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SWITZERLAND: CURRENT PROBLEMS & DATA ON U.S.-SWISS WARTIME FINANCIAL PROBLEMS

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SOME CURRENT PROBLEMS AND DATA ON UNITED STATES - SWISS WARTIME FINANCIAL RELATIONS

JAN 29 1945

R.R. Sturgis

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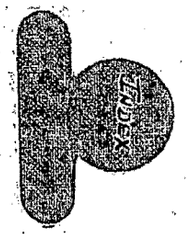

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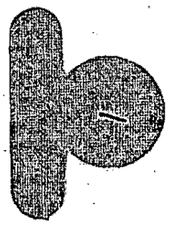

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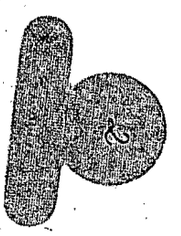

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[illegible] ASSETS IN THE UNITED STATES

1. As of June 14, 1941, the Swiss assets in the United States, excluding earmarked gold held with the Federal Reserve Bank of New York, amounted to over $1,800,000,000. The gold under earmark, together with the official balances held with the Federal Reserve Bank of New York as of January 17, 1945, was over $700,000,000. After allowing for the reduction and short-term balances (about $350,000,000), a part of which explains the increase in earmarked gold, and making allowances for the increased value of United States securities held for Swiss account (on the basis of standard averages), the present Swiss asset position in the United States is estimated at $1,900,000,000 more or less.

2. There follows a tabular summary of the value of Swiss assets in the United States based upon TFR-300 reports taken as of June 14, 1941.

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(In millions of dollars)

Property Types	Citizenship Groups: Switzerland	Enemy Countries	All other	Total
1/				
Bullion, Currency and Deposits:				
Bullion	2.2	-	-	2.2
Currency	1.0	2/	.1	1.1
Demand Deposits	442.1	2.6	39.1	483.7
Time Deposits	4.0	.2	3.5	7.7
Total	449.3	2.8	42.7	494.8
Domestic Securities:				
National Government	49.7	.4	14.2	64.4
Other Government	2.6	2/	4.8	7.4
Corporate Bonds	34.5	.3	7.7	42.5
Common Stocks	210.0	1.7	39.6	259.3
Preferred Stocks	36.5	.7	5.9	43.0
Other Securities	.8	2/	.1	.7
Total	342.7	3.3	71.2	417.2
Interests in Controlled Enterprises:				
Branches	44.4	-	29.9	74.3
Corporations	43.9	-	19.6	63.5
Total	88.3	-	49.5	137.8
Miscellaneous Assets:				
Real Estate	1.9	.1	5.5	7.6
Real Estate Mortgages	1.1	2/	1.4	2.5
Estates	1.0	2/	1.0	2.0
Trusts	18.3	2.4	41.8	60.4
Insurance Policies and Annuities	.5	.1	1.1	1.6
Goods and Merchandise	15.6	.1	1.0	16.4
Checks and Acceptances	26.1	.1	.3	26.4
Debts and Claims	36.4	.4	5.0	43.8
Total	100.0	3.3	57.1	160.7
Total	980.3	9.3	220.5	1,210.0 3/

Note: Slight errors in the totals are the result of rounding the figures.

1/ Excluding gold held under earmark for Swiss account by the Federal Reserve Bank of New York.

2/ Less than $50,000.

3/ In addition $122,100,000 market value of foreign securities were held by custodians and nominees in the United States for Swiss accounts.

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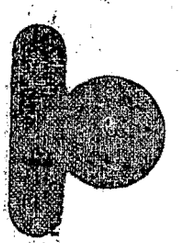

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CONTROLS OVER COMMUNICATIONS WITH SWITZERLAND

1. Controls over outgoing communications to Switzerland. Until November 6, 1944, all postal service from the United States to Switzerland had been inoperative for some time. The Post Office Department had suspended this service shortly after we entered the war because United States mail to Switzerland had to pass through enemy-controlled areas and was intercepted by German censorship. The recently resumed service is limited to letters, post cards, and registration, with money order, airmail, and parcel post services still not available. United States Censorship exercises adequate control over outgoing mail to Switzerland.

2. Control over incoming communications from Switzerland. There has been no interference by the United States Government with postal service from Switzerland to the United States. Similar censorship controls are applicable to this type of mail as to outgoing mail to Switzerland.

3. Control over transit communications originating in, or destined for, Switzerland. According to information received from the War Department, there is at present no mail service between Switzerland and the Western Hemisphere other than the United States. Prior to the liberation of France, such service was in operation, but under satisfactory US or UK controls, since ships carrying mail between Switzerland and the Western Hemisphere had to, under the terms of their safeconducts, call at US or UK control points where such mail was examined. While France was under German domination Swiss mail to Spain and other European neutrals was permitted to pass through France. Since the occupation of France by the Allies, this service was terminated. The matter of resuming service between Switzerland and Spain is now under consideration, but the view in the United States has been that the service should not be permitted before tight censorship controls are established in France. No decision has as yet been reached.

4. Telecommunications service with Switzerland. Cable facilities have not been greatly interfered with to date although radio messages are monitored and because they are susceptible to interception by the enemy are very often channelled through cable lines. All international cable and radio communications originating in, destined for, or passing through the United States, are, of course, censored. These have been and will continue to be subject to adequate controls.

5. Future controls. The control over communications can be an effective weapon in any program with respect to the Swiss. The vast majority of Swiss communications must pass through control points of the United Nations. Thus the United Nations are in a position to prevent the Swiss from communicating with other areas for the purpose of carrying on financial activities on behalf of the Germans.

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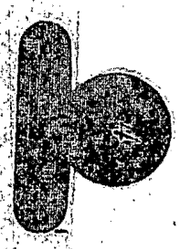

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Investment of Swiss Funds in the United States

1. The clearing by I.G. Chemie for Farben of the stock of General Aniline and Film Inc. is already well known.

2. Prior to the issuance of General Ruling 17 in October 1940, numerous transactions were effected in accounts in the name of Swiss banks which were in reality for the benefit of non-Swiss nationals without revelation of true ownership. Moreover, information required under General Ruling 17 has disclosed that there have been undisclosed transfers abroad of securities which were held in such accounts.

3. Investigation of Swiss firms in the United States. -- Foreign Funds Control made detailed investigations of some of the principal Swiss enterprises operating in this country because of suspected clearing or willful violations of the freezing order. Among these enterprises were included the Swiss insurance companies, the Swiss pharmaceuticals, and the United States agencies of Swiss banks.

4. Hoffman-LaRoche Inc. -- Through the use of a voting trust device efforts were made to clear the Swiss ownership of the company, which is held through a Panamanian corporation. Records were concealed in the home of a principal officer of the company. Information was transmitted abroad which was made available to the enemy by reason of the fact that the principal factory of the parent company is located in Germany. TWX-90 reports were not filed, a large number of transactions were effected which were not within the scope of the operating license and which were known to be contrary to the freezing order. A subsidiary, Roche Organon, which should have been blocked as Dutch and Netherlands, operated for seventeen months without a license. After an investigation had disclosed the foregoing, the Treasury, in order to assure compliance with the Order and the truthfulness of a warranty of Swiss ownership of the parent company, set up a contingent vesting account under an agreement which would permit the Secretary of the Treasury to vest all or any part of $500,000 in the event of any further misconduct.

5. London Chemical Works, Inc. -- This company remitted funds to the Belgian Congo, shipped merchandise abroad, made payments for the account of its parent, all without Treasury license. We have ascertained that Ciba, Sandoz and Geigy have together acquired Durand & Huguenin, a Swiss company formerly owned by I.G. Farben. Suspecting that this may be a clearing operation, Treasury ordered segregation of $250,000 in the account of Durand & Huguenin in case it should develop that these suspicions are founded.

6. Ciba refiners. -- Several of the Ciba and Geigy companies sent substantial sums to Switzerland without license.

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7. Swiss Reinsurance Company. This company engaged in a number of transactions in violation of the freezing order; it transferred funds belonging to the European General Reinsurance Company into an account of its parent; it failed to report on TFR-300 reports securities held for it by Dominick & Dominick, the beneficial owners of which included enemy nationals; it falsely reported the income of certain securities held by Dominick & Dominick as its own when part of this income belonged to enemy nationals. It falsely reported securities as held for its parent when actually owned by a national of Roumania.

8. Zurich General Accident and Liability Insurance Company. — In order to secure reinsurance business from the War Department, this company falsely reported to the War Department that capital control and all rights were in its American offices when, in fact, control rested with officials of its parent in Zurich. The company was very lax in safeguarding vital war risk data, notwithstanding Treasury's instructions to take protective measures to maintain adequate security controls.

9. Swiss Bank Corporation. — This company committed a variety of violations of the freezing order. It failed to file TFR-300 reports with respect to the names of beneficial owners of securities deposited with it, which information it had in its possession pursuant to a plan to conceal actual ownership. In fact, Dr. Speich, General Manager, informed the New York Agency by letter, dated December 29, 1939, "If your client does not wish to have his name disclosed to anybody, you will refer him to our nearest European office for further information. By doing so you will avoid any possible remonstration from clients who might feel at a later moment that you should have given them more ample information on the working of the account and the legal dispositions requiring the disclosure of the name of the holder to the controllers."

In a letter from Paltzer to Georges Barbey, dated December 1, 1939, referring to the account of one Gerli and transmitting advice concerning bonds placed in the portfolio of the Geneva office it was said, "It is naturally understood that the name of Mr. Gerli is not to be mentioned in any communications from your bank."

In a letter of August 9, 1940 from Gunther to Bussbaumer it was said in discussing the effect of our freezing controls, "One of our branches transferred to another branch a substantial number depot. The securities were held in New York and the branch in question * * * indicated in order to draw our attention to the importance of the client, the owner a Dutch company. The result was that we had to report and freeze these assets. Had we known only the number, nobody would have been any the wiser." In this connection there were uncovered in the investigation of the Swiss Bank Corporation a number of instances in which the Swiss Bank Corporation opened up accounts in the name of an Argentine company, Shaw-Strupp & Co., without knowledge of the latter.

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The investigation disclosed at least seventy-four security accounts held with the Swiss Bank Corporation with respect to which false or incomplete statements were filed relating to the ownership of the securities deposited in these accounts. In each of these cases the agency had in its possession information disclosing the real or beneficial owner of all or part of the securities deposited in these accounts. The agency not only failed to file correct reports, but failed to file any report with respect to each blocked national whose name was known to it. Subsequent to the date of the filing of TFR-300 reports, the agency became aware of the names of the owners of various security accounts. There are at least fourty-two instances of such accounts, and in none of these instances did the agency file a corrected or supplemental TFR-300 report, even though in certain other similar cases corrected reports were filed, thereby indicating the familiarity of the agency with respect to this requirement. The agency facilitated and arranged a scheme or device whereby American citizens could evade personal income taxes and pay merely a foreign withholding tax by means of opening up a securities account with a foreign branch of the Swiss Bank Corporation which in turn opened up an account with the New York agency, even though the securities remained at all times in the United States.

10. Credit Suisse and Swiss American Corporation -- These banks likewise engaged in a scheme intended to conceal the true ownership of securities accounts held with them in the United States. It was pointed out that " A number of the proposals (involving the protecting of securities and cash of foreign banking clients 'from the effect of possible governmental decrees or other actions') involved advice to us that the cash or securities which are held for the foreign client are not owned by our client but by customers of our client. In some instances, open advice to this effect would not be given but sealed envelopes would be lodged with us in which such advices would be contained.

"If we are advised, actually or constructively that securities in our custody are, in fact, owned by foreign customers of our banking client, a number of serious problems may, at least in certain circumstances, be raised, which present material risks, not only to us but to our foreign client and his customers." (Memorandum by Guyot).

In a letter from J. J. Kurz, Credit Suisse, Zurich, to Henry Wegmann, on March 13, 1940, reference was made to the establishment of Rubric accounts and the form of designation, whether by numbers or initials. The latter then stated "I am writing you about this matter, with the agreement of General Manager Merian privately, so that no correspondence concerning it shall be found in the files of Swiss American Corporation. We have also refrained from informing the company officially that use was made of the arrangement as agreed upon and that since there is now a difference in the designation of the Rubric accounts and envelopes I hope that every precautionary measure has been taken to obliterate traces of any connection between envelopes and Rubric accounts."

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In discussing the use of letters instead of numbers as a mark of distinction for Swiss accounts, Wagoner in replying to the above letter on April 26, 1940 said, "It would, of course, be another matter if the letters represented the initials of the true owner. In this case we would have to request you to refrain from using them."

In at least thirty-seven instances the Credit Suisse filed false or incomplete TFR-300 reports with respect to accounts for the benefit of blocked nationals whose names were known to it prior to the date the TFR-300 reports were filed. It not only failed to disclose its knowledge of the latter but failed in each instance to file a TFR-300 report with respect to each national whose name was known. Swiss American Corporation filed false or incomplete TFR-300 reports with respect to some fifty-two accounts, in that it did not set forth the names of the owners of such securities which were known to it prior to the filing of the reports. In addition, the agency failed to file a report with respect to the property of each blocked national whose name was known to it as having an interest in securities which it held.

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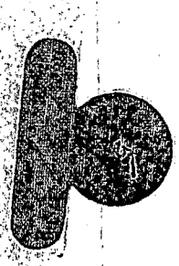

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[illegible]

1. United States assets in Switzerland, according to our [illegible] reports (May 31, 1943), amounted to $90,000,000.

2. On the basis of Commerce Department studies the investments of United States corporations in branches and subsidiaries in Switzerland amounted, as of the end of 1940, to $26,000,000. Fourteen enterprises, in which the United States interest was $18,000,000, were engaged in manufacturing. Thirty-seven other enterprises engaged in miscellaneous activities accounted for the other $8,000,000. Only $1,520,000 of United States short-term assets in Switzerland were reported on Treasury Foreign Exchange Form B-2 as of October 31, 1944. There are no Swiss dollar bonds outstanding.

