Spanish nationals mentioned:

Aznar Shipping Company and Ybarra Steamship Company are rumored in the Department's instruction to be engaged in smuggling of all kinds. The British Shipping Attaché states: "We are satisfied that neither of these companies nor their directors will connive in or encourage any smuggling. They are known to have issued strict instructions against such practices as their vessels depend entirely on the Allies for navigation facilities and they cannot afford to get embroiled with us. José Luis Aznar, the principal of the Aznar Company, is known to be strongly pro-Ally. Notwithstanding instructions issued and precautions taken by the owners, individual crew members of these concerns have, of course, at times indulged in smuggling. As a result of this we have had about one half of the principal officers of the two large Ybarra ships discharged and have arrested at Trinidad and taken to England two other Ybarra officers. Under the same system we have also had a number of Aznar officers and crew members removed." Despite this favorable statement of recent developments this Embassy continues to believe that for the present seamen and officers of the Aznar and Ybarra vessels merit observation.

863.4
463.4-

Juan MARCH Ordinas is the subject of the following memorandum from the British Shipping Attaché: Notwithstanding the fact that on one occasion this man endeavoured to bring a quantity of silk, disguised as "ship's stores", from New York for his mansion at Palma de Mallorca, and that on another occasion one of his masters carried a quantity of dollar notes to Puerto Rico with the intention

of...



RG	<u>84</u>
Entry	<u>3162-MADRID</u>
File	<u>#863.4-Diamonds</u>
Box	<u>50</u>

- 2 -

of purchasing a cargo therewith, we are satisfied that March is entirely on the side of the United Nations and he has helped us considerably in many important matters. He controls the Compañia Transmediterranea and La Islena Maritima, the most co-operative and friendly of all Spanish shipping firms." In view of the past record of Señor March, it would appear that his name might appropriately remain on the FEA watch list, despite his present cooperative attitude.

Mauricio ABAROA was the subject of a communication from London to the British Embassy in Madrid in December 1942, which stated that London no longer had any objection to this man and he was delisted from the British watch list.

Dr. Andres MORALES was removed from the "Cabo de Buena Esperanza" by the Ybarra Company at the request of British authorities.

Francisco VITURRO was removed from his ship at the request of British authorities.

The Embassy will inform the Department promptly concerning any future information which may become available concerning the persons on the lists of persons connected with smuggling. In this connection, reference is made to this Embassy's A-5 of January 6, 1944, containing a list of the crew members and officers beached in Spain as a result of the British crew control plan, and to despatch no. 1896 of January 15, 1944, regarding diamond smuggling in Spain.

Respectfully yours,
For the Ambassador:

Ralph M. Ackerman
Commercial Attaché.

Original and hectograph to the Department.
Two copies to American Embassy, London.

REW/am

File 863.4

310169

DECLASSIFIED

Authority NND 576-7By W. NARA Date 12/1/59

RG

Entry

File

Box

84BUDAPEST LETTERS#820.002 - OSS64GT
[SACRE MOND
CONTEXT]

SECRET

Foh

HEADQUARTERS
2677TH REGIMENT
OFFICE OF STRATEGIC SERVICES (PROV.)
APO 512, U.S. ARMY

7 April 1945

Subject: Securing Hungarian Government Documents

To : Carmel Offie, Esq.
American Political Advisor, AFHQ

1. When the Szalasi government evacuated Budapest, the several ministries with their records moved west in freight cars. They reached the vicinity of Csepreg, and there waited the outcome of the German counter-drive. The lines of communication subsequently became completely disorganized through bombing and the military demands incident to the further German retreat. Such cars as housed the ministries, shunted as they were on local lines, were lost sight of in the confusion and in the disruption of transport. According to recent advices, these cars could not be moved in the end, and are still there and intact. The Ministry of War is one of those whose records are presumably still on these cars.

2. The Russian advance has of course engulfed the area. However, the Russians ordinarily do not give as close attention to documents as we do and it is possible most of the ones in question are still available if they can be reached by our own personnel.

3. The only way that occurs to me to put several of the OSS personnel on this job is through the State Department and/or American ACC Hungary. Is there a possibility of getting two or three of our men into Hungary if only for ten days to two weeks to get at these highly important records? Perhaps Minister Schoenfeld could assist in this situation. The Russians could be assured that any documents taken by us would be reproduced and either the original or copies put in their final possession. The situation requires prompt action, of course, if the suggestion is deemed to be important by you.

For the Commanding Officer:

A. G. Flues
Major, AC

820.0/OSS, Info re securing Hungarian Govt documents/4-7-45

SECRET

310170

DECLASSIFIED

Authority NND 576-7

By [Signature] NARA Date 22/1/99

RG 84

Entry AMERICAN LEGATION

File JEWISH PROPERTY

Box 103

GT

**A MAGYARORSZÁGI IZRAELITÁK
ORSZÁGOS IRODÁJA**

BUDAPEST, VII., SIP-UTCA 12.

TELEFON: 423-930.

Budapest, 18th February, 1946.

Dr. M/Ké

Szám: 1903/1946

Válasz esetén az érkezőkre erre a
számra hivatkozni.



Artur Scheenfeld Esq.,
U.S.A. Minister in Hungary,
Budapest

Sir,

We should be much obliged if you would kindly arrange that the inventory of the so called "golden train" made by the U.S. troops and giving details of contents thereof, be put at our disposal.