3. Some United States subsidiaries in Switzerland — There follows a list of the principal United States firms doing business in Switzerland. These companies have all been notified of the standard of conduct which is expected of American companies operating in neutral territory; American firms may not trade or communicate with enemy territory except as licensed by the Treasury Department. The channel for supervision in licensing is carried on through the American Legations in neutral territory in consultation with the British:

Swiss Firm	U.S. Parent Firm
(1) Almacea, S.A., Zurich	Earle M. Hartridge and Louis A. Dutter
(2) General Motors Suisse, S.A., Bienne	General Motors Corporation
(3) International Business Machines Co., Geneva	International Business Machines Corporation
(4) International Harvester, Zurich	International Harvester Corporation
(5) Kodak S.A., Lausanne	Eastman Kodak Company
(6) Michel, Markt and Co., Zurich	Markt and Hammacher Company
(7) Nationale Registrierkasse A.G., Zurich	National Cash Register Company
(8) Radiatoren A.G.	American Radiator and Standard Sanitary Corporation
(9) Rasier Apparate Handels A.G., Zurich	Gillette Safety Razor Corporation
(10) "Rimba" A.G., Zurich	Gulf Oil Corporation
(11) Standard Mineraloelprodukte, Zurich	Standard Oil Co. of New Jersey

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(12) Standard Telephone and Radio, Zurich	International Telephone and Telegraph Corporation
(13) Texaco A.G., Zurich	Texas Company of New York
(14) Vacuum Oil Co., A.G., Basle	Socony Vacuum Oil Company
(15) Vereinigte Schuhmaschinen A.G., Zurich	United Shoe Machinery Corporation
(16) Vitrea A.G., Zug.	International General Electric

4. Agents of United States concerns in Switzerland.

A. There follows a list of agents which have come to the attention of the Treasury in connection with enforcement of our standard of conduct noted in 3 above:

Agent	Principal
(1) Boetsch, Grother and Cie., Zurich (manufacturing distributor)	The Kolynos Company
(2) Kardex Powers Co.	Remington-Rand Corporation
(3) Marquardt, Alwin, Zurich	Boetitch Inc., East Greenwich, R. I.
(4) Neva-Werke Junker & Ferber, Zurich (licensee for manufacture of pistons)	Bohn Aluminum and Brass Corp.
(5) Naeschle, Joseph, Zurich	Ritter Equipment Company
(6) Weber, Max, Zurich (salaried representative)	The Kolynos Company
(7) Wuerich, Jean, Zurich	U.S. Rubber Export Company
(8) Zellweger, F., Zurich	International Buttonhole Sewing Machine Company

B. The following are agents for United States concerns ~~which~~ are on the Proclaimed List:

Swiss Agent	U.S. Concern
(1) Autavia A.G., Basel	Ford Motor, Dearborn
(2) Berchtold, Hans, Zurich	Tanak Products, Chicago

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Swiss Agent	U.S. Concern
(3) Endrich, Karl, Zurich	Underwood Elliott Fischer
(4) "ESA" Einkaufsgenossenschaft fuer die Schweiz, Bern	Canfield Oil, Cleveland Defiance Spark Plugs, Toledo, Ohio Dorman Star and Washer Co., Cincinnati Kelly Springfield Tire, Cumberland, Maryland Sturmold Rubber Company, Trenton, New Jersey
(5) Gans and Company, Zurich	Bausch and Lomb Optical Company, Rochester
(6) Grossgeter, A. G., Basel	General Motors Export Company, New York
(7) Importations Coloniales, S.A., Geneva	Hydrated Food Company, Yakima, Washington Hamlin Canning Company, Hamlin, New York Warren Dried Fruit Company, San Jose, California West Coast Growers, Fresno, Calif.
(8) Knoll and Company, Ltd., Liestal	Hillmber-Knoll, Ltd., New Jersey
(9) Pilloud, G.R., Olten	Ford Motor Company
(10) Ritzi and Wagner, St. Gallen	Chrysler, Detroit
(11) Schoellkopf and Company, Zurich	United States Leather Selling Corp., New York
(12) Straub, Ernest, Zurich	Henry Bieston and Sons, Philadelphia Millers Falls Company, Millers Falls, Mass.
(13) Tobag, A. G., Zurich	Fisk Rubber Export Company, Chicopee Falls, Mass. Gerard-Kluyskens Corporation, New York
(14) Telion, Zurich	American Phenolic Corp., Chicago Arrow-Hart and Hegeman Electric Company, Hartford, Conn. Auriema, New York Du Mont Laboratories, New York Electronic Laboratories, Indianapolis Howard Radio Company, Chicago Hygrade Sylvania Corp., New York International Resistance Co., Philadelphia

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Swiss Agent	U. S. Concern
(14) Tellen, Zurich, Continued	Litterfuss Incorporated, Chicago Minthorne Company, New York Oak Manufacturing Co., Chicago Roche International Electric Corp., New York Shure Brothers, Chicago H. Simons and Son, New York Simpson Electric Co., Chicago Solar Manufacturing Co., Bayonne, New Jersey Wincharger Corp., Sioux City, Iowa
(15) Willy and Company, Bern	Ford Motor Company
(16) Ziegler and Company, Winterthur	Durex Abrasives Export Corp., New York

5. In addition to the principal United States subsidiaries set forth above there follows, based on TFR-300 reports, a brief outline of investments in Swiss organizations having assets of $[illegible],000 or over held by United States companies.

Swiss Organization	U. S. Owner	Interest	Total Assets
Bata Schuh, A.G.	Westhold Corporation	25%	$ 1,105,010
Fabric Fur Firestone	Firestone Tire & Rubber Company	25%	1,125,994
I.G. Chemie	General Aniline & Film Corporation	40%	52,741,846
"Ideal" Radiatoren Gesellschaft, A.G.	American Radiator & Standard Sanitary Corp.	100%	632,307
Guardian Life Ins. Co. of America, European Branch	Guardian Life Insurance Branch Co. of America		355,300
Gruen Watch Mfg. Co.S.A.	Gruen Watch Company	100%	1,040,097
"Graphicart" International Equipment Co. for the Graphic Arts Ltd.	Miehle Printing Press & Mfg. Co.	50%	772,289
Compagnie des Machines a Coudre Singer, S.A.	International Securities Company	100%	609,404

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Swiss Organization	U.S. Owner	Interest	Total Assets
Benrus Watch Co.	Benrus Watch Co.	Branch	$ 301,720
American Express Co.	American Express Co., Inc.	Branch	2,115,183
Bediffusion S.A. Neuchatel	International Standard Electric Corp.	Owned through Standard Telephon et Radio S.A.	1,117,0[illegible]
Hyalos, S.A.	International General Electric Co., Inc.	[illegible]	240,417
Leader, A.G.	North River Securities Corporation	44.5%	2,27[illegible],394
Mittnauer & Cie S.A.	Longines-Mittnauer Watch Co., Inc.	100%	240,025
Societe Anonyme du Primagaz	Standard Oil Co. (New Jersey)	Owned through Standard-Miner-alcol produkte, A.G.	29,2[illegible]
Standard Petroleum Company	Standard Oil Co. (New Jersey)	100%	1,003,900
Societe du Naphte S.A.	Socony-Vacuum Oil Co. Inc.	20%	2,[illegible],824

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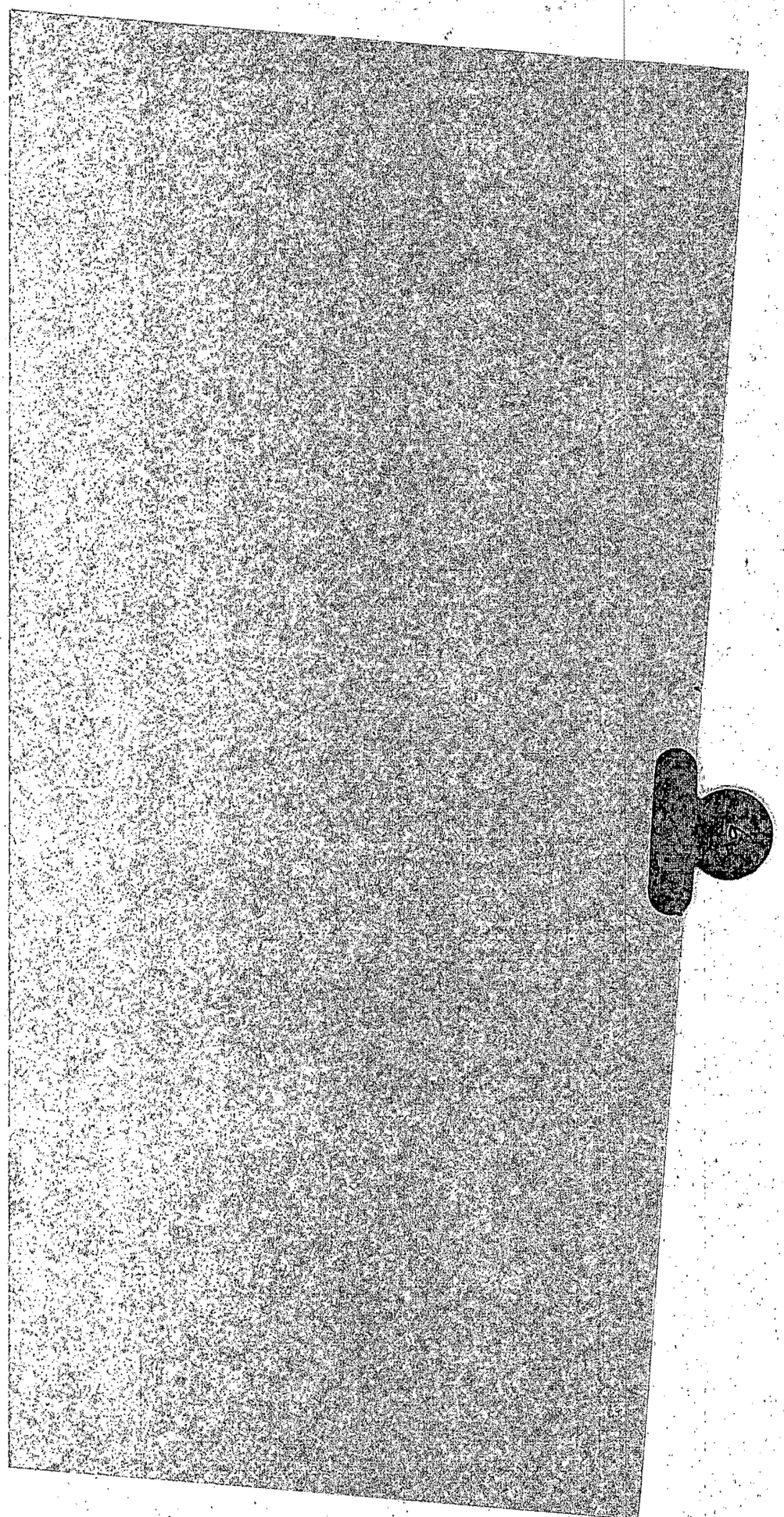

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TRADING WITH THE ENEMY CONTROLS AS APPLIED TO AMERICAN SUBSIDIARIES IN SWITZERLAND

1. American subsidiaries and branches in Switzerland have been notified that they may not carry on any trade with the enemy except pursuant to license from the Embassy.

2. The basic policy which has been followed is that licenses should be granted only where there is a showing of positive economic warfare advantage to the United Nations as compared to the benefit which may be derived by the enemy. Included in the definition of economic advantage are such factors as positive propaganda value, intelligence information of value to the war effort, depriving the enemy of materials vitally essential to it, and preserving American interests which otherwise would be imminently threatened with disproportionate damage under local laws.

3. Imports from the enemy have been more frequently licensed than exports to the enemy, since by depriving the enemy of vital products the purposes of economic warfare are best served. In following this policy steps have been successfully taken to prevent or delay payments to the enemy for the licensed imports.

4. This policy has been enforced primarily through control over the activities of the subsidiary through its American parent firm. In most cases, the complete cooperation of the parent firm in the United States has been obtained and in most instances instructions to their subsidiaries have gone direct from the American firm rather than through Government channels. The policy of imposing controls through direct contact with the parent has for the most part avoided difficulties which might otherwise have arisen under the Swiss law governing relations between foreign powers and firms in Switzerland financially controlled from without Switzerland but incorporated under Swiss law and staffed by Swiss nationals.

5. There have been no cases of punitive action in Switzerland, i.e., the Proclaimed Listing of the offending subsidiary or the removal of management officials --, in view of the fact that the companies have been willing to abide by the instructions of the American concerns.

6. The following are illustrative of the trading with the enemy problems:

(a) International T. & T. -- Standard Telephone and Radio, Switzerland -- This company was importing radio parts from Germany and occupied territory, and was manufacturing radio transmitters, partly for the German Army and partly for the Swiss Army. The case was also complicated by the uncooperative attitude of Hofer, Swiss manager. At first the impression was given that the company had ceased dealing with the enemy. However, the Swiss had insisted that the contract be completed or else the company's property might be taken over. It was subsequently learned that the manufacturing of radio transmitters continued but the impression was

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given that most of the transmitters were to be sent to Germany until the Swiss part of the contract had been completed. Still later it was learned that of the radio transmitters manufactured, the bulk were sent to Germany at the expense of the Swiss phase of the contract. It was finally agreed that imports from enemy territory would be reduced to a minimum, and that no payments would be made to firms in enemy territory.

(b) International Business Machines -- Swiss subsidiary Geneva -- This company sold IBM cards to Proclaimed List firms in Switzerland and imported IBM machines from Italy. Delivery of cards to Proclaimed List firms was stopped except in two cases, Hispano and Tavaro -- these firms were engaged in the manufacture of ammunition for Germany. Under pressure of Swiss law and for other reasons, continuation of supplying cards in these cases had to be permitted. The Zurich subsidiary of IBM ordered machines from Italy in 1941 and early 1942. The machines were delivered in 1942 under Swiss pressure and payment had to be made only after exercising every possible means of delay.

(c) Aluminum Company of America -- Aluminum Werke, A.G., Rorschach -- In late 1942 Aluminum Werke requested permission to export 25 tons of aluminum strip to Copenhagen. British authorities favored granting transaction because subsidiary's manager had given valuable information on aluminum production and stocks in Germany and manager promised to continue furnishing such information. Because of the unusual advantage to be gained through this source, the shipment to Copenhagen was licensed.

(d) Eastman Kodak -- Kodak S.A., Lausanne -- Subsidiary imported photographic paper from both Germany and Hungary in 1942 and 1943. When cautioned, subsidiary immediately stopped imports.

(e) General Motors Corporation -- General Motors, Switzerland, had imported automobiles and parts from Germany and owed a balance of 25,000 marks. The Swiss insisted that these imports were compelled under the Swiss Army Ordinance of January 16, 1942. We were, therefore, forced to authorize purchase of parts from Germany provided that imports were kept to the minimum required by Swiss Army Ordinance. Orders in excess of minimum requirements were cancelled.

(f) International Harvester Company -- International Harvester A.G., Zurich -- Swiss subsidiary in 1942 was importing agricultural machine parts from the Paris subsidiary. On being instructed to discontinue this business subsidiary attempted to cancel orders but later reported that Swiss authorities were facilitating shipments from Paris to Switzerland. Pressure was brought to bear by the Swiss Government on State to authorize importation. It was finally agreed in January 1944 to permit a specific import provided no further imports were made.

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(g) Deliveries of Petroleum Products to Proclaimed List Nationals in Switzerland. In 1943 we had to issue licenses to the following American oil companies authorizing their subsidiaries in Switzerland to deliver limited quantities of petroleum products to Proclaimed List Nationals in that country:

Socony-Vacuum Oil Co., Inc., New York
(Vacuum Oil Co., A.G., Basle)

The Texas Co. (a Delaware Corporation) New York
(Texaco S.A. (Texaco A.G., Basle)

Standard Oil Co. (Inc. in New Jersey) New York
(Standard Mineraloelprodukte, A.G., Zurich)

Gulf Oil Corporation, Akron
("Rimba" Rob. Jos. Jocker Mineraloel and Benzin A.G.)

These petroleum products were obtained from enemy sources by the Swiss authorities ("Petrola") who then made certain allotments to the distributing companies. According to the regulations of the Swiss Government these subsidiaries had to continue to supply all old customers pro rata, even though they were included on the Proclaimed List. Failure to conform with these regulations would have resulted in the cancellation of the American concerns' concessions.

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Many of the United States firms operating in Switzerland managed to refrain from having to deal with enemy firms. Many made requests for licenses which were denied. In a number of cases, however, principally because of Swiss pressure, permission to trade or communicate with the enemy had to be sanctioned. The cases outlined above are intended to be illustrative of the cases in the latter category.