The contents of the train being Jewish property, we should like to make representations regarding the fate of same for case it shall be returned at this early date. For this purpose we need the inventory urgently

We remain with sincere thanks in anticipation

yours respectfully:

CENTRAL BOARD OF THE JEWS IN HUNGARY

[Signature]
Dr. Munkácsi
managing-director

[Signature]
Stöckler
President

840.1 - Jewish Property

Action

Explained in interest with Dr. Munkácsi that such a matter is for the U.S. Military.
(1) They should get the Hungarian Foreign Office to request inventory of the ACE
Interest of State Dept lies only in general principle giving details of such property
Property is custody of U.S. Army + Joint Commission by agreement of 3 persons
Feb March 6, 1946 RBF

Palmer	✓
Folsom	✓
Squires	✓
Ecker-Nagy	✓
Rieger	✓
Merrill	✓
Wood	
LeBovit	
Chadwell	
Mark	
Juhász	
Lee	
Williams	
Ronto	
Security Det.	

DECLASSIFIED
 Authority NND 755001
 By WRD NARA Date 12/20/77

111

RG 260
 Entry FED
 File Settlement Summary
 Box 470

FOREIGN EXCHANGE DEPOSITORY
Balance Sheet as of 31 August 1949

ASSET ACCOUNTABILITY ACCOUNTS

DEBIT

CREDIT

<u>Account Title</u>	<u>Units</u>	<u>Account Title</u>	<u>Units</u>
Precious Metals - Silver Bullion	2	Assets acq. from - Markers Mine	62 009
Precious Metals - Scrap Silver	141	Assets acq. from - MI Law 52	539 118
Precious Metals - Mixed Bullion	3 779	Assets acq. from - MI Law 53	1 427
Coins Silver	2 738	Assets acq. from - German Banks	1 306 979
Coins Other	246 904	Assets acq. from - United Nations	1 597
Currency	1 704 241	Countries	
Securities	6 099	Assets acq. from - Enemy Countries	7 111
Precious Metalware - Silver	60	Assets acq. from - Concentration	9 408
Jewelry	16	Camps	
Other Assets	1 461	Assets acq. from - Other Sources	210 151
Other Assets - Collections	1 050	Assets acq. from - Other Sources -	28 697
		German Marks	
		Assets acq. by - Journal Entry	10
TOTAL UNITS:	2 166 491	TOTAL UNITS:	2 166 491

RESTITUTION ACCOUNTABILITY ACCOUNTS

DEBIT

<u>Account Title</u>	<u>Units</u>	<u>Dollar Valuation</u>
Assets released - Restitution	12 994 247	64,084,630.60
Assets released - Transfers	196 371	7,933,055.53
Assets released - Other	4 284	3,516,502.00
Assets released - On Loan	942	580,000.00
Assets released - Returned to German Banks	76	2.00
Assets released - Tripartite Commission for the Restitution of Monetary Gold	3 449	263,680,452.94
TOTALS:	13 199 389	339,794,643.07

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 Authority NND 755001
 By WSD NARA Date 12/30/77

RG 260
 Entry FED
 File Statement Summary
 Box 470

RESTITUTION ACCOUNTABILITY ACCOUNTS (cont'd)

CREDIT

<u>Account Title</u>	<u>Units</u>	<u>Dollar Valuation</u>	
Assets released to - Monuments, Fine Arts and Archives	111	152,666.78	
Assets released to - OMB	946	580,001.00	
Assets released to - US Army	3 229	16,005.00	
Assets released to - IRD	1 197 341	806,369.00	
Assets released to - Currency Section FED	80 716	8.00	
Assets released to - RB Felda	43	1.00	
Assets released to - RB Marafeld	33	1.00	
Assets released to - RB Brunen	104	1.00	
Assets released to - Laenderbank Vienna	2	}	
Assets released to - Stadtparkasse Halle	1		
Assets released to - Kreisparkasse Ploeszen	2		
Assets released to - Commerzbank Berlin	1		
Assets released to - Deutsche Bank Fuerth	1		1.00
Assets released to - Sparkasse Hannover	1		
Assets released to - Nordiska Foreringsbank	1		
Assets released to - Postsparkassenamt Vienna	4	}	
Assets released to - Antagaricht Frankfurt/Main	223		270,400.00
Assets released to - Landeszentralbank Frankfurt/Main	102 402		4,098,505.75
Assets released to - Tripartite Commission for the Restitution of Monetary Gold	1 953	14,325,827.64	
Assets released to - Staatliche Erfassungsgesellschaft fuer oeffentliches Gut m.b.H.	3 477	10.00	
Assets released to - Bank Deutscher Laender	1 277	3,284,455.00	
Assets released to - Gremtion	4 232	2.00	
Assets released to - City of Berlin	44	800,000.00	
Assets released to - CPA, OMBUS, Berlin	8	2,716,500.00	
Assets released to - Individuals	110	656.00	
Assets released to - USA	396 458	3,561,305.88	
Assets released to - England	245 589	1,301,402.00	
Assets released to - Australia	22	34.00	
Assets released to - Belgium	1 466 717	1,101,279.00	
Assets released to - Canada	4 480	8,750.00	
Assets released to - Denmark	105 677	274,000.00	
Assets released to - India	26	10.00	
Assets released to - The Netherlands	872 868	37,110,954.22	
Assets released to - Norway	565 974	1,935,001.00	
Assets released to - Switzerland	19	52,125.00	
Assets released to - South Africa	1 787	11,600.00	
Assets released to - Albania	73 855	2.00	

DECLASSIFIED
 Authority: NND 755001
 By: WRD NARA Date: 12/30/77

RG 260
 Entry FED
 File SITINGMENT SUMMARIES
 Box 470

CREDIT (cont'd)

<u>Account Title</u>	<u>Units</u>	<u>Dollar Valuation</u>
Assets released to - Czechoslovakia	38 909	502,703.00
Assets released to - France	5 213 141	99,861,761.25
Assets released to - Germany	11	1.00
Assets released to - Greece	23 213	2.00
Assets released to - Hungary	9 500	35,757,569.55
Assets released to - Italy	214 471	240,008.00
Assets released to - New Zealand	3	2.00
Assets released to - Yugoslavia	29 290	21,291.00
Assets released to - Poland	2 508 598	3,404.00
Assets released to - Rumania	1	1.00
Assets released to - Turkey	1	1.00
Assets released to - USSR	1 204	5.00
Assets released to - Luxembourg	152	21.00
TOTALS:	13 199 309	339,794,643.07

DECLASSIFIED
 Authority MMD 755 001
 By WSD NARA Date 12/30/99

RG 260
 Entry FED
 File SHIPMENT SUMMARIES
 Box 470

FOREIGN EXCHANGE DEPOSITORY

Schedule of Assets Held Awaiting Disposition
C/S 31 Aug. 1949

<u>Item No.</u>	<u>Description</u>	<u>Remarks</u>
13	9 1/4 kg Platinum type metals	Identified as formerly owned by I.G. Farben and "Roges" Rohstoffhandels-gesellschaft as described in FED report, dated 14 July 1949. Claims have been filed by I.G. Farben Control Office. FED awaiting instructions as to disposition.
15	RM 400,000 par value German Treasury 3 1/2% bonds, maturity 1945	Ownership unknown. FED awaiting instructions as to disposition.
21	168,000 carats industrial diamonds	Claims have been filed by Belgium, Netherlands, and German concern GERAN, Berlin. Diamonds, however, impossible to segregate in satisfaction of claims. Belgian government presently contesting case in Washington. Disposition held up, pending further instructions from Washington.
23	1200 envelopes with Personal Effects of Inmates (German Nationals) of Concentration Camps	The L & S Office, Frankfurt/A., wrote FED that appropriate agency for processing of these effects was the Red Cross Coordinating Committee for the U. S. Zone. Copy of letter forwarded to Director, F. D., on 25 July 1949. FED awaiting authorization to effect release.
29	RM 15100 various German bearer bonds	Found in dilapidated German mail containers. Original owners can not be determined. FED awaiting instructions as to disposition.
32	An entire vault compartment of foreign currencies accumulated from various FED shipments, owners unknown, summarized as follows: 1. Hungary, Bulgaria, Roumania, Finland (originally deliverable to USSR)	Facts regarding quantities and suggested disposition all these currencies outlined in FED writing to OFA, dated 15 Feb. 1949. Negotiations pending with Egypt as to disposition approximately \$47000. Egyptian currency. Instructions awaited as to disposition all other currencies.

DECLASSIFIED
 Authority NND 755001
 By WBJ NARA Date 12/30/77

RG 260
 Entry FED
 File SITING SUMMARY
 Box 470

<u>Item No.</u>	<u>Description</u>	<u>Remarks</u>
32	cont'd. 2. German Currency 3. Allied Military Occupation Currencies 4. All other currencies (70) (countries). 5. Unidentified silver and metal coins	
36	35 boxes various currencies taken over by FED from Currency Section and originating from Office of Provost Marshal, EUCOM. 30 countries	The status of these currencies together with disposition suggestions was outlined in FED writing to OFA, dated 19 Nov. 1948. FED awaiting instructions.
37	One box of various currencies representing for most part Sub-accountants Funds heretofore delivered to Currency Section and by letter to FED (20 countries including USA \$ 27500.)	This holding described in FED letter to OFA, dated 15 Nov. 1948 with request for instructions as to disposition.
43	Seven containers of low value currency, jewelry, watches etc., heretofore rejected by IRO.	It is understood by FED that the Legal Branch is contemplating propriety of releasing these effects to Furiburo of Polish President (Lost Properties Office)
47	Seven cases miscellaneous silver tableware	OFA has authorized release of these assets to IRO whose representative has promised to call at FED on 7 Sept. 1949.
51	One package of dividend coupons detached from German securities	Same as for Item #43.

DECLASSIFIED
 Authority NND 975057
 By SC NARA Date 1-11-00

RG 260
 Entry PROPERTY ADVISOR
 File JNSO CHAPTER
 Box 8

JNSO

JRSO
 CHARTER
 ARTICLES OF INCORP.

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U. S.)
 Office of the Military Governor
 Berlin, Germany
 APO 742

AG OSO (FD)

LICENSE NO. 49
17 August 1949

SUBJECT: License

TO : Headquarters
 Jewish Restitution Successor Organization
 APO 696-A, U. S. Army

You are hereby authorized by the Office of Military Government for Germany (US) to engage in the transactions delineated under (B) below, and the hereinafter regulations constitute the terms of a license under which your activities will be governed within the US Area of Control in Germany.