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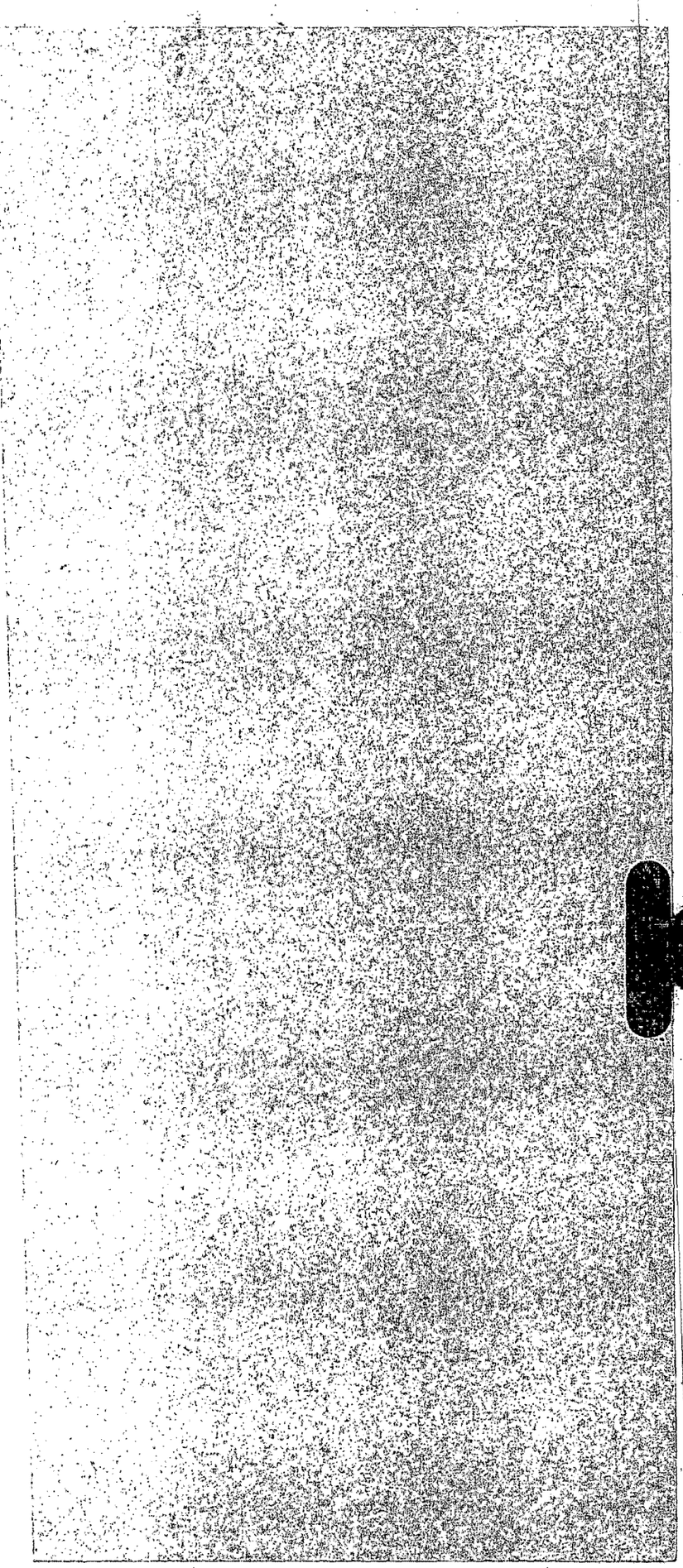

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ACTS PERFORMED BY THE SWISS IN CONNECTION WITH THE UNITED STATES

1. Representation of American Interests in Enemy Territory. The Swiss Government represents American interests in enemy territory and is carrying this responsibility in an effective and satisfactory manner. For example, during the past year it has made energetic, though unsuccessful, efforts to induce the Japanese Government to release 20,000,000 Swiss dollars which had been purchased by the Swiss Consul in Shanghai, for the representation of American interests in that area. In this connection, they also made efforts to induce the Japanese Government to agree to a more favorable rate of exchange for funds transferred to Shanghai for relief payments to American prisoners of war and civilian internees. In this they were partially successful. The negotiations leading to the several exchanges of nationals between the United States and the enemy were carried out through the offices of the Swiss, as was the actual supervision of the exchange operations.

2. Representation of Enemy Interests in the United States. The Legation of Switzerland in its representation of German, Bulgarian, Italian and, until recently, French interests in the United States, appears to have endeavored consistently to conform with the standard of conduct imposed by our wartime controls. It has been conscientious about the necessity for obtaining licenses for transactions involving the representation of enemy interests and has not in any instances questioned the justice of our policies governing these matters. Unlike the Spanish who represent Japanese interests in the United States, the Legation of Switzerland has willingly filed reports with the Treasury relative to the financial transactions entailed in the representation of enemy interests.

3. Financial Arrangements for Refugees. The Swiss have implemented our policy which permits guarantees to neutral governments to assure that immigrants do not become public charges. An arrangement was made with the Swiss authorities whereby funds are remitted for deposit in Swiss banks subject to the order of the Swiss Alien Police or the Swiss Immigration Authorities who permit withdrawals by refugees only for travel and limited subsistence expenditures. In the event of emigrants' departure from Switzerland or failure to immigrate into Switzerland, the Swiss Government orders the return of the unused funds to this country for credit to the account originally debited.

4. Recent Measures by Swiss Bankers Association on Behalf of Allied Nations. In recent months the Swiss Bankers have adopted the following measures which are of benefit to the Allied Nations: (1) Swiss stock exchanges have stopped dealings in foreign securities which are not accompanied by affidavits of non-enemy interest; (2) dealings in United States and British currency notes have been prohibited; (3) the banks have refused in some instances to open new accounts or to accept other business on behalf of our enemies.

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5. Prevented Germans from acquiring Swedish Gold. In December 1944, a delegation, headed by the Vice President of the Swedish State Bank and accompanied and controlled by a Gestapo agent, visited Switzerland to demand the return to Sweden of more than 1250 kilos of gold (approximately $2,500,000) and 2.5 million francs in silver, which had been sent last summer from Sweden to Switzerland. In order to prevent the Germans from gaining possession of these funds, which are the property of the Yugoslav National Bank, representatives of the Yugoslav, British and United States Legations in Bern submitted notes to the Swiss Government urging that immediate steps be taken to prevent the transfer to the enemy of the gold and silver in question. The notes made specific reference to the Gold Declaration of February 22, 1944, as well as to the Gold Note presented to the Swiss by the American and British Governments on August 22, 1944. As a result, the Swiss Government blocked the gold and silver holdings in question.

6. Sulzer Case. During the last part of 1943, Sulzer Bros. A.G., Switzerland, one of the largest manufacturers of diesel engines in Switzerland, was included in the Proclaimed and Statutory Lists. This action was taken after the Swiss firm refused to sign an undertaking which would have limited the amount of exports to Germany. At that time, such exports by the Sulzer firm had increased from a monthly average of Swiss Francs 1,400,000 to Swiss Francs 6,800,000 for the month of July 1943. In order to reconcile the differences between the Swiss firm and the Allies, the Swiss Government sent representatives to London with certain proposals regarding the establishment of ceilings to cover the maximum amount of exports which Swiss firms could send to Germany. As a result of these negotiations, the Swiss Government signed an undertaking on behalf of Sulzer Bros. and the firm was subsequently deleted from the Lists.

7. No Known Blocked of General License 80. It may be significant that the Swiss National Bank has not permitted its citizens to utilize General License 80 for securities transactions, but has put them to the burden of qualifying under General Ruling 17. Further, the Swiss National Bank has, in general, refused to take up dollars and to make Swiss francs available in exchange if the dollars resulted from securities transactions. This factor may be regarded in one sense as a measure of cooperation but in another sense may be viewed as indicating an unwillingness to vouch for those engaging in a form of activity which lends itself to clandestine operations.

8. International Red Cross. Its humanitarian services are too well known to be detailed here.

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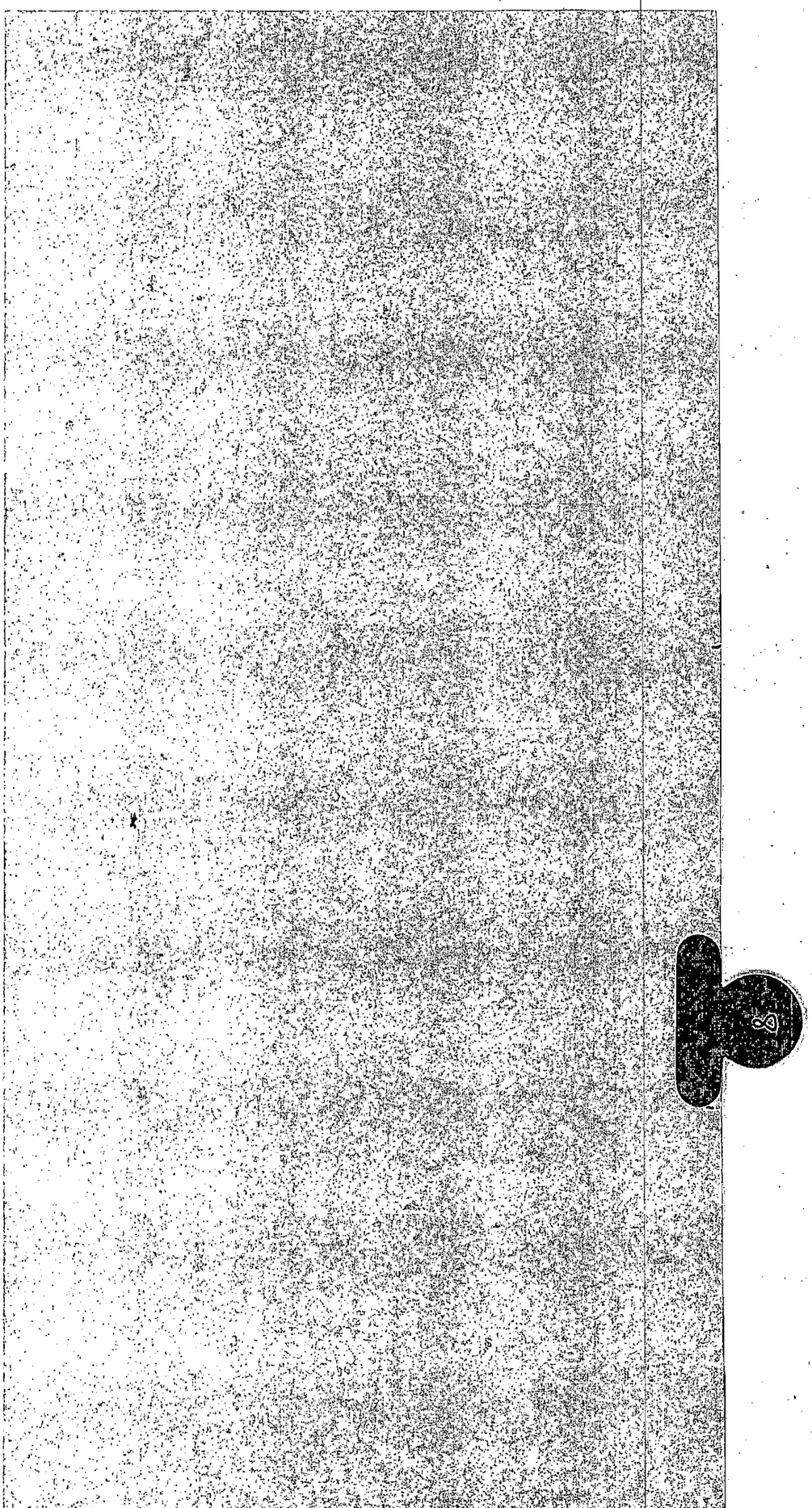

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SOME INSTANCES OF SWISS NON-CO-OPERATION WITH THE UNITED STATES

1. Employment of "cavalry" neutrality during tank and airplane warfare. The Swiss have made a fetish of their Eighteenth Century concept of neutrality and have refused to recognize its obsolescence as applied to the present World War. They have always kept their eyes fixed to the practical advantages of their traditions. They have never ceased profitable trading with the enemy, the sale of transit facilities, armaments, munitions, precision tools, optical instruments and the like; they have afforded to the Axis financial facilities for maintaining its contacts with the rest of the world; they have extended credits, new banking facilities, loans, foreign exchange, etc. Despite the fact that the Swiss Army was mobilized, and certainly not in anticipation of an attack by the United Nations, the Swiss have insisted that the term "belligerent" is equally applicable to all participants in this conflict. Conceivably, Swiss apologists may have rationalized the Swiss attitude in the early days of the war when Switzerland was completely surrounded by the Axis. However, the arguments which such apologists have, or could have, advanced are no longer tenable with the liberation of France and with Germany forced back to its own borders.

It is not here intended to detail every Swiss activity for the Axis but merely to indicate some of the more recent instances in which the Swiss were afforded, but have not taken, the opportunity to display a change of attitude following the shift in the course of the war.

2. Failure to implement Bretton Woods Resolution VI. On October 2, 1944, our Legation presented to the Swiss Government a note incorporating the text of Resolution VI (relating to the immobilization of looted property and the uncovering and control of enemy property) and requesting the Swiss Government to institute measures to fulfill the objectives of the Resolution. Comparable notes were presented to the Swiss Government by the Governments of Great Britain, the U. S. S. R. and other United Nations. Thus far, the Swiss Government has not even acknowledged our note.

3. Failure to institute an acceptable gold policy. On February 22, 1944, the declaration on gold purchases (not to recognize transfers of looted gold and not to purchase gold from neutrals which have acquired such gold from the Axis powers) was issued by Secretary Morgenthau. Similar declarations were issued by the United Kingdom Treasury and by the Union of Soviet Socialist Republics. Although Switzerland was thus put on notice with respect to our gold policy, it did not take official cognizance of the Declaration.

On August 26, 1944, the attention of the Swiss Government was directed to our previous announcement on gold and it was thereupon

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requested to adopt the following gold policy:

"On its own behalf Swiss Government will not acquire any interest in or receive for deposit gold in which any person in Germany and associated countries, or occupied territories, has an interest; and the receipt or acquisition of such gold or of any interest in such gold by persons or entities within Swiss jurisdiction, including the Swiss National Bank, will be forbidden by the Swiss Government. Moreover it will not permit the importation into Switzerland for safekeeping or for storage in bond, gold in which any individual in Germany and associated countries or occupied territories has an interest, nor will the Government of Switzerland allow its currency or other currencies to be made available on behalf of, or to, any such persons as described in foregoing for or against gold held in Switzerland already."

(No response to this request has been received.)

6. Failure of the Swiss Bankers Association to adopt satisfactory Standard of Conduct. In April 1945, Anglo-American representatives met in Lisbon with representatives of the Swiss Bankers Association (Hambrecht and Gautier) in an effort to reach an agreement upon a list of objectionable activities which, if thereafter engaged in by Swiss banks, would result in the Proclaimed and Statutory listing of such banks. The principal types of objectionable transactions in which the Swiss banks have engaged are as follows:

(a) dealings in assets blocked in any of the United Nations; (b) dealings in United States or British currency notes; (c) the acceptance of new accounts or large deposits on behalf of enemies; (d) dealings in securities issued by enemies or in securities in which any enemy retains any beneficial interest; (e) transactions which facilitate trade with the enemy, except as permitted under the War Trade Agreements; (f) foreign exchange transactions, including transactions in gold, which benefit the enemy; and (g) clouding of the ownership of enemy firms, institutions or assets by Swiss financial institutions, their directors or employees.

Although many changes were made in our proposed draft by our representatives in order to reach an agreement, the Swiss Bankers Association presented counter-proposals which are unacceptable because the Swiss bankers association proposals --

(a) were to be applied to all belligerents alike (private commitments to the United Nations might obviously be likewise made to the enemy);

(b) did not require the Swiss banks to make any substantial changes in the interest of the Allied Nations, which they had not already made in their own immediate financial interests; and

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(c) if agreed to, might well imply that we recognized the validity of Swiss ownership of looted assets.

Moreover, the military and political situation had radically changed in the interim and the Bretton Woods Conference had adopted Resolution VI so that our original proposals were already outmoded. Accordingly, the Swiss banks were so advised.

5. The Swiss Banking Secrets Law as an excuse for concealment of information. The attraction of Swiss banking facilities to non-Swiss subjects is considerably enhanced by the Secrecy Law which makes it a crime for a banking institution to reveal confidential information of a commercial character, even to the Swiss Government itself. It is simple for citizens of other countries, including our enemies, not only to evade taxes, but to conceal their assets. Thus, the Swiss have themselves interposed a substantial barrier as an excuse for their non-cooperation in a program to uncover such assets. Any discussion of a solution of the problem of identification of true ownership, even of ostensible Swiss assets which are held in the United States, if only to facilitate unfreezing, is impeded by this self-imposed limitation. So long as this obstacle exists and the Swiss Government makes no effort to remedy the situation, any efforts to uncover enemy assets could be substantially frustrated.

General Ruling No. 17, issued in October 1945, was designed to force identification of the beneficial owner of securities held in the United States in the name of Swiss financial institutions. Since the Swiss did not volunteer this information (although called for by the TFR-300 reports), the ruling required as a condition to the execution of securities transactions that the Swiss financial institution certify Swiss ownership or in the alternative identify the name, address and nationality of every beneficial owner of the securities since April 9, 1940 or the date the security was acquired, whichever was later. The ruling, however, permits a bank to sell securities or collect dividends which may be placed in a General Ruling No. 8 account. It permits a Swiss bank merely to identify the owner without requiring it to support such identification by its own sworn statement or any documentary evidence.

The functioning of the Swiss Secrecy Law, however, has only been partially impaired. The Swiss institutions are still apparently unable or unwilling either to furnish the proper information or to obtain it from their clients. Although about two-thirds of all securities assets held in the name of Swiss financial institutions have already been certified or identified, over 85% of such assets are reported as held for the account of Swiss citizens in Switzerland. It seems inconceivable that so large a proportion of these accounts are "pure Swiss." Thus far the known holdings of persons located in enemy countries are nominal; the total holdings for German citizens located in non-enemy country are about $2,000,000.

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The Swiss thus far have shown no disposition on their part to free their hands by recommending to their own Government any modification of their self-imposed limitations under the Secrecy Law. Since the Swiss do not seem willing to solve this problem on their own, it seems incumbent upon this Government, in enforcing its own regulations, to strengthen the ruling to force disclosure of accurate information. Thus, both certifications and identifications should be verified by the financial institution involved and should be backed up by a pledge to produce satisfactory documentary evidence to this Government, notwithstanding any Secrecy Law, and if the beneficial owner is alleged to be "pure Swiss", the certification and identification must be further supported by affidavit and documentary evidence of such owner. In the absence of such certification or identification, the ruling should provide that no transaction of any kind may take place in such an account.

The Swiss Secrecy Law in its operation is further facilitated by the device of the omnibus account. The omnibus account is merely the account which one financial institution maintains in its own name with another financial institution in which are kept funds and securities of its own, together with those of its customers. It may be one account which is only broken down on the books of the depositing institution, or it may be sub-divided into various sub-accounts or subsidiary accounts. In order to combat the clearing aspects of the use of an otherwise normal banking procedure, especially as employed by neutral countries, it is also desirable in strengthening General Ruling No. 17 to require a complete sub-division of the omnibus account so that each sub-account will represent not only the security but also the cash of each customer of the bank in whose name the omnibus account is maintained. This means concealment not only expensive to the customer, but, unless they risk violation of our laws and attendant criminal penalties, impractical. Not only would a breakdown of cash, as well as security accounts, forestall concealment and force disclosure of non-Swiss assets already here, but it would furnish an example to the other United Nations who have experienced a flight of capital to Switzerland. In illustrating to them how they may uncover this flight and enable it to force its subjects to reverse the procedure, concealment in other countries, as well as the United States, would become quite unattractive and would result in the deflation of Switzerland as an international haven and banking center.

However, these measures are not only required so that our existing freezing controls may attain true significance, but in a larger sense are needed in the reconstruction and rehabilitation of the other United Nations through the strengthening of their banking facilities. So long as the Swiss continue to tie their own hands by failing or refusing to eliminate the Secrecy Law and cooperating with us in the attainment of our freezing control objectives, some such measures as these would seem to be required.

Treasury Conferences with Swiss Bankers (General Ruling No. 17)

The Swiss, in July of last year, sought to send a delegation of private Swiss bankers to consult on present and postwar monetary and fiscal matters. They were advised that no useful purpose could be served by such a delegation in view of the past dilatory and uncooperative attitude of the Swiss Government. Nonetheless, a delegation desired to come for informational purposes and last fall conversations were had by Treasury with a delegation representing the Swiss Bankers Association, consisting of

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Adolf Jann, Andre Fatio, Edwin Barbey, and Frederick H. Gates.

The delegation did not come with a definite proposal. They sought to explore the possibilities of working out a substitute for General Ruling No. 17 and a procedure for facilitating the unblocking of Swiss assets.

They explained the "Convention G.B." which was sponsored by the Swiss Bankers Association and accepted by the British as a basis for payment of income on Sterling securities -- certain banks, designated as Class A and comprising seventy of the largest banks, may certify in affidavit form the non-enemy character, since September 1939, of Sterling investments. Class B banks, about sixty in number, may likewise sign such affidavit forms but the affidavit does not become valid until counter-signed either by the Swiss Bankers Association or a Class A bank.

In addition, the Swiss Bankers Association has promulgated unilaterally Convention A and Convention L. Convention A is applicable to all foreign securities traded in Switzerland. Under this convention, a bank certifies that since a certain date, generally September 2, 1939, the securities have been continuously held by Swiss nationals permanently residing in Switzerland, or by corporations which have been determined as Swiss corporations by the Swiss Bankers Association. The purpose is to facilitate the marketability of such securities and enable prospective purchaser to be assured to a certain extent, that he is buying a "clean" security. This convention covers more than the 150 banks under the "Convention G.B." since practically all firms which are members of the Swiss Bank Association, which includes practically all banks, may validly sign such affidavits on their own signature.

Affidavits under Convention L are in two forms and have a more limited purpose than those made under Convention A. Affidavits under Convention L merely certify that the securities have been in Switzerland on or before June 1, 1946 and since that date belong to a Swiss resident or a recognized Swiss corporation. Another form of this affidavit may certify that the securities have been deposited since September 2, 1939, or perhaps some later date, but do not make any representation as to the nationality or residence of the owner.

Under the standards imposed by the Swiss Bankers Association, a corporation is a Swiss corporation if it has a predominant Swiss interest. Fifty-one percent will suffice for that purpose, although the delegation sought to assure us that generally the percentage was much greater. The delegation felt that if it suited the British, perhaps they could find a common meeting ground with us.

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Many of the defects of these affidavit conventions are self-evident -- even those in Convention C.S. The Swiss banks, by virtue of possession of the security to be verified, take the position that they can thus prove at any time from their own books the correctness of the affidavit. Knowing the Swiss predilection for family trusts, holding companies, retention of bearer stock by notaries, attorneys and the like, the use of fides comsi, safety deposit boxes, all under the protection of the Swiss secrecy laws, it is difficult to understand how a Swiss bank can determine from its own books whether the ostensible owner is or is not a cloak for an enemy. Under all of these conventions, no one may examine or inspect the books of the Swiss banks to determine the accuracy of any declaration. None of the conventions apply to cash accounts or the proceeds of securities. Certain of the conventions do not even make any representation with respect to ownership. Even Convention C.S. does not do more than permit the Swiss bank to collect income on sterling securities. Despite our persistent inquiry, the delegation could not satisfy us that Swiss banks were in a position, in view of the secrecy law, to go behind the bank's record of nominal title.

Accordingly, the delegation was advised that any procedure as Convention C.S. or any adaptation thereof was not acceptable in view of their intention to comply strictly with and to leave unchallenged their secrecy laws. Responsibility for determining Swiss ownership under these self-imposed limitations could not be left by this Government to a private association of bankers. If the Swiss Government or any organization acting as its agency, would not certify to a transaction, this Government could not be expected to accept any lesser form.

There is considerable doubt as to whether, if the Swiss Government should consent to utilize General License No. 50 for securities transactions, we should allow such practice to continue. Under General License 50, it would be necessary only to show a "pure Swiss" interest in a transaction since June 14, 1941; there is no requirement on the part of the Swiss Government or the Swiss National Bank to reveal the names of the parties involved (which to a certain extent is even required under the Convention C.S.) nor to furnish the evidence upon which the certification is based. If it should develop that the Swiss Government is prepared to undertake certifications for securities transactions, (Straessle of the Swiss Legation indicated he would urge his government to do so), there remains the problem as to whether the Swiss Government should then be advised not to utilize General License No. 50 for that purpose and that a separate more stringent security certification license would be issued.

There follows a translation of two articles which appeared on December 26, and December 27, 1944, in the "Neue Zuercher Zeitung", the first written by the Washington correspondent which sought to express Treasury's view on the outcome of the above conferences, and the second was the reply by the Swiss Bankers Association:

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TRANSLATION
FROM
"NEUE ZUERCHER ZEITUNG"
No. 2268 of December 27, 1944

The Problem of Swiss Blocked Balances

We have received the following communication from the Swiss Bankers Association:

In Switzerland the news must have been noted with great satisfaction that the Washington N.Z.Z.-correspondent of the "Neue Zuercher Zeitung" gained the impression from an interview with authoritative American officials that the present time appears propitious for the initiation of official conversations with the United States with a view to the unblocking of Swiss balances and deposits and that the American Treasury manifestly has the wish to arrive at a satisfactory solution of this matter (cf. No. 2265 of the N.Z.Z.). Thus, the sending of a delegation by the Swiss Bankers Association appears to have fulfilled its purpose, namely, in bringing about a clarification in this respect. We shall have to await the early return of this delegation before it will be possible to work out concrete proposals. The appointment of a delegation and the unceasing efforts of the Swiss Bankers Association since the blocking of the Swiss balances in the United States show that, in any case, there is plenty of good will in this respect in our country.

The correspondent of the "Neue Zuercher Zeitung" points out quite correctly that the situation of Switzerland is different from that of Sweden which maintains a system of foreign exchange control. Of importance in this connection, however, is the fact that the Swedish Riksbank apparently has opportunities for utilizing the dollars accruing to it, whereas this is not true in the case of the Swiss National Bank. The unblocking of the Swedish balances is effective in that they are ceded to the Swedish Riksbank on the basis of so-called License No. 30. Although this possibility was accorded also to the Swiss National Bank, in practice it can make no use thereof since, as is well-known, it possesses considerable amounts of gold and foreign exchange in the United States which have increased considerably in recent years as a result of our exports and the utilization of which is still subject to stringent restrictions. On the other hand, these balances cannot be transferred to Switzerland at present by means of commodity imports in a corresponding amount. In consequence, the unblocking of Swiss balances in North America must result in an increase of the obligations of the Swiss National Bank in Switzerland as well as in a further accumulation of gold and foreign exchange holdings in the United States. This is the real reason why the Swiss National Bank and the Swiss authorities have heretofore refused to cooperate in unblocking Swiss capital and balances in the United States. Any other assumptions in regard to this situation are unjustified.

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Other transfer possibilities to Switzerland do not exist, and the extremely cumbersome procedure on the basis of General Ruling No. 17 permits at present only an internal administration and reinvestment of funds which in practice, however, is not the same as the release of the balances. With the intention of attaining a simplification of this procedure, the Swiss Bankers Association has declared its willingness to take measures which up to nowhave proved satisfactory in every respect in the relations with other countries.

Only after the return of the Swiss delegation will it be possible to judge the importance which the American Treasury attaches to the unblocking of Swiss balances and capital in the United States. The Treasury apparently has in mind at present the situation in the post-war period. In any case, the Swiss Bankers Association, which has already taken manifold and very incisive measures, in order to prevent all misuse of Swiss neutrality in the realm of finance, will contact the Swiss National Bank and the competent Federal authorities, immediately after the submission of a comprehensive report by its delegates, in order to arrive, as soon as possible, at a satisfactory solution in respect to Swiss balances in the United States.

The segregation of Swiss ownership should be a much easier task than the unblocking of Swiss capital, since one can speak of such a segregation only after necessary prerequisite conditions have been created enabling the Swiss National Bank again to dispose freely of its dollar balances and gold holdings in the United States. This becomes clear also to the layman if he considers the fact that a transfer of balances can be effected only if either gold or goods representing a value corresponding to these balances are brought into Switzerland. At present, however, neither the one nor the other is possible, with the result that Swiss balances are accumulating in the United States. These transfer possibilities, which alone would enable Swiss owners of capital in the United States to dispose freely of the countervalue in Swiss francs, cannot be substituted by simply transferring the balances to the account of the Swiss National Bank in the United States or by releasing them for utilization within the United States.

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TRANSLATION
FROM
"NEUE ZUERCHER ZEITUNG"
No. 2363 of December 26, 1944

THE PROBLEM OF BLOCKED SWISS BALANCES

The American Standpoint

Prefatory note by the editors: Below we publish, as written by our U. S. correspondent, the American view of a matter which touches upon important interests of our country and which is of great value for Swiss public opinion in learning the standpoint of the United States Treasury. A conclusive picture of this matter, in which the competent Swiss authorities up to now, for well-considered reasons, were reluctant to become involved, will hardly be possible for a reader not well-acquainted with the subject matter unless he could evaluate the American standpoint against the views advocated in Swiss banking circles and which, we hope, to be able to publish in an early issue of our paper. Without expressing our own opinion in some detail with regard to a controversy, the relevant facts of which have not been sufficiently clarified for the public, we should, nevertheless, like to express doubt as to whether the owners of blocked Swiss capital in the United States would be justified to expect visible advantages in the foreseeable future as a result of an exact identification of the balances administered for Swiss account in America. Indeed, one knows that narrow limits have been imposed even upon the Swiss National Bank in the utilization of moneys accruing to it in the United States from Swiss export proceeds.

Washington, December 23 (W. B. - Tel.) Of late the problem of Swiss balances blocked in the United States has been discussed here in the press and radio. In view of its importance as such, and for the future shaping of Swiss-American economic relations in general, it may be of interest to evaluate the American standpoint in this delicate matter, an early solution of which would be in the interest of both countries.

Informed American circles point out that the main purpose of the blocking by the Government of the United States of Swiss balances and those of other neutral countries, decided upon in June 1941, was to prevent secret Axis capital from being used for a new war after the end of the hostilities. When the American Government in 1941 offered to neutral countries so-called general licenses, General License No. 50, which in the case of Switzerland pertained to transactions by the Swiss National Bank and the Swiss Government, was to cover all purely Swiss balances and such balances only. Whereas, for instance, the Swedish Government, which at that time had

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already introduced foreign exchange control, immediately accepted the offer of the United States and established an office in New York to supervise capital transactions between Sweden and the United States. the Swiss National Bank made only infrequent and reluctant use of General License No. 50.

Washington does not overlook the fact that the position of Switzerland is not quite the same as that of Sweden. However, the argument to which Switzerland resorted of late, namely, that it has no suitable control apparatus available, is not considered entirely convincing here. Washington is rather of the opinion that the laws and the legally conceded liberties, which were patterned for peacetime conditions, could not continue in force without change also in war time and that severe controls should have been imposed in many spheres since 1939.

In October 1943 the American Government went a step further in controlling foreign balances with the issuance of General Ruling No. 17 which requires information as to the owners of securities kept in the United States or a statement by a Swiss bank to the effect that the owner of a securities deposit is of Swiss nationality. This Ruling is not applicable to transactions coming under General License No. 50. The securities deposits coming under General Ruling No. 17 are estimated at $1-1/2 billion. Washington is of the opinion that the bulk of this amount really represents Swiss ownership, but that, among the securities deposits maintained for Swiss account, there are securities which are not of Swiss origin, in particular securities belonging to nationals of Axis countries.