REGULATIONS

- (A) You will be subject to such Control Council, Military Government and German law as may be applicable to a charitable organization operating in Germany and to applicable directives and orders of the Theater Commander. Your activities will at all times be subject to the control of the Office of Military Government for Germany (US) or such offices as it may designate.
- (B) You are authorized to engage in the following activities in Germany as a successor organization, to the extent necessary to the fulfillment of the purposes of your organization, as set forth in your Appointment issued under Regulation No. 3, pursuant to Military Government Law No. 99:
1. to hold, administer, rent and lease property recovered on your behalf pursuant to MG Law No. 99;
 2. to reconstruct such property when such reconstruction is necessary in order to return it to its pre-war condition;
 3. to sell such properties for Deutsche Marks;
 4. to mortgage and pledge properties acquired by you on your behalf when such action is necessary to carry on the above activities;
 5. to transfer gratuitously funds or properties to agencies, organizations and institutions in Germany engaged in relief, rehabilitation and resettlement;
 6. to engage in any transactions ordinarily incidental to the above activities.
- (C) The restrictions imposed upon you by Article I of Military Government Law No. 53 and Article II of Military Government Law No. 52 are hereby waived to the extent necessary to authorize you to engage in the transactions specified under paragraph (B) above.
- (D) Deutsche Marks may be used by you only for expenditures in Germany for goods and services essential to your operations in Germany and for the purposes stated in paragraph (B) above.

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DECLASSIFIED

Authority NND 775057By S.C. NARA Date 1-11-00

RG

Entry

File

Box

260PROPERTY ADVISORJALSO CUPPERON8

- (E) Deutsche Marks will in no event be used for the acquisition of interest in business enterprises or in real property, except for the temporary rental of necessary facilities, nor will they be convertible into dollars or other foreign exchange or transferable against dollars or other foreign exchange to any other person or firm. The Office of Military Government for Germany (US) desires that it be clearly understood that you accept marks under these conditions entirely at your own risk.
- (F) You are required to render a statement within 15 days after the close of each calendar month, indicating the balance of Deutsche Marks you had on hand at the beginning of the month, marks acquired by you during the month under the terms of this license, mark expenditures for the month, and mark balance on hand on the final day of the month. Such statement will contain a supplemental schedule of your mark expenditure for the month, classified as to major types of expenses. Statements will be submitted to the Internal and External Finance Group, Finance Division, OMGUS, Berlin, APO 742, US Army, and will be certified as to their accuracy and completeness by a responsible official or employee of your organization, who will hold available for inspection by Military Government, or its designee, all ledgers, books of account, vouchers, receipts, and records as may be necessary to corroborate your statement.
- (G) This license is not granted for a stated term, is not a property right and is not transferable. It is subject to revocation in the event that licensee violates the terms of its appointment under Regulation No. 3 of Military Government Law No. 59 or any of the foregoing regulations.

FOR THE MILITARY GOVERNOR:

Telephone BERLIN 42994

V. W. BOND

Major AGD

Acting Adjutant General

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

RG 260
Entry Property Division
File JRSO Charter
Box 8

JRSO

Separate Folder → JRSO
CHARTER

COPY

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

9 November 1948

SUBJECT: JRSO Incorporation Papers

TO : Property Division
Property Control and External Assets
APO 633, U.S. Army

Attn: Mr. Jackel

Enclosed please find a copy of the JRSO Certificate of Incorporation and Certificate of Change of Name as requested in your phone conversation of this date.

/s/ BENJAMIN B. FERENCZ
Director General

Incls.

BBF/lj

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

RG 260
 Entry PROPERTY ADVISOR
 File JNSO CYPRESS
 Box 8

COPY

CERTIFICATE OF CHANGE OF NAME

- of -

THE JEWISH RESTITUTION COMMISSION

- to -

JEWISH RESTITUTION SUCCESSOR ORGANIZATION

(Pursuant to Section 40 of the General Corporation Law)

WE, EDWARD M. M. WARBURG and ABRAM ROTHFELD, being respectively
 the President and Assistant Secretary of THE JEWISH RESTITUTION COMMISSION,
 certify:

1. The name of this corporation is THE JEWISH RESTITUTION COMMISSION.
2. The Certificate of Incorporation was filed in the office of the
 Secretary of State on the 15th day of May, 1947.
3. The new name to be assumed by this corporation is JEWISH
 RESTITUTION SUCCESSOR ORGANIZATION.

IN WITNESS WHEREOF, we have hereunto subscribed this Certificate
 this 29th day of July, 1948.

(S) Edward M. M. Warburg
 President

(S) Abram Rothfeld
 Assistant Secretary

STATE OF NEW YORK)
 : SS.:
 COUNTY OF NEW YORK)

On this 29th day of July, 1948, before me personally came
 EDWARD M. M. WARBURG and ABRAM ROTHFELD, to me known and known to
 me to be the persons described therein and who executed the within
 Certificate of Change of Name, and they thereupon duly acknowledged
 to me that they executed the same.