The Americans maintain that so long as Swiss holdings of securities are not segregated in authoritative form from the non-Swiss, it is unavoidable for the American authorities to apply the cumbersome and unsatisfactory system of control in each separate case and to put it into operation each time before a balance is released. In order to simplify the procedure, the American authorities have repeatedly proposed that the Swiss Government, or an agency authorized by it, should carry out the measures considered suitable to ensure the segregation of the Swiss from the non-Swiss capital investments in the United States. Assurance has been given here in unequivocal form that the American Government would be prepared to release from blocking Swiss capital investments as soon as conditions would permit. On the other hand, Washington takes the standpoint that the release of $1-1/2 billion could hardly be put through Congress without clarifying the ownership of property of such great value. So long as the competent Swiss Government agencies adhere to the standpoint maintained by them heretofore, the American Treasury will remain under the impression that large amounts of enemy capital are kept concealed under Swiss names.

The general opinion in Washington is to the effect that the Swiss fail to give adequate consideration to the future economic and financial position of the United States as well as to the consequences of the changed military situation, particularly in respect to the impending

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occupation of Germany and North Italy by the Allies. Americans are of the opinion that the majority of the Swiss people is interested in a clarification of a confused situation not only because of the possible release of blocked capital belonging to many Swiss citizens but also because the solution of this question could not remain without effect on the relationship between Switzerland and the Allied Nations. The Americans cannot believe that Switzerland would actually be willing to support secret German financial operations in preparation for a new war. How sensitive public opinion in America is on this point could be seen in statements and proposals which appeared recently in the press relating in particular to the statements of the Federal Grand Jury (see M.E.S. Nos. 1958, 1960, and 1965 of November 16 and 17, 1944, respectively).

As things now stand, official American circles are of the opinion that Switzerland really has only the choice of retaining the system practiced up to now, which would mean that the American Treasury would continue to control each transaction and that as a result Swiss capital would remain blocked for an indefinite time, or that the Swiss banks agree to a segregation under the control of official Swiss agencies of the Swiss from the non-Swiss capital.

The American Treasury would apparently be prepared to consider also other proposals for the solution of the problem in a conciliatory manner. However, the suggestion advanced recently by Swiss banks or by the Swiss Bankers Association that the latter should certify the nationality of the owner of the securities is considered unacceptable to the American authorities who contend that, if the Swiss Government is not willing to assume responsibility for the proposed method, one would hardly reproach them for not having confidence in such a proposal. One could not blame the American authorities for this attitude, certainly not when one considers that capital transactions of a doubtful character were undertaken in the past through the intermediary of Swiss banks and that new attempts of a similar kind were discovered by the American Treasury in August of this year. Moreover, Washington contends that the United States is not in the same position as Great Britain inasmuch as British foreign exchange control makes it possible to control all capital transactions, whereas in the event of the release of capital investments in the United States all possibility of control would be gone.

The contention that the segregation of blocked capital investments into Swiss and non-Swiss ownership, as demanded by the United States, would require the setting up of a large control apparatus in Switzerland is rejected in Washington with the argument that the complicated control, to which foreign capital investments were subjected by the American Government, could be handled by approximately 100 officials and that,

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therefore, the Swiss Government could handle the limited task of controlling Swiss capital investments in the United States with a relatively modest staff and without setting up a new organization.

From conversations with competent American agencies, and with understanding for the American standpoint on the question of blocked Swiss capital investments in the United States, as outlined above, one gains the impression that the American Treasury has the wish to arrive at an acceptable solution of this matter as soon as possible, and the conciliatory attitude displayed here would make it appear that the present time is propitious for initiating official conversations.

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No. 232

AMERICAN CONSULATE
Basel, Switzerland, January 5, 1945.

RESTRICTED

Subject: Some Aspects of the Swiss Frozen Assets Problem As Seen at Basel.

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to enclose herewith a report devoted to reactions in Basel financial circles to Washington's correspondence appearing in the NEUE ZUERCHER ZEITUNG on December 26 and 27, 1944 on the Swiss frozen assets problem and the latest developments on the general subject.

Respectfully yours,

Walter H. Sholes
American Consul General

851.6
WHS:egc

Enclosure
Report on Swiss frozen assets problem.

Ozalid copy to Department

Copy to American Legation, Bern.

cc: 3/7/45
For Information - Messrs. Richards, Robingon, Parke, Feig, Arnold, Behuncik(Shwartz), Moskovitz, Locker, Blake, NY Fed., Miss O'Brien, General Records

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Enclosure No. 1 to despatch no. 232 of Walter H. Sholes, American Consul General, Basel, Switzerland, dated January 3, 1945, upon the subject of "Some Aspects of the Swiss Frozen Assets Problem as Seen at Basel"

SOME ASPECTS OF THE SWISS FROZEN ASSETS PROBLEM
AS SEEN AT BASEL

The recent publication by the NEUE ZUERCHER ZEITUNG on December 26, 1944, of a news article under Washington date lines, in which the writer, Walter Bosshard, devoted himself to the Swiss frozen assets question now being considered in Washington by a Swiss Financial Mission and American Treasury experts, has been received with mixed feelings in local financial circles. Some $1,700,000,000 or more gold, securities and cash seem involved, a considerable proportion of which appears to be held by the Swiss for the account of French, German, Italian, Dutch, Belgian and other interests.

SWISS BANKERS' PROTEST

Basel bankers, when consulted concerning Mr. Bosshard's activity said the publicity given the matter by the NEUE ZUERCHER ZEITUNG was inopportune and may complicate rather than make for a solution of the problem. It is not surprising, therefore, that Mr. Bosshard's interesting and valuable contribution to the subject in which the American point of view is for the first time laid before the Swiss public at some length, should have been received by Swiss bankers in a spirit of protest. This was the case when the newspaper article first came to the attention of Mr. Albert Nussbaumer, General Manager of the Swiss Bank Corporation, and Mr. Rudolf Ernst, General Manager of the Union Bank of Switzerland at Basel, and others. (The article had reached the Federal Political Department, Bern on December 17 where it seems to have been "cut" but not "censored" with the aid of Dr. A. Caflisch of the Bankers' Association, and Dr. Peter Vieli of the Credit Suisse). They accused Mr. Bosshard with meddling in matters which they thought could best be left in the hands of competent experts at Washington and here in Switzerland. In any event, the opinion created among the Swiss public by the Bosshard newspaper article is considered premature by the well informed here, who insist that the outcome will depend in good part upon the results obtained by the Barbey Mission, which is expected back in Switzerland next month.

MR. NUSSBAUMER NOT CONSULTED

Moreover, it seems that the Swiss Bankers' Association's comment on the Bosshard "story" of December 26th, which was

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published in Zurich a day later, was prepared and released for publication without consultation with Mr. Albert Nussbaumer, Chairman of the American Committee of that Association, although he was in Basel at the time. Drs. Vieli and Caflisch, Secretary General of the Association who had prepared the above-mentioned statement for the Association, have since written a letter of apology to Mr. Nussbaumer, explaining that it was all an unfortunate misunderstanding as they had been told he was out of town. The fact that Mr. Nussbaumer who had hitherto taken a leading part in the discussions, was not consulted, has caused no little speculation here, as numerous telephone talks were had by the two authors with Swiss bankers prior to submitting their comment on the Bosshard "story" to the NEUE ZUERCHER ZEITUNG for publication.

THE TAX QUESTION

Mr. Nussbaumer belongs to the moderates of the so-called "appeasers" within the Association. It may be asked why Mr. Nussbaumer was not apprised of the Bosshard "story" which reached the Federal Political Department as early as December 17, 1944. That there has been a change of attitude vis-a-vis the Treasury Department within the Bankers' Association, the overwhelming majority of which is composed of conservatives, is, however, denied by Mr. Nussbaumer. Nevertheless, it remains to be seen whether the incident will have any repercussions in Swiss banking and political circles. In any case, it is quite evident that Swiss bankers have no intention of taking the Swiss public into their confidence in matters affecting Swiss banking practices, particularly the cloaking of French, German and other holdings in the United States and probably elsewhere in the world by member banks. This should perhaps cause no surprise when there be considered all the elements involved including the one of unpaid taxes. This last named point which represents still another phase of an already complicated problem may, as recently pointed out by one of Basel's leading bankers, create great difficulties in this country, especially if the Socialists in Bern, headed by Bundesrat Nobs, should, for political and fiscal reasons, demand that the Swiss fiscal authorities be placed on the same footing with the American Treasury, if and when an identification of the frozen assets is effected. According to one banker, probably less than one-third of the huge Swiss holdings in the United States, aside from the Swiss National Bank's gold, has been declared to the fiscal authorities for taxation, from which it will be seen that the question is not only full of political dynamite but promises dire consequences to tax evaders here.

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PRELIMINARY IDENTIFICATION OF ASSETS

As already indicated, little or no information has reached the public on the progress made by the Barbey Financial Mission in Washington, and one hears little more than that there is "plenty of good will" in Switzerland to arrive at an adequate solution of the problem. In point of fact no few Swiss bankers seem to have qualms of conscience about their holdings in America, as indicated by oft expressed fears that Swiss assets may eventually be confiscated by the American authorities. These assets seem to consist of some $1,700,000,000 in all. An identification of the above figure by countries has been unobtainable for the present, but preliminary inquiries made here reveal that about 20 percent represents gold owned by the Swiss National Bank and about 20 percent as belonging to French clients. German holdings, as estimated by one important banker, amount to about 3 percent, and the Italian share at somewhat more.

SWISS PUBLIC UNINFORMED

In the meantime, the Swiss public continues to remain in the dark on the general subject as newspapers have, on the whole, ignored the Bosshard news article, thereby revealing the influence of the Swiss Bankers' Association throughout the country. That Swiss public opinion would in the long run support the Bankers' Association's side in the matter, once all the facts are made public, may well be doubted.

THE TWO BARBEY REPORTS

Mr. Barbey's first report was received here about two months ago and since then a second and more satisfactory report appears to have arrived in Basel. In both reports the Mission refers in the highest terms to the cordiality with which they have been received in America and the hospitality extended them in the western world.

It is evident from what has been learned of the second report that the Mission will return to Switzerland fully informed and documented as regards the Washington point of view. This was, of course, also revealed to some extent in the Bosshard article.

In these circumstances, the return of the Special Mission to Switzerland is being awaited with interest in Basel, as the contacts established in the United States

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by Mr. Barbey and his associates and the exploratory work done by them both in Washington and New York during the past four or five months are regarded here as necessary preliminaries to a successful solution of the problem.

SECOND WASHINGTON MISSION UNLIKELY

Moreover, it would seem, upon the word of Mr. Nussbaumer, that the Swiss do not intend to send a second financial Mission to Washington. It appears that the Swiss frozen assets question will be worked out here in Switzerland on the basis of Mr. Barbey's talks in Washington and supporting documentation.

SOME FORM OF ACCOMODATION NOT EXCLUDED

It is perhaps still too early to dwell on the eventual Swiss offer. Anyhow, there has long been talk here among Swiss bankers of their readiness to distinguish between Swiss-owned assets, on the one hand, and Swiss holdings for foreign account, on the other. This was also done, in some measure, as regards coupons in the case of Great Britain two years ago, as indicated elsewhere in this report. This in itself should offer no insurmountable difficulties. There remain, however, two important questions - one is control and the other responsibility, as some Swiss authority would in the end have to make good any amounts unfrozen under the agreement which were subsequently found to belong to enemy nationals.

It was on these two points that Mr. Nussbaumer expressed himself recently. If the Swiss, said this banker, once give assurances that an organization will be set up here to take over control work, it may be taken for granted that such a body will fully answer the requirements of the American Treasury. This means, he declared, that the Swiss Government will most definitely see to it that the control organization charged with the work by the Swiss Bankers' Association will keep all its engagements with the Washington Government.

Mr. Ernst Weber, Governor of the Swiss National Bank, added Mr. Nussbaumer, had recently assured him that while the Swiss National Bank was not at present organized to take over such control work, there were nevertheless other Swiss Government organizations already in existence fully equipped to assume the necessary responsibilities and in which the Swiss National Bank has fullest confidence.

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Mr. Nussbaumer was not prepared to say more than that he thought "formal" rather than "official" guarantees would be given by the Bern Government in the matter. Whether the "formal" assurances mentioned would satisfy Washington which hitherto seems to have insisted that "full" responsibility be assumed by the Swiss Government or Swiss National Bank in the premises, is another question.

MR. KOECHLIN AND THE SWISS NATIONAL BANK

In any case, it may be taken for granted, said Mr. Charles E. Koechlin, President of the Basel Chamber of Commerce, that the Swiss National Bank will not move unless the Bank Council in Bern will call upon Mr. Weber's institution to assume the responsibility of control. This Council is composed of 39 members, of whom 25 were elected to office by the Federal Council and the remainder by the Swiss National Bank. The Basel represenattion includes the names of Mr. Charles E. Kochlin and three other leaders in local commerce and industry. Mr. Kochlin, however, seemed convinced that the Swiss bankers do not relish turning over the control work to the Swiss National Bank as it would give the latter too much insight into their affairs. Mr. Kochlin's criticism was regarded as specious by a Basel banker subsequently consulted on this point, as the Swiss National Bank already knew, he said, everything worth knowing about Swiss private banking practice; moreover, that the National Bank itself had assisted Swiss bankers in recovering cash advances made by them against German gold. These operations were facilitated in Zurich by the issuance of unconditional gold export permits by the National Bank, he averred. In the latter's opinion, any central organization set up by the Swiss will be a thankless job. No bankers here, he thought, was really enthusiastic about the project.

SWISS CLEARING OFFICE AS CONTROL OFFICE

Nevertheless, talk is beginning to be heard here that the Swiss Clearing Office at Zurich may eventually be charged with the task of control, of which office Mr. M. Schwab until recently Mr. Weber's right hand man at the National Bank, is now head; this was Mr. Kochlin's opinion. Be that as it may, sufficient seems to be known that Mr. Weber's Bank will refuse to assume responsibilities and guarantees until full powers are obtained from the Bankers' Associat on which may not be forthcoming in full measure under the Swiss bank secrecy law, considering that Swiss bankers may thereby make enemies of their profitable French, German and other clients for-ever.

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Mr. Kochlin also thought that the National Bank would doubtless want to know how control was to be exercised and what was to be controlled before assuming any obligations in this matter.

SWISS PESSIMISM PERSISTS

However, Mr. Maurice Golay, Chairman of the Board of General Managers of the Swiss Bank Corporation, Basel, the country's most important bank, appeared rather pessimistic about the possibility of a compromise solution being found. This was late in June 1944 when he thought American and British demands went too far. Moreover, he thought, the demands as formulated then would not produce the effect desired as they were drafted by men who seemed lacking in practical knowledge of banking.

Mr. Golay is probably not the only pessimist among his colleagues on this subject as it is evident that the Swiss bankers stand to lose a large part of their French, German, and other business, once a breach is made in the Swiss bank secrecy law, to which the Swiss banking profession owes, in large measure, its prosperity.

MR. GOLAY ON SWISS GOLD IN THE UNITED STATES

Mr. Golay's views on Swiss gold now frozen in the United States, as expressed by him during talks had with him by a member of the staff at the time mentioned, are no less interesting. He stated that he personally had no fears - 99 percent no fears as he put it - that the Allies will make any political or military demands upon his country which Switzerland could not accept without giving up their neutrality and forcing his country to take up arms against the Allies. Nevertheless, the remaining 1 percent of fear made him as a banker feel uneasy because of the financial consequences such a denouncement would have upon his country. Hence, his desire to have Swiss gold unblocked in the United States. Mr. Golay is, it may be added, a "die hard" conservative. His attitude has, however, undergone a marked change since the liberation of Western Europe by British and American armies.