Lucy Gerstein
 Notary Public

DECLASSIFIED

Authority NND 775057By S.C. NARA Date 1-11-00

RG

Entry

File

Box

260PROPERTY ADVISORJLSD CHAIRMAN8COPYAFFIDAVIT

STATE OF NEW YORK)
 : SS.:
 COUNTY OF NEW YORK)

EDWARD M. M. WARBURG and ABRAM ROTHFELD, Being duly sworn,
 depose and say:

That each for himself deposes and says that he, EDWARD M. M. WARBURG is the President of THE JEWISH RESTITUTION COMMISSION, and he ABRAM ROTHFELD is the Assistant Secretary thereof.

That they were duly authorized to execute and file the foregoing Certificate of Change of Name by the votes, cast in person or by proxy, of a majority of the members of record of the corporation who are entitled to vote, and that such votes were cast at a meeting of the members called for that purpose, upon like notice as that required for the annual meetings of the corporation; which said meeting was held on July 29th, 1948 at 521 Fifth Avenue, in the Borough of Manhattan, City, County and State of New York, at 2:30 o'clock in the afternoon.

(S) Edward M. M. Warburg

(S) Abram Rothfeld

Subscribed and Sworn to before
 me this 29th day of July, 1948.

Lucy Gerstein
 Notary Public

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DECLASSIFIED

Authority NND 975057By SC NARA Date 1-11-00

RG

Entry

File

Box

260
Property Adviser
JASO Computer
8STATE OF NEW YORK)
COUNTY OF NEW YORK) SS:

On this 25th day of April, 1947, before me personally came EDWARD M. M. WARBURG, to me known and known to me to be the same person described in and who executed the foregoing Certificate of Incorporation, and he thereupon duly acknowledged to me that he executed the same.

Lucy Gerstein
Notary Public

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS:

On this 25th day of April, 1947, before me personally came EMANUEL NEUMANN, to me known and known to me to be the same person described in and who executed the foregoing Certificate of Incorporation, and he thereupon duly acknowledged to me that he executed the same.

Lucy Gerstein
Notary Public

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS:

On this 25th day of April, 1947, before me personally came ROBERT SZOLD, to me known and known to me to be the same person described in and who executed the foregoing Certificate of Incorporation, and he thereupon duly acknowledged to me that he executed the same.

Lucy Gerstein
Notary Public

I, ERNEST E. L. HAMMER, a Justice of the Supreme Court of the First Judicial District, hereby approve the foregoing Certificate of Incorporation of THE JEWISH RESTITUTION COMMISSION.

Ernest E. L. Hammer
Justice Supreme Court

May 12th, 1947. -

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Authority NND 975057By SC NARA Date 1-11-00

RG

Entry

File

Box

260
Property Advisor
JASO Chapter
8

2 0 P Y

CERTIFICATE OF INCORPORATION

- of -

THE JEWISH RESTITUTION COMMISSION

(Pursuant to the Membership Corporation Law)

WE, the undersigned, for the purpose of forming a membership corporation pursuant to the Membership Corporation Law of the State of New York, hereby certify:

1. The name of the proposed corporation shall be THE JEWISH RESTITUTION COMMISSION.
2. The purposes for which it is to be formed are:
 - a) To assist, aid, help, act for and on behalf of, and as successor to, Jewish persons, organizations, cultural and charitable funds and foundations, and communities, which were victims of Nazi or Fascist persecution and discrimination, in all matters relating to claims for the restitution of property and property rights of every nature and description, and for compensation and indemnification arising out of loss or damage suffered by them in consequence of such persecution and discrimination; and in connection with the foregoing to discover, claim, acquire, receive, hold, maintain, manage, administer, hire, liquidate, and otherwise dispose of property and property rights of every nature and description for the benefit of victims of Nazi or Fascist persecution or discrimination, and to apply the income therefrom, the increments thereto, and the proceeds thereof for the relief, rehabilitation, reestablishment, resettlement and immigration of such victims, all in accordance with the laws and policies established by the Governments or authorities in control of the countries, or areas, where any or all of the foregoing activities may be carried on.
 - b) To act in the aforementioned respects for the purpose of ascertaining claims to restitution, compensation or indemnification; claiming, acquiring, receiving, reducing to possession, or prosecuting such claims; holding, maintaining, salvaging, repairing, managing, administering, and in all respects dealing with such property and claims, and effecting disposition, liquidation or conversion of such property or claims by all appropriate means for the purposes herein stated.
 - c) To act in the aforementioned respect with regard to Jewish books, manuscripts, and other Jewish cultural and religious and historic objects in Germany, and in areas formerly occupied by Germany, and to distribute such objects to their rightful owners and to such Jewish organizations, institutions, and communities anywhere in the world as may be determined to be equitably and appropriately entitled to them.
 - d) To assist governmental and intergovernmental agencies, in a representative capacity or otherwise, in locating, identifying, preserving,

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DECLASSIFIED

Authority NND 775057By SC NARA Date 1-11-00RG 260Entry PROPERTY DIVISIONFile JL50 C-1000Box 8

cataloguing and determining the proper disposition of Jewish books, manuscripts, and other Jewish cultural, religious, and historic objects in Germany or in areas formerly occupied by Germany.

- e) To have power to borrow money, and, from time to time, to make, accept, endorse, execute, and issue bonds, debentures, promissory notes, bills of exchange, and other obligations of the corporations for moneys borrowed or in payment for property acquired or for any of the other objects or purposes of the corporation or its business, and to secure the payment of any such obligations by mortgage, pledge, deed, indenture, agreement, or other instrument of trust, or by other lien upon, assignment of, or agreement in regard to all or any part of the property, rights, or privileges of the corporation wherever situated, whether now owned or hereafter to be acquired.
- f) Without limitation of the foregoing to do all and everything necessary, suitable and proper for the accomplishment of any of the purposes hereinbefore set forth and to do every other act or acts, thing or things incidental or appurtenant to or growing out of or connected with the aforesaid purposes, or any part thereof, provided the same be not inconsistent with the laws under which this corporation is organized or the laws of any country in which the activities of the corporation are carried on.

3. The corporation shall have no capital stock and shall not be conducted for profit. All assets remaining upon liquidation of the corporation shall be distributed solely for purposes of the relief, rehabilitation, resettlement and immigration of victims of Nazi or Fascist persecution or discrimination, in the manner provided in the By-Laws of the corporation, subject to the approval of the Supreme Court of the State of New York.

4. The territories in which its operations are principally to be conducted are the United States of America, Germany and formerly German occupied areas of Europe, and other areas throughout the world.

5. The city and county in which its office is to be located are the City of New York, County of New York.

6. The number of directors shall not be less than five (5), nor more than sixty-one (61). Officers and directors of the corporation need not be members:

7. The names and residences of the directors until the first annual meeting are:

<u>NAMES</u>	<u>ADDRESSES</u>
Louis Lipsky	302 West 86th Street, New York, N.Y.
Jacob Blaustein	Alto Dale, Pikes Well 6, Baltimore County, Maryland
Dr. Stephen S. Wise	91 Central Park West, New York, N.Y.
Zelig Brodetsky	77 Great Russell Street, London, England
Prof. Sale W. Baron	405 West 118 Street, New York, N.Y.
Edward M. M. Warburg	550 Park Avenue, New York, N.Y.
Emanuel Neumann	749 West End Avenue, New York, N.Y.

8. All of the subscribers to this Certificate are of full age; at least two-thirds of them are citizens of the United States and at least one of them is a resident of the State of New York. Of the persons named as directors, at least one

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By SC NARA Date 1-11-00

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Entry PROPERTY ADVISOR
File JACO CUPPORA
Box 8

of them is a citizen of the United States and a resident of the State of New York.

IN WITNESS WHEREOF, we have made, subscribed, and acknowledged this Certificate this 25th day of April, 1947.

LOUIS LIPSKY
JACOB BLAUSTEIN
STEPHEN S. WISE
ROBERT SZOLD
EDWARD M. M. WARBURG
E. NEUMANN
Salo W. Baron

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS.:

On this 25th day of April, 1947, before me personally came LOUIS LIPSKY, to me known and known to me to be the same person described in and who executed the foregoing Certificate of Incorporation, and he thereupon duly acknowledged to me that he executed the same.

Lucy Gerstein
Notary Public

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS.:

On this 25th day of April, 1947, before me personally came JACOB BDAUSTEIN, to me known and known to me to be the same person described in and who executed the foregoing Certificate of Incorporation, and he thereupon duly acknowledged to me that he executed the same.

Henry A. Weiller
Notary Public, State of New York
Residing in Bronx County
N.Y.Co.Clk's No.303, Reg.No.252-W-9
Commission Expires March 30, 1949

Henry A. Weiller
Notary Public

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS.:

On this 25th day of April, 1947, before me personally came DR. STEPHEN S. WISE, to me known and known to me to be the same person described in and who executed the foregoing Certificate of Incorporation, and he thereupon duly acknowledged to me that he executed the same.

Lucy Gerstein
Notary Public

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS.:

On this 25th day of April, 1947, before me personally came PROF. SALO W. BARON, to me known and known to me to be the same person described in and who executed the foregoing Certificate of Incorporation, and he thereupon duly acknowledged to me that he executed the same.

Lucy Gerstein
Notary Public

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Authority NND 775119By SR NARA Date 1-8-00RG 260Entry Imperial Finance ^{EXT 2101}File 51/125ABox 346

Silv.

COPY

W. C. H A R A E U S , Hanau

TranslationTo
REICHSBANKSTELLEH a n a uSUBJECT: Delivery of precious metals according to Allied
Control Commission Law Nr. 53

To-day Mr. Philip from OMGUS, Berlin, by telephone-call made us announce the numbers about our precious metals mentioned below, with the instruction to give you knowledge of this notification too. It is question of a supplement to the former announcements about precious metals due to delivery according to formula MGAX I. The modifications caused in the meantime by supplements and clearing up of a series of cases not yet settled are taken into consideration in this statement.