COMPROMISE AND THE FREE SWISS FRANC

Of course, the above-mentioned arrangement would, if found acceptable in Washington, be a compromise solution as the Swiss continue opposed to adopting foreign exchange restrictions after the Swedish or any pattern. In other

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words, they refuse to recede from their original position on this subject. Thus, any compromise arrangement which would leave the Swiss franc free would not only help save the "face" of Swiss bankers, but preserve the Franc position among the few remaining free currencies in Europe. When it be considered that Switzerland has been the German Reich's principal market for foreign exchange during the war, the importance of a free Swiss franc will suggest itself at once to those charged with the enforcement of security measures and economic warfare work in Washington.

THE SWISS-BRITISH AGREEMENT

Parenthetically, it may be added that already ways and means exist in the Sterling Area for the identification of Swiss assets, as it is clear that on the basis of so-called Convention GB (Great Britain) entered into by the Swiss Bankers' Association in the first half of 1943, as first reported by this Consulate to the Bern Legation on February 16, 1944, the British are able on the basis of the Swiss affidavits and declarations to establish, if they wish, the list of those securities which can be considered objectionable or unobjectionable, since coupons and dividends could only be collected for such securities if accompanied by a Swiss declaration, as specified by Convention GB.

As will be seen from the above, the arrangement with the British extends to securities only and does not take into account capital invested in Swiss names in Great Britain or cash carried in British banks by Swiss nationals, but as will be seen above, distinction can be readily made.

It remains to be seen whether the two newspaper articles will have any effect upon public opinion in Switzerland, where so little is known about the role played by Swiss bankers and lawyers in cloaking the fortunes not only of their fellow countrymen, but those of their German, French, and other neighbors, thereby circumventing Swiss and other tax collectors.

Furthermore, it remains to be seen whether the Swiss Bankers' Association will be able to find a solution of their frozen assets problem, which will satisfy both Washington and their large foreign clientele, without which many Swiss banks will doubtless have to close their doors.

How else is one to explain the existence in this small country of some 372 banks and financial institutions with a capital and deposits of Swiss francs 18,698,000,000 in 1942 and 34 insurance companies with a capital of francs

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300,000,000 and assets valued at francs 3,205,400,000 taking no account of a certain amount of "window dressing" practiced by Swiss banks and other financial institutions prior to the publication of their annual reports.

SOME STATISTICS ON THE SWISS BANKING SYSTEM, ET CETERA

For purposes of comparison there are given below some figures covering Swiss bank activities during World War I and World War 2 up to and including 1942:

1914: Number of banks: 295

Deposits Frs. 7,313,000,000

Capital, Reserves and Deposits:

Frs. 9,280,000,000, or which
" 1,801,000,000 savings deposits

1919: Number of banks: 317

Deposits Frs. 11,034,000,000

Capital, Reserves and Deposits:

Frs. 13,452,000,000, or which
" 2,621,000,000 savings deposits

1940: Number of banks: 369

Deposits Frs. 15,279,000,000

Capital, Reserves and Deposits:

Frs. 17,720,000,000, of which
5,209,000,000 savings deposits

1942: Number of banks: 372

Deposits Frs. 16,144,000,000

Capital, Reserves and Deposits:

Frs. 18,698,000,000, of which
" 5,604,000,000 savings deposits

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Swiss banks in 1942 had capital and reserves amounting to Frs. 2,193,000,000, of which Frs. 893,000,000 in cantonal banks and Frs. 672,000,000 in the so-called Big seven banks of Switzerland. These deposits amounted to Frs. 16,144,000,000, of which Frs. 7,097,000,000 in cantonal banks and Frs. 3,904,000,000 in the Big seven banks.

Insurance companies: 38 capital: Frs. 300,000,000

Total assets: Frs. 3,205,400,000, or which Frs. 828,000,000 are in securities, bonds, shares and mortgages.

All the above figures, except the number of insurance companies and the capital thereof, were taken from the Manuel Statistique du Marche Financier Suisse, Zurich, 1944, Volume no. 26, published by the Statistical Department of the Swiss National Bank.

Whether there is full realization in the outside world of the part played by the Swiss banking and legal professions over the years in cloaking the corporate and private wealth of their German-French neighbors in Europe and the systematic nature of such operations in certain parts of the country may well be doubted.

It may be confidently asserted, therefore, and without fear of successful contradiction, that this liberty-loving and otherwise democratic nation is the refuge and center of Pro-Fascist financial operators. Moreover, that the extraordinary financial facilities available in Switzerland for the cloaking of foreign funds, including those in the safety deposit boxes of the country, known as "invisibles", are the product of innumerable Swiss bankers and attorneys, who have not hesitated to work hand in glove with National-Socialist and Fascist financial business interests, over the years.

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NO. 242 FEB 24 1945

AMERICAN CONSULATE
Basel, Switzerland,
January 23, 1945.

Swiss Bank
gertrude
this is the
release of
[illegible]

CONFIDENTIAL

Subject: More on the Swiss Frozen Assets Problem

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to my Despatch No. 232 of January 5, 1945, submitted under the caption of "Some Aspects of the Swiss Frozen Assets Problem as Seen at Basel" and in connection with the ultimate paragraph on page two of the despatch in question, in which an identification of those holdings in the United States was attempted, respectfully submit a more precise estimate obtained from an authoritative source here. The estimate follows:

"Assets deposited in the United States in the name of Swiss banks and now frozen:

"1. Total Swiss Francs 2,500,000,000.-(equivalent to $625,000,000, not including gold and cash held by the Swiss National Bank estimated at another Sw. Fr. 2,500,000,000 more or less.

"2. Estimation per country:

	Percentages
a) Swiss nationals domiciled in Switzerland	30
b) Swiss nationals domiciled abroad	1,5
c) Foreign nationals permanently domiciled in Switzerland	20
d) Germany	0,5
e) Italy	3,5
f) France	25
g) Belgium	1
h) Holland	0,5
i) Other countries	18
Total	100

It is pointed out that the above are personal estimations, which are not based on any actual figures on hand; though it is not thought that very substantial

Note: Despatch 232 has not been received by this office.

cc: 3/2/45
For Information - Messrs. Schmidt, Gilbert, Behuncik (Shwartz), Feig, Miss Scullen, Delaney, Blake(2), Brenner, Miss Burnett, Zimmerman, Moskovitz, Mrs. Henderson, Locker, NY Fed., General Records: Safehaven Swiss Assets.

EOB/t

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changes from the above estimations are necessary. However, the above estimates do not include assets deposited in the United States directly by Swiss firms and persons or by nationals of other country which, if included, will probably increase the above-given amount considerably.

"The following figures represent Swiss franc deposits in Switzerland either in cash or Swiss securities or in Swiss holding companies beneficially owned by nationals of the following countries:

"1. German Assets in Switzerland as described above,
Estimation . . . . . Swiss Francs 1,000,000,000
Equivalent to . . . . . $ 250,000,000
To which should be added German direct interests in industrial and commercial concerns in Switzerland, including deposits in cash and securities held privately (outside Swiss banks)
Approximately . . . . . Swiss Francs 200,000,000
to " " 300,000,000
Equivalent to $50,000,000 to $75,000,000

"2. Italian Assets
Cash and securities deposited with Swiss banks, including holding companies beneficially owned by persons domiciled in Italy
Estimation . . . . . Swiss Francs 200,000,000
Equivalent to $50,000,000
To which should be added Italian direct interests in Swiss industrial and commercial concerns, including cash and securities held outside Swiss banks,
Estimation . . . . . Swiss Francs 50,000,000
to " " 100,000,000
Equivalent to $12,500,000 to $25,000,000

"3. French Assets
Held in cash and Swiss securities with Swiss banks, including holding companies beneficially owned by persons domiciled in France,
Estimation . . . . . Swiss Francs 2,000,000,000
to " " 2,500,000,000
Equivalent to $500,000,000 to $625,000,000,
To which should be added French direct

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interests in Swiss industrial and commercial concerns, including deposits of securities held outside Swiss banks,

Approximately . . . . . Swiss Francs 100,000,000
to " " 150,000,000
Equivalent to $25,000,000 to $37,500,000

This Swiss authority, in commenting on German-Swiss financial relations and particularly Swiss credits in Germany, remarked that Swiss credits in Germany, including clearing credits and pre-war credits, may be estimated at approximately Sw. Fr. 2,500,000,000 to 3,000,000,000, equivalent to $625,000,000 to $750,000,000. In other words, Swiss credits in Germany exceed German assets in Switzerland by approximately Sw. Fr. 1,000,000,000 to 1,500,000,000 or $250,000,000 to $375,000,000.

Referring to the prospects of a blocking of German assets in this country, this Swiss informant declared that ever since the beginning of the war, and especially when Germany obtained large credits through its clearing agreements with this country, the idea was advanced in various quarters to block German assets in Switzerland. Those who advocated such a measure intended to achieve two purposes: (1) to preserve in Switzerland a guarantee which in case of need could be used to offset part of the Swiss credits in Germany; and (2) to apply the laws of neutrality also to Germany since Russian and French assets, together with the assets of all the invaded countries of Europe had been equally blocked.

However, the blocking of German assets has so far not been applied because of the fear that Germany would introduce retaliatory measures of a political and economic nature and also because the laws of neutrality would then have raised the problem of blocking also the assets in Switzerland of the leading belligerent countries. Furthermore, the blocking of German assets might have raised the question as to whether in that case Switzerland could continue to pay out Swiss francs to the Allied countries against dollars, Sterling or gold.

Recently, he declared, the question of blocking German assets in Switzerland has again been brought forward and will probably be discussed after the return of the Swiss bankers delegation from the United States. Whether such a measure will be actually adopted will mostly depend upon the political aspect of the question and particularly on the problem of future coal imports into Switzerland.

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Apart from the political problems which such a blocking of German assets would involve, it can be said that the concensus of public opinion would no doubt be to approve such a measure, since the freedom which Germany at present enjoys in being able to dispose freely of her assets can hardly be in the long term Swiss interest in general. In any case, this seems to be his considered opinion.

While on this general subject, informant pointed out that Bulgarian, Rumanian, Hungarian and Czechoslovakian assets had been blocked by the Bern Government recently as a consequence of the Russian invasion of those countries, approximating Swiss Francs 150,000,000 in all.

Respectfully yours,

Walter H. Sholes
American Consul General

851.6
WHS:egc

Ozalid copy to Department
Copy to American Legation, Bern.

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Sec. 8

FEB 7 1945

PARAPHRASE OF TELEGRAM RECEIVED

Swiss Banks
"Failure to Cooperate"

FROM: American Legation, Bern

TO: Secretary of State, Washington

DATED: February 3, 1945

NUMBER: 782

CONFIDENTIAL

With reference to message from London dated December 27, No. 11470 (sent as No. 449 to Bern), under instructions from NEW, British Legation has advised Swiss Bankers Association that it does not wish to comment as to adequacy or inadequacy of instructions issued by association concerning certain limitations on banking and financial transactions as outlined in its circular memoranda to members, to which the Department's attention has been called. Attention is called to the fact that the full freedom of action is reserved by NEW, as previously, concerning including those banks or financial institutions in statutory list whose actions are considered by the Ministry to be contrary to the interests of the war effort of the Allies.

Please advise if this Legation has authority to give Swiss Banking Association similar notification.

HUDDLE

DC/L:GPE

2-3-45

cc: 2/8/45
For Information - Messrs. Schmidt, Richards, Robinson, Furke, Arnold, Schuncik (Shwartz), Fisher, Maskovitz, MY Fed.
Action: Mr. Feig.

FEB 8 RECD

RCB/b

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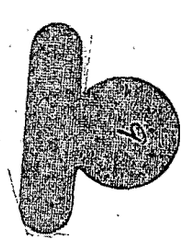

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SOME FINANCIAL MEASURES NOW AVAILABLE TO THE SWISS TO CONTROL ENEMY OPERATIONS

1. The proposals made to the Swiss Bankers Association, as outlined herein could, of course, be adopted forthwith and without any of the reservations heretofore made. Economic sanctions in varying degrees resulting in a boycott of Germany could be imposed.

2. In view of the recent military developments, it seems clear that no measure of economic warfare engaged in by the Swiss, short of an absolute and complete boycott of Germany, could make any impact upon the course of the war. Consequently, the field in which the Swiss can effectively cooperate is in preventing Germany from ever having the facilities to prepare for another war. Accordingly, there follows a list of some of the measures which the Swiss could now adopt and implement further with the cessation of hostilities as part of a program of the United Nations to restore loot and to uncover and effectively control enemy external assets.

3. Steps to identify enemy assets which would include:

(a) a census of property located in Switzerland or held abroad through persons or firms in Switzerland, any beneficial interest in which is directly or indirectly owned or controlled by or on behalf of persons and firms residing or domiciled in Germany since the outbreak of the present war; (b) a census of all gold, securities, patents, currency, and other forms of foreign exchange assets acquired from persons or firms domiciled or resident in Germany at any time since the commencement of the present hostilities; (c) a census of all persons in Switzerland who at any time since September 1, 1939 have been nationals of any one of the enemy countries, particularly technicians, financial and business personalities and scientists; (d) examination and report of safety deposit boxes and similar holdings; and (e) investigation of holdings which, or persons whom, there is reasonable cause to believe may be instruments of the enemy countries.

4. Measures to control enemy assets which would include:

(a) preventing concealment of assets belonging to the governments of occupied countries or of any of their individuals or institutions; (b) immobilizing looted gold, currency, art objects, securities or other property which there is any reason to suspect has been looted by the enemy irrespective of current ownership, real or unreal; (c) restricting use of Axis balances in clearing accounts except for strictly diplomatic purposes; (d) restricting payments in Switzerland of debts to enemy governments or their nationals so as to prevent building up of undisclosed enemy capital in Switzerland; (e) supervising enemy-owned or controlled enterprises and adopting such other regulations as would prevent such enterprises from dissipating clearing or otherwise manipulating their assets so as to

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conceal their true ownership; (f) prohibiting capital imports directly or indirectly from or on behalf of persons or firms resident or domiciled in Germany.

8. Adoption of Gold Policy whereby they would agree: not to acquire any interest in, or receive for deposit, gold in which any Government, entity or person in occupied territories or Axis and associated countries has an interest; to prohibit the receipt or acquisition of such gold or of any interest in such gold by entities or persons within Swiss jurisdiction, including the Swiss National Bank; not to permit the import into Switzerland, for safekeeping or for storage in bond, of gold in which any Government, entity or person in occupied territories or Axis and associated countries has an interest; not to permit Swiss francs or other currencies to be made available for or against gold already held in Switzerland for or on behalf of any such Government, entity or person.

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cc: 1-30-45 Glasser, Moskovitz, Alk, Gilbert, Shwartz, OAS.

C O P Y

January 26, 1945

OBJECTIVES IN THE FORTHCOMING WAR TRADE NEGOTIATIONS WITH SWITZERLAND

Prepared by FEA

The American negotiators should at the outset take the position that the supplies required by the Swiss can be made available only if the Swiss will agree to our economic warfare objectives (relating to the transit traffic between Italy and Switzerland and to the export of certain goods to Germany) and also to the full list of steps necessary to implement the Safe Haven program.

If (as is probable) the Swiss contend that time will be necessary to consult the affected interests and make the legal changes necessitated by the full list of demands regarding the Safe Haven program, we should make a restricted interim trade agreement provided the Swiss concede the economic warfare objectives and all those parts of the Safe Haven program that do not require time.

I. Initial American Demands

At the outset we should ask for:-

A. ECONOMIC WARFARE OBJECTIVES

1. Cessation of the transit traffic.

2. Elimination of certain listed exports to Germany.

3. Adoption of the gold clause requested of the Swiss Government in September 1944, namely: "On its own behalf Swiss Government will not acquire any interest in or receive for deposit gold in which any person in Germany and associated countries, or occupied territories, has an interest; and the receipt or acquisition of such gold or of any interest in such gold by persons or entities within Swiss jurisdiction, including the Swiss National Bank, will be forbidden by the Swiss Government. Moreover it will not permit the importation into Switzerland for safekeeping or for storage in bond, gold in which any individual in Germany and associated countries or occupied territories has an interest, nor will the Government of Switzerland allow its currency or other currencies to be made available on behalf of, or to, any such persons as described in foregoing for or against gold held in Switzerland already."

B. SAFE HAVEN OBJECTIVES

1. Public announcement by the Swiss Government of its intention to adhere to Bretton Woods Resolution No. VI and of its intention to prevent the use of Swiss laws and institutions and Swiss nationals for the purpose of clothing with legal personality or the legal protection of secrecy, confidential relation, and the like, any transaction or activity directly or indirectly with an Axis interest except upon complete disclosure of all facts and as to future transactions and activities, prior clearance with designated Swiss Government officials. All such information shall be made available to the U.S. and U.K. or representatives thereof on request.

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2. An undertaking by the Swiss Government to establish a procedure for providing to the U.S. and U.K. information regarding all matters referred to in the Bretton Woods Resolution. The Swiss may, while providing substantial and detailed disclosure, make appropriate arrangements for the protection of their national defense. The representatives of the United Nations interest may, if the information received is believed inadequate, have appropriate review by higher authorities.

3. Switzerland will promptly freeze all assets of Axis countries or their satellites, subject to Swiss control however indirect Axis control may be, and will freeze ad hoc interests or transactions brought to the Swiss Government's attention by the United States or the United Kingdom.

4. Switzerland shall prohibit the entry of all assets, the acquisition of interests and the migration of personnel from Axis countries and their satellites without the concurrence of the U.S. and U.K. Whenever the U.S. and U.K. call to the attention of the Swiss Government the probability of cases of such entry, acquisition or migration the Swiss Government will take all necessary enforcement steps.

5. Switzerland will immediately conduct a census of assets (broadly defined and including both open and cloaked assets), technicians and managerial and industrial personnel of Axis countries and their satellites including, but not restricted to, business and security interests, patents, contractual rights such as management contracts, patent licenses and similar agreements, insurance policies and reinsurance contracts, bank accounts and deposits, embracing also trusteeship accounts and safe deposit boxes and vaults. The Swiss Government will agree to make available to U.K.-U.S. authorities the information obtained from the census and registration.

Should assets not previously frozen pursuant to action prescribed in 3 above be disclosed by the census, they shall likewise be frozen.

6. The Swiss Government will make available to the U.S. and U.K. Governments full information regarding its action under the foregoing paragraphs.

7. The Swiss Government will make public announcement that it will not be contrary to Swiss policy for any person subject to Swiss law or any Swiss national agency to give information to U.S. or U.K. representatives concerning matters in the Axis interest referred to herein or for inquiries to be made in Switzerland by U.S. or U.K. representatives on such matters. Where such a policy would conflict with Swiss law the Swiss Government will undertake to secure the necessary amendment or repeal of such law.

8. Switzerland shall give access to its judicial and administrative facilities on behalf of all U.S. or U.K. agencies and representatives seeking to discover, frustrate or claim Axis interests and activities.

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9. All cartel agreements, patent licenses and stock-voting agreements shall be registered publicly, or shall be otherwise made available to the U.S. and U.K. through appropriate procedure.

Reasons for Associating Safe Haven Requirements with Those of Economic Warfare

1. Switzerland is aware of the Bretton Woods Resolution No. VI and of this government's interest therein. If an important mission is to visit Switzerland but fails to emphasize these requirements, the omission will be taken as an indication that this government is not seriously supporting them.

2. If the Swiss do not intend to aid in the fulfillment of the Safe Haven objectives it is important that this be revealed as soon as possible.

3. The economic warfare objectives may diminish in importance in the near future (especially if the German forces retire from Italy). The importance of Safe Haven activities is increasing. In addition, this government has had long-standing difficulties with the Swiss concerning the true identity of interests in Swiss corporations and accounts (SEC and Anti-Trust Division of Department of Justice).

4. We must avoid dissipating our bargaining power before achieving this end.

II. Basis of a Restricted Interim Trade Agreement

If necessary we should recede to an agreement along the following lines:

A. CONCESSIONS BY THE SWISS

Economic Warfare Objectives 1, 2, and 3 above.
Safe Haven Objectives 1, 2, 3, 4, and 6 above.

B. CONCESSIONS BY THE U.S.AND U.K.

1. An agreement to make supplies available limiting commitments to the shortest possible time. The continuation of supplies will be conditional upon satisfactory continued negotiations by the Swiss regarding the complete Safe Haven program. Supplies may be terminated any time after brief notice if the U.K. and the U.S. decide that the Swiss are not making satisfactory progress toward the acceptance of the full Safe Haven program.

2. An understanding that, whenever the U.K. and the U.S. are in a position to terminate traffic between Switzerland and Italy or Germany, they will not regard themselves as prevented from doing so by the agreement now under negotiation.

3. An understanding that, in the event of undue delay on the part of the Swiss Government in making all the necessary arrangements to complete the full Safe Haven program, the American Government will be compelled to consider revision of the present arrangements relating to transactions in Swiss balances in the United States. These arrangements will require

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complete proof of the absence of any Axis taint direct or indirect in each transaction. The U.S. will also be compelled to consider action by SEC, Alien Property Custodian and the Anti-Trust Division of the Department of Justice.

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HENKELS PERSILWERKE A. G., Pratteln, (Basle) -- Manufacture and deal in chemicals, including Persil -- see Henkel & Cie, A. G.

HERING-NAS A. G., Zurich - Dealers in automobile wheels -- Agency for products Autorador und Felgenfabrik, Max Hering A. G. of Honeburg (Germany) -- Capital 500,000 frs.

HOHNIKA A. G., Schaffhausen -- Holding Company -- Matth. Hochner, Trossingen, Germany -- Capital 525,000 frs.

INTERNATIONALE GESELLSCHAFT DER STICKSTOFF INDUSTRIE, St. Jakobstrasse 22, Basle -- Trade in goods, particularly explosives -- Controlled by I. G. Farbenindustrie, Frankfurt -- Capital 6,000,000 frs.

INTERNATIONALE GESELLSCHAFT FUER CHEMISCHE UNTERNEHMUNGEN A. G., (I.G. CHEMIE), Peter Merrianstrasse 19, Basle - Holding and finance company -- Controlled by I. G. Farbenindustrie, Frankfurt, for which it acts as holding company through Industrie Bank A. G., Zurich, and Soc. Auxiliaire de Participations et de Depots, Lausanne -- Capital 170,000,000 frs.

KAISERS KAFFEEGESCHAFT A. G., Guterstrasse 311, Basle and branches -- Trade in tea, coffee and colonial produce -- Kaisers Kaffee-geschaeft A. G., Viersen (Rhineland) -- Capital 2,000,000 frs.

KARLSRUHER PARFUMERIE und TOILETTENSEIFENFABRIK (F. WOLFF & SOHN G.M.B.H.), Grenzacherstrasse 65, Basle -- Manufacture soap and perfumery -- Branch of Karlsruher Parfumerie and Toilettenseifenfabrik. (F. Wolff & Sohn G.M.B.H), Karlsruher (Germany) -- Capital 8,000,000 goldmarks.

KERAMISCHE UNTERNEHMUNGEN, A. G. FUER, Hennebuehle (Zug) -- Holding company for foreign sales companies of Rosenthal-Porzellan A. G., Selb. (Germany) -- Capital 1,000,000 frs.

KERAMISCHE GERTE A. G., Seefeldstrasse 6, Zurich -- Administration of and participation in the ceramic industry and other undertakings -- Albert Meyerhofer, Zurich (10%) and Engelhorn family (90%) -- Capital 1,000,000 frs.

KNOLL & CIE A. G., Liestal (Basle) -- Manufacture and deal in chemicals -- Knoll A. G., Ludwigshaven -- Capital 500,000 frs.

KOHLEN & BRIKETWERKE A. G., Basle -- Fuel importers, heating engineers and merchant shippers -- Owned by Stromeyer, M. Kohlenhandel A. G. -- Capital 1,000,000 frs.

KOHLE UNION GELDNER A. G., Basle -- Coal importers -- Raab Karcher G.m.b.H., Karlsruhe -- Capital 1,000,000 frs. -- owns in turn

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DATA ON GERMAN PENETRATION IN SWITZERLAND

1. Any program which is designed to uncover and control German external assets can only be successful if it is successful in Switzerland. This is illustrated by the magnitude of German penetration in the economy of Switzerland. There are hereinafter set forth some known instances of German companies, German agents and enemy cloaking operations.

2. Some German-owned and controlled firms in Switzerland -- Without attempting to exhaust the subject, there follows a thumbnail description of German companies operating in Switzerland, indicating the capitalization, nature of their business and parent (except as otherwise indicated, these firms are on the Proclaimed List):

A. E. G. ELEKTRIZITÄTS A. G., Zurich -- Electrical apparatus -- Allgemeinen Elektrizitäts-Gesellschaft, Berlin -- Capital 800,000 frs.

AERO-ESTALL A. G., Zurich -- Aeroplanes and parts -- Dornier Werke, Friedrichshafen -- Capital 100,000 frs.

AGFA FILTO A. G., Zurich -- Branch of German AGFA concern.

A. G. FÜR ANILINFABRIKEN GELN, Glarus -- Perfumes -- Eau-de-cologne und Parfumeriefabrik, Glockengasse 4711, (Ford Kuelhene) Cologne -- Capital 400,000 frs.

ALBISWERK ZURICH A. G., Zurich -- Electrical equipment -- Siemens Halske, Berlin -- Capital 70,000 frs.

BAUXIT TRUST A. G., Stadthausquai 7, Zurich -- Holding company for Bauxit mining companies -- governed by a Hungarian and German group, including Vereinigte Aluminiumwerke A. G., Berlin -- Capital 11,000,000 frs.

BERNDORFER METALLWARENFABRIK A. G., Lucerne -- Mining and metal rolling works -- Berndorfer Metallwarenfabrik Arthur Krupp A. G., Berndorf -- Capital 600,000 frs.

BÜHLER S. G., Gebr. A. G., Zurich -- Holding company for Buehler combine -- including Gebr. Buehler & Co., A. G., of Berlin -- Capital 500,000 frs.

BOSCH, A. G. ROBERT, Zurich and Geneva -- Electro-technical and precision goods -- Robert Bosch A. G., Stuttgart -- Capital 900,000 frs.

CELLULOID WAREFABRIK SCHLIEREN A. G., Schlieren -- Manufacture of celluloid goods -- Capital 650,000 frs.

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CHEMISCH-TECHNISCHE WERKE A. G., Muttenz -- Manufacture insulating materials -- Dachpappenfabrik and Chemisch-Technische Werke, Berlin -- Capital 300,000 frs.

CONTINENTALE ELEKTRIZITAETS-UNION A. G., Zaale -- Electrical producing and distributing industries -- Preussische Elektrizitaets A. G. -- Capital 80,000,000 frs.

COPAGM A. G., Glarus -- Holding company clearing Bemberg Co., Barmen;-- Capital 500,000 frs.

DORNIER WERKE A. G., Altenrhein St. Gallen -- Manufacture aeroplanes and accessories -- Directly connected with the German headquarters at Friedrichshafen.

EISEN UND METALL A. G., Zurich -- Iron and steel merchants -- Vereinigte Stahlwerke, Duesseldorf -- Capital 1,000,000 frs.

"ELEKTRA" FINANZGESELLSCHAFT FUER ELEKTRIZITAETS-BETEILIGUNGEN A. G., Aarau -- Holding company for electrical firms and operating power stations -- 40% owned by Rheinisch Westfaelisches Elektrizitaetswerk A. G., Essen -- Capital 6,000,000 frs.

GAS UND WASSERMESSERFABRIK A. G., in Lucern -- Manufacturers of gas and water meters -- Absorbed interest of Elster & Co. a subsidiary of a firm in Mainz of the same name -- Capital 600,000 frs.

GLUEHLAMPENWERKE AARAU A. G., Aarau -- Manufacture and sale of electric lamps -- Licht A. G. -- Capital 600,000 frs.

HAMEL SPINN & ZWIRNEREIMASCHINEN A. G., Horl, Arbon -- Textile machinery manufacturers -- Carl Hamel A. G., Mahonen, Germany -- Capital 600,000 frs.

HANDELS & INDUSTRIEWERTE, A. G. fuer, Glarus -- Administration and holding company (salt concessions) -- Majority of share capital held by German groups represented by Robert Braun of Berlin, who has power to act singly -- Capital 600,000 frs.

HARTMANN A. G., CHEMUNDEX, Neubrunnenstrasse 41, Oerlikon, Zurich -- Deal in chemicals -- Half-owned by Walter & Erich Hartmann of Halle (Germany) and half by Chromographic A. G., Glarus, -- Alfred Koelliker, Swiss, resident in Buenos Aires, holds the capital of Chromographic A. G. on behalf of the Hartmann brothers -- Capital 500,000 frs.

HENKEL & CIE, A. G., Kirchgartenstrasse 15, Basle -- Holds shares in Henkels Persilwerke A. G., Prattein -- Henkel & Co., Duesseldorf through Una A. G. -- Capital 2,000,000 frs.

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HENKELS PERSILWERKE A. G., Pratteln, (Basle) -- Manufacture and deal in chemicals, including Persil -- see Henkel & Cie, A. G.

HERING-RAD A. G., Zurich - Dealers in automobile wheels -- Agency for products Autorader und Felgenfabrik, Max Hering A. G. of Honeburg (Germany) -- Capital 500,000 frs.

HOENIKA A. G., Schaffhausen -- Holding Company -- Matth. Hoehner, Trossingen, Germany -- Capital 525,000 frs.

INTERNATIONALE GESELLSCHAFT DER STICKSTOFF INDUSTRIE, St. Jakobstrasse 22, Basle -- Trade in goods, particularly explosives -- Controlled by I. G. Farbenindustrie, Frankfurt -- Capital 6,000,000 frs.

INTERNATIONALE GESELLSCHAFT FUER CHEMISCHE UNTERNEHMUNGEN A. G., (I.G. CHEMIE), Peter Mevrianstrasse 19, Basle - Holding and finance company -- Controlled by I. G. Farbenindustrie, Frankfurt, for which it acts as holding company through Industrie Bank A. G., Zurich, and Soc. Auxiliaire de Participations et de Depots, Lausanne -- Capital 170,000,000 frs.

KAISERS KAFFEEGESCHAFT A. G., Guterstrasse 311, Basle and branches -- Trade in tea, coffee and colonial produce -- Kaisers Kaffee-geschaeft A. G., Viersen (Rhineland) -- Capital 2,000,000 frs.

KARLSRUHER PARFUMERIE und TOILETTENSEIFENFABRIK (F. WOLFF & SOHN G.M.B.H.), Grenzacherstrasse 63, Basle -- Manufacture soap and perfumery -- Branch of Karlsruher Parfumerie and Toilettenseifenfabrik. (F. Wolff & Sohn G.M.B.H), Karlsruher (Germany) -- Capital 6,000,000 goldmarks.

KERAMISCHE UNTERNEHMUNGEN, A. G. FUER, Hennebuehle (Zug) -- Holding company for foreign sales companies of Rosenthal-Porzellan A. G., Selb. (Germany) -- Capital 1,000,000 frs.

KERAMISCHE WERTE A. G., Weefeldstrasse 6, Zurich -- Administration of and participation in the ceramic industry and other undertakings -- Albert Meyerhofer, Zurich (10%) and Engelhorn family (90%) -- Capital 1,000,000 frs.

KNOLL & CIE A. G., Liestal (Basle) -- Manufacture and deal in chemicals -- Knoll A. G., Ludwigshaven -- Capital 500,000 frs.