1. Delivered immediately to you:

112.484,50 gr platinum
63.429,-- " gold
14.100,-- " silver

Besides this the Deutsche Gold & Silberscheideanstalt, former Roessler, Frankfurt/Main, delivered on our account to the Reichsbank there:

63.077,80 gr gold

2. The metals having been with our displaced branches have all come back insofar as they have not become victims of the war. The greatest reduction of our stock was caused by the requisition of the previous metals in our branch in Onstmettingen/Wuerttemberg by the French troops. According to our informations the following quantities have been transferred to the Bank of France:

306.014,87 gr platinum
364.695,95 " gold
865.004,21 " silver

3. Losses by war and airraids:

337.378,31 gr platinum
436.061,11 " gold
1.658.080,72 " silver

A part of these metals would be saved from under the ruins in a completely disunited condition. After a corresponding renovation and by approximate estimation we expect returns of:

277 kg platinum
277 " gold
445 " silver

310186

DECLASSIFIED
Authority NND 775119
By SR NARA Date 1-8-00

RG 260
Entry Intendant's Finance ^{EXT 1001}
File 5.1.1.158
Box 346

4. The precious metals still being at our disposition without any exception are belonging to our necessary stock for work and are not liable to the notion of Law Nr.53 about precious metal delivery. In so far as there are among them metals of a value of 80% or even more it is question of "newly mined metals".

Respectfully:

W.C. HERAEUS, Hanau/M.

DECLASSIFIED
 Authority NNO 775119
 By SR NARA Date 1-8-00

RG 260
 Entry Industrial Finance ^{EXTRAM}
 File Silver
 Box 346

5. It is suggested, that all plans for reparation or restitution of precious metals be taken from material seized under Law 53, which should include not only material seized by the US, but by all other nations. Allocations of claims should be made on all nations seizing precious metals, in proportion to the quantities seized to them.

6. Precious Metals being released for industrial use are those metals, which were newly refined and not subject to Law 53 and on which no claim was pending. All precious metals released at the present is derived from scrap material and newly mined and refined material from other firms.

7. The records are maintained at each firm of all transactions, and are checked monthly by this office.

8. It is desired to point out, that the Germans use in their correspondence a comma for a decimal point and a decimal point for a comma.

FOR THE DIVISION DIRECTOR:

Incls.:

- Incl. 1- Ltr Degussa, 5 Feb 47
 Incl. 2- Ltr Degussa, 11 Feb 47
 Incl. 3- List Heraeus, subm. 20 Jan 47
 Incl. 4- Report precious metals by Degussa
 Incl. 5- Report precious metals by Heraeus

FRANK W. FRUITMAN
 Lt Col Ord
 Chief, Control & Inspection Sect.

310189

DECLASSIFIED
 Authority NND 775119
 By SR NARA Date 1-8-00

RG 260
 Entry Internal & External
 File S. 1/28A
 Box 346

CopyDEGUSSA, Frankfurt/Main

Office of Military Government
 Industry Branch, Metals Section,
 c/o Lt. Col. F.W. Fruitman

(16) Wiesbaden

N/Th.

February 5, 1947

Re: Imports of precious metals during the war time.

Recently you asked us to give you a summary about the quantities of precious metals which have been imported by us into Germany during the war time.

Before going into details we should like to point out that all those imports have been carried out by order of the former Reichstelle fuer Edelmetalle or the former Reichs Finance Ministry respectively.

With respect to the utilization of these materials we declare that the imported quantities of precious metals, due to the peculiar nature of the process of refinery, were mixed with materials of German origin or coming from German mines and afterwards worked up. The fine metals resulting from these refining processes have been distributed by us to the German customers on account of special certificates. The customers have been hundreds varying according to their demands and therefore it is quite impossible for us now to trace the whereabouts of these quantities, especially also in view of the fact that the foreign precious metals had been mixed up with metals of German origin.

Only quantities coming from Belgium and Poland have been handled otherwise as you will see from the foot notes.

Imports from

Yugoslavia:

The National Bank des Koenigreichs Jugoslawien i.L., Belgrad, has sent us

on May 4, 1942

80,106,401 kgs of silver coins with 1/97/00 fineness

on July 27, 1944

26,599,711 kgs of silver coins with 7/47/000 fineness
 154,508 " " " " " " 1/97/000 fineness

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2. Office of Military Government, Industry Branch
 Metals Section, c/o Lt. Col. Fruitman, Wiesbaden

February 5, 1947

Out of these deliveries we have extracted

	39,812,876	kgs of fine silver	
	19,869,984	" " " "	and
	<u>76,790</u>	" " " "	
totally:	59,759,650	" " " "	

which have been distributed as mentioned above. The deliveries have been paid by us in Reichsmark currency to the deliverer.

Greece:

The Bank von Griechenland, Athen, sent us

on January 23, 1943

25,041,600 kgs of silver coins with 498/000 fineness

on June 5, 1943

1,813,160 kgs of silver coins with 498/000 fineness

on September 14, 1944

166,466	kgs of silver coins with 498/000 fineness
393,210	" " " " " 498/000 "
71,970	" " " " " 498/000 "

From the last mentioned quantity

42,404⁵ kgs of silver coins

have been destroyed by airraids whilst the remaining

29,565⁵ kgs of silver coins

have been notified by Krupp-Essen according to Law No. 53 (MGAX 1) and duly delivered (MGAX 2) to Reichsbank Essen.

From the aforementioned four lots of silver coins

	12,470,716	kgs of fine silver
	902,953	" " " "
	83,028	" " " "
	195,818	" " " "
a total amount of	<u>13,652,515</u>	kgs of fine silver

has been recovered and distributed to the German customers. Payment to the deliverer has been effected in Reichsmark currency.

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3. Office of Military Government, Industry Branch,
Metals Section, c/o Lt. Col. Fruitman, Wiesbaden

February 5, 1947

Lithuania :

The Litauische Staatsbank in Kaun-Litauen has forwarded to us
on July 12, 1943

20,286,050 kgs of silver coins with 497/000 fineness
6,706,219 " " " " " 748/000 fineness

From these deliveries

15,098,417 kgs of fine silver

have been extracted and distributed to the German customers. The materials have been paid to the deliverer in Reichsmark currency.

Poland:

The Emissionsbank in Krakau has sent us

on January 16, 1944

9,030,297 kgs of silver coins with 747/000 fineness

on March 8, 1944

13,505,438 kgs of silver coins with 747/000 fineness

on May 7, 1944

14,035,215 kgf of silver coins with 747/000 fineness

From these deliveries we have recovered

6,745,631 kgs of fine silver
10,088,562 " " " "
10,484,305 " " " "

a total amount of 27,318,498

Out of this quantity

10,484,305 kgs of fine silver

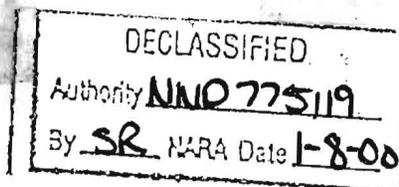
have been distributed to the German customers. The remaining quantity of

16,834,193 kgs of fine silver

has been placed at the disposal of our branch office in Vienna. These lots have been paid in Reichsmark currency to the deliverer either by us or by our branch Office in Vienna.

France:

Through intermediary of the former Preussische Staatsmuenze Berlin we



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4. Office of Military Government, Industry Branch,
Metals Section, c/o Lt. Col. Fruitman, Wiesbaden

February 5, 1947

received from the French Mine Administration

on February 10, 1941

1857 bars of silver with a gross-weight of
61,091,502 kgs.

Out of this delivery we recovered

61,019,000 kgs of fine silver

which was given to the German customers. This lot was paid by us in Reichsmark currency to the ROGES, Rohstoffhandels-Gesellschaft, Berlin-Mariendorf.

Belgium:

From fall 1940 until spring 1941 the Emissionsbank at Brussels has sent us a quantity of total

1,632,599⁷ kgs of fine gold

in various lots which have been forwarded by us to the Reichsbank-Direktorium Berlin. The deliveries have been paid by us in Reichsmark currency to the deliverer.

In the last quarter of the year 1940 and during the course of the year 1941 the firms

Société Générale Métallurgique de Hoboken S.A., Hoboken, resp.
the sellers of his products
société Générale des Minerais S.A., Brussels,
and
Cie. Métallurgique de la Campine S.A., Brussels,
and
Société des Mines et Fonderies de Zinc de la Vieille Montagne
S.A., Chénée,

have sent us amounting to a total quantity of

57,556,213 kgs of dore silver

in various lots from which we have recovered:

55,024,742	kgs of fine silver
2,012,742 ⁷	" " fine gold
17,375 ¹	" " platinum
27,526 ¹	" " palladium
1,382 ²	" " rhodium.

According to an agreement

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5. Office of Military Government, Industry Branch
Metals Section, c/o Lt. Col. Fruitman, Wiesbaden

February 5, 1947

28,000,000 kgs of fine silver
5,000 " " fine gold
1,800 " " platinum
1,600 " " palladium

have been re-delivered to Hoboken / Belgium.

From the remaining

27,024,742 kgs of fine silver
15,575 " " platinum
25,926 " " palladium
1,383 " " rhodium
2,007,742 " " fine gold

The first four items have been given to the German customers whilst the last item of 2,007,742.7 kgs of fine gold has been delivered by us to the Reichsbank-Direktorium Berlin.

Czechoslovakia:

From the Protaktorats-Berg- und Huettenwerke, Prag, we have received

during December 1943(1943) 15,752,000 kgs of fine silver
" June 1944 3,900,000 kgs " " "
totally 19,652,000 kgs of fine silver

and distributed to the German customers. These materials have been paid to the deliverer in Reichsmark currency.

The Nationalbank fuer Boehmen und Maehren, Prag, forwarded to us

during December 1941 1,187,000 kgs of dore silver.

From this delivery we have recovered totally

942,000 kgs of fine silver

which has given to the German customers. These lots have been paid by us in Reichsmark currency to the deliverer.

Netherlands:

From Messrs. Lippmann, Rosenthal & Co., Amsterdam, we received

from January 1943
until August 1944 3,116,000 kgs of fine silver

which were given to the German customers. These lots were paid by us in Reichsmark currency to the deliverer.

We should like to emphasize that the major part of our files has been destroyed when our administration buildings burnt down in 1944. Therefore

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6. Office of Military Government, Industry Branch
Metals Section, c/o Lt.Col. Fruitman, Wiesbaden

we are not able to give you a complete summarization of the single items in all cases. As formerly agreed with you we did not mention the deliveries of German mines and dealer firms which are based on imports of ores and other scrap-material. All business with respect to working up only has also not been taken into consideration.

Oncemore we point out that all precious metals which have been imported by us during the war have been distributed to our customers. In consequence thereof no stocks out of these imports are at our disposal at the time being.

Yours truly,

DEGUSSA

i.V. i.A.
(Furler) (Neis)