KOHLEN & BRIKETWERKE A. G., Basle -- Fuel importers, heating engineers and merchant shippers -- Owned by Stromeyer, M. Kohlenhandel A. G. -- Capital 1,000,000 frs.

KOHLE UNION GELONER A. G., Basle -- Coal importers -- Raab Karcher G.m.b.H., Karlsruhe -- Capital 1,000,000 frs. -- owns in turn

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ZOSA A. G., Basle -- Importers and marketers of petroleum products which has following subsidiaries:

"ZOCAR" HUILES et CARBURANTS MOREES, SA, Morges.

"HAPHTAS" NAPHA-PRODUKTE A. G., Kurich-Altstetten (not on the (Proclaimed List)

"ZOSA-BENZINLAGER, AG, Birsfelden (not on the Proclaimed List)

A. SEILER, AG, Olten (not on the Proclaimed List)

USOL A. G., Basle (not on the Proclaimed List)

LACKFARBEN A. G., Krumlingen -- Manufacture varnishes etc. and chemicals -- Branch of Lackfarben A. G., Berlin -- Capital RM 71,000.

LAGERHAUS A. G., Glarus -- Holding company -- Holds majority of shares in Wasenclever & Cie., Buenos Aires and Rio, closely connected with Wasenclever of Remscheid, Germany -- Legatees of late Hermann Wasenclever of Remscheid (d. 1939) -- Capital 2,000,000 frs.

LAGOMIN FERNMELDEAN STEIN A. G., Zurich -- Manufacturers of, and dealers in, electrical goods -- Branch of Leipzig concern -- Capital 2,040,000 RM.

LICHT A. G. VORMALS GLOBUS APPARATEBAU, Aarau -- Manufacturer of electric lighting goods -- Owned by Berlin -- Capital 2,800,000 frs.

LINOLEUM A. G., OLTEN, Olten (not on the Proclaimed List) -- Linoleum manufacturers - Member of the Continentale Linoleum Union A. G. (q.v.) -- Capital 5,500,000 frs.

LORENZ A. G., BERLIN, Zweigniederlassung Bern, Berne -- Manufacturers of telephone and telegraph equipment -- Branch of Berlin firm of same name -- Capital 9,600,000 RM.

MANNESMANN A. G., Zurich -- Dealers in products of Mannesmann Rohrenwerke, Duesseldorf.

MAYBACHWERKE A. G. TAFA, Zweigniederlassung Aesch, Zurich -- Branch of firm in Tona, Wurtemburg -- Capital 240,000 RM.

MERCK PRODUKTEN, A. G. FUER HANDEL in Zug -- Trade in Far East in specialities of E. Merck Gmbh, Darmstadt -- Capital 50,000 frs.

MERCK UNTERNEHMUNGEN, HOLDING A. G. Wiesenstrasse 10, Zug -- Holding company for E. Merck Gmbh, Darmstadt -- Capital 3,000,000 frs.

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MERZ & CO., CHEMISCHE FABRIK, Zurich -- Manufacture chemicals -- Branch of Merz & Co., Frankfurt.

MESS UNION GMBH, Zurich -- Manufacture and deal in measuring instruments and gauges -- Rheinmetall of Dusseldorf -- Working almost exclusively for BAYERISCHE MOTORENWERKE, JUNKERS of Karlsruhe, and ARGUS MOTORENWERKE, Berlin -- Capital 100,000 frs.

OBERRHEIN HERDEREI & KOHLENHANDELS AG., Basle -- Coal dealers -- Subsidiary of Hibernia A. G., Herne, Westfalen -- Capital 500,000 frs.

OREUSTEIN & KOPPEL A. G. FUR FELD UND KLEINBAHNEN BEDARF, Zurich -- Dealers in machinery for public works -- Subsidiary of Berlin concern of the same name -- Capital 350,000 frs.

"OSA" INDUSTRIELLE BETEILIGUNGEN AG, Schaffhausen -- Holding company for Osram GmbH, Berlin -- Capital 1,000,000 frs.

OSRAM A. G., Zurich and all branches -- Dealers in electric lamps and electrotechnical goods -- Agency of the Berlin concern of the same name -- Capital 600,000 frs.

PAPIER & BURNAUNSDARFS-ANTIKEL, A. G. FUR, Vaduz, Liechtenstein -- Holding company for W. Koreska of Vienna -- Company holds entire capital of Keres Bureau-Bedarf A. G., Zurich, and has major shareholding of 97,000 pesos in Koreska Santiago, in which Koreska, Vienna have holding of 60,000 pesos -- Capital 500,000 frs.

PELIKAN AG, Zurich -- Holding company -- partners of Guenther Wagner, Hanover -- Capital 1,000,000 frs.

"RHENUS" A.G. FUER SCHIFFAHRT & SPEDITION, Basle -- Owned by German Pendel group of Mannheim which in turn is owned by Hibernia mines -- Capital 1,500,000 frs.

ROECHLING & CIE. A.G., Basle -- coal and iron dealers -- Branch of Roechling'schen Eisen und Stahlwerke GmbH, Voelklingen -- Capital 2,000,000 frs.

RUHR-UND SAAR KOHLE A.G., Basle -- Distributors of coal and coke in Switzerland for Rheinisch-Westfaelischen Kohlen Syndikat -- Capital 1,500,000 frs.

SCHAERER, H.A.G., Berne -- Insg Industrie-Unternehmungen A. G., Berlin -- Capital 945,000 frs.

SAUERSTOFF-und-WASSERSTOFFWERK A.G., Bruenigstrasse 24, Lucerne -- Manufacturer of compressed and liquid gas -- Gesellschaft fuer Linde's Eismaschinen, Wiesbaden -- Capital 900,000 frs.

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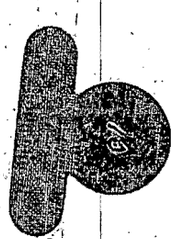

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SCHULTE KOMMANDITGESELLSCHAFT SCHLOSSFABRIK, Wilhelm, St. Gallen -- Manufacturers of locks and other iron goods -- Branch of Schlossfabrik A.G. vorm Wilhelm Schulte, Schlagbaum, Germany -- Capital 500,000 frs.

SCINTILLA A.G., Solothurn -- Manufacturers of magnetos and motor car accessories -- Robert Bosch, Stuttgart -- Capital 4,500,000 frs.

SEIDEN TEXTIL A.G., Zurich -- Trade in textiles, particularly silks -- Vereinigte Seidenstoffweberei, Crefeld -- Capital 500,000 frs.

SIEMENS ELEKTRIZITATS ERZEUGNISSE A.G., Zurich and Berne -- Agency for Siemens group -- Capital 1,500,000 frs.

SIEMENS & HALSKE, Zurich -- Agency for the products of the Siemens Group.

SIEMENS S.A. DES PRODUITS ELECTROTECHNIQUES, Lausanne -- Agency for the products of the Siemens Group.

SIGNUM A.G., Wallisellen, Zurich -- Manufacturers of, and dealers in signalling equipment -- Siemens & Halske, Berlin -- Capital 1,500,000 frs.

SPAETER KARL A. G. (not on the Proclaimed List) -- Metal dealers -- Karl Spaeter & Wilhelm Oswald Unternehmungen A. G. -- Capital 3,000,000 frs.

SPAETER KARL & WILHELM OSWALD, UNTERNEHMUNGEN A. G., Hauptstrasse, Glarus (not on the Proclaimed List) -- Metal dealers -- Owned in part by Rudolf Spaeter and Kurt von Oswald of Germany -- Capital 5,000,000 frs.

STAHL-HOLDING CO. A.G., Zurich -- Holding company for Robert Kapp A.G., Dusseldorf, agents for Krupps' special steels -- Capital 1,000,000 frs.

STROMEYER M. KOHLENHANDEL A. G., Basle, and all branches -- Importers and dealers in solid and liquid fuels -- Subsidiary of M. Stromeyer, Lagerhausgesellschaft, of Mannheim -- Capital 1,000,000 frs.

STURZENEGGER & CIE. H. 22, Jacobstrasse, Basle, formerly Edward Greutert & Co. -- Banking cloak for I. G. FARBEN, Frankfurt -- a substantial interest in this company is in the hands of Industrie Bank A. G., Basle, which bank also holds majority of shares in I. G. Fuer Chemische Unternehmungen (I. G. Chemie)

THERFARBEN A. G., Bahnhofstrasse 55, Zurich -- Deal in dyestuffs and chemical products -- Subsidiary of I. G. Farbenindustrie, Frankfurt -- Capital 500,000 frs.

TELEFUNKEN GESELLSCHAFT FUER DRAHTLOSE TELEGRAPHIE S.L., GMBH, Zweigniederlassung, Zurich -- Branch of Berlin concern.

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TRANSKONTINENT A.G., Zurich -- Identical with German Mitropa (Mitteleuropaische Reiseburo GmbH) -- Capital 2,150,000 frs.

UNA A.G. Chur. -- Participation in undertakings in the chemical industry -- Henkel Gmbh, Duesseldorf, Germany -- Capital of 2,000,000 frs. -- See Henkel & Cie, A.G., Basle.

"VULKAN" KOHLENHANDELS A.G., Zurich -- connected with Vereinigte Stahlwerke A.G., Duesseldorf -- Owned by Oberhausen concern of Duisburg -- Capital 300,000 frs.

WAFFENFABRIK, SOLOTHURN A.G., Solothurn -- Manufacturers of Arms and munitions -- Owned by Rhein-Metall A. G., Duesseldorf -- Capital 2,000,000 frs.

ZAPP A.G., ROBERT, Zurich -- Sales office for Robert Zapp A.G., Krupp-stahl, Duesseldorf -- Capital 500,000 frs.

5. The Germans have undoubtedly employed literally hundreds of agents in Switzerland who are acting under cover. Of necessity our files on this subject are fragmentary. There are here listed a few of these agents with a general description of their reported activity. (most, if not all, are on the Proclaimed List)

Carl W. Buemming, Lucerne - Sells looted works of art for the Germans in Switzerland.

Hans Dubolstein, Zurich - Owns all shares of Waruva A. G. on behalf of J. A. Kahl, Hamburg and buys for it in his own name.

Walter O. Feinat, Lausanne and Geneva - Trades extensively with the Iberian Peninsula on behalf of Germany and the Balkans.

Francois Gremaud, Geneva - Agent for Mercedes cars -- has purchased platinum and industrial diamonds for resale to Germany.

Johann Groedtmann, Vevey -- Proprietor of Johann Groedtmann, Hamburg -- Managing director of German-controlled China Main Engineering Co. G.m.b.H. and of China Export-Import and Bank Co., A.G. (Caibac), both of Hong-kong. Engaged in financial and commercial activity in Japanese-controlled territory on behalf of his own and other German firms.

Max Haberle, Zurich -- General agent for Eastern Switzerland of Junghans A. G., Berlin, who are the principal German purchasers of Swiss fuses.-- Strongly suspected of Nazi activities.

Siegfried Hermann Kahl, Geneva -- Dealer in industrial diamonds -- has been definitely established as a Nazi agent.

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Fritz Haegeli, Aarau -- Director of Licht A.G., in which he acquired majority of shares on behalf of Osram, Berlin.

J. P. Radenac, Roger Gaston Picard and Dr. Albert Exhenry, Geneva, agents for Germans for disposing of looted French furs and wines.

Kurzmeyer, Zurich -- reportedly acting as an intermediary for the Deutsche Bank, Berlin, transmitting instructions to and from the home office in Berlin and the branch banks.

Dr. Ernesto Wolf -- a Swiss lawyer reported to be one of the principal transfer agents for Nazi funds.

4. Some instances of cloaking of enemy assets in Switzerland.

(a) The Pirelli Companies have their headquarters in Milan, Italy, in the Societa Italiana Pirelli, which is owned and controlled by Alberto and Piero Pirelli. Immediately prior to the outbreak of the war, the Pirelli family organized Pirelli Holding S. A., Basle, Switzerland, (not on the Proclaimed List) as a successor to a Belgian holding company, and transferred to the Swiss company the nominal ownership of the Pirelli subsidiaries in Great Britain, Spain, Argentina and Brazil. The Swiss company is now known to be largely owned and controlled by persons in Italy. It was always definitely known that the Swiss firm is owned 30% by Pirelli, Milan. The remaining 70%, however, was originally alleged to be owned by Swiss subjects. Nussbaumer acted for the Swiss Company and has defended the enterprise as a Swiss-owned company, although Alberto Pirelli attended management meetings. Control by the Pirelli interests in Milan.

(b) Johann Wehrli & Co., Zurich, Switzerland (not on the Proclaimed List). Wehrli has long been suspected of investing funds in Latin America for citizens of Germany. It is now definitely known that Wehrli's three Argentine subsidiaries, organized in 1938 and 1939, are holding securities for a Willy Hesler, Dusseldorf, as well as for many other Germans. It has also been determined that one of the firms is the nominal owner of 10,000 shares of stock in the American Wine Company, which belongs to the Henkell family of Germany.

Wehrli is also well-known for its success in obtaining the release of funds from Germany for individuals in Latin America, the best example of this being the case of Fritz Mandl (PL), Argentina. Suspect individuals affiliated with Wehrli include Dr. Ernesto Wolff (PL), a Swiss lawyer, who is reported to be one of the principal transfer agents for Nazi funds, and Karl Kessler (PL), a close friend of Von Ribbentrop, and known to be acting as a financial intermediary on behalf of a German purchasing organization.

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(c) Internationale Gesellschaft Fuer Chemische Unternehmungen A.G. (I. G. Chemie). I. G. Chemie was established by I. G. Farben in 1930 at Basle, Switzerland, as a holding company for foreign assets of the I. G. Farben enterprises. The company's first president, Dr. Hermann Schmitz, was chairman of the Board of Directors of I. G. Farbenindustrie and a director of the German steel combine, Vereinigte Stahlwerke. He was an early supporter of Hitler. Schmitz is also reported to have been responsible for the plan of having I. G. Farben families emigrate to other countries to preserve the assets of I. G. Farben in case of war. Other members of the original I. G. Chemie Board of Directors were also closely affiliated with I. G. Farben interests. I. G. Chemie was used by I. G. Farben to cloak its ownership of General Aniline & Film Corporation in the United States. This was uncovered by Treasury investigation. However, I. G. Chemie continues to profess innocence and poses as a Swiss Company and at one time was supported in that assertion by the Swiss Government.

(d) As illustrative of the type of undercover activity which is likely to occur, two directors of the Reichsbank visited Switzerland in September 1944 to induce large Swiss banks to grant substantial loans to German companies, which would then repay the loans immediately with current known assets in Switzerland. The credits, however, would be placed in Switzerland in numbered or otherwise cloaked accounts. Although the Swiss Bank Corporation has reportedly refused to grant such loans, it is not known whether the Germans had any success elsewhere. The report which contains the above information also states:

> "... the Swiss Bank Corporation is holding on behalf of Germans in Germany, Germans in Switzerland, German family and other holding companies and 'foundations', etc., assets of a value of some one hundred million francs and (it is estimated) that the total holdings in the country are six or seven times this considerable amount."

(e) The following Swiss banks are reported as "known to have received" bonds and gold which the Germans stole from Europe:

1) Salou & Co., Zurich;
2) Societe de Banque Suisse (Swiss Bank Corporation); and
3) Credit Suisse.

(f) Genossenschaft Felicitas is a Zurich holding company controlled by the Union de Banques Suisse and believed to be owned by one Peter Kidmore, a shipping agent of Hamburg, Germany.

(g) In September, 1944, agents of Reichsmarshall Hermann Goering deposited large sums of money in the Davos branch of the Graubner Kantonal Bank and the Landtlander, Lausanne.

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(h) The Deutsche Verkehrs Kredit Bank of Karlsruhe is reported to have transferred funds to the Exchange Bureau at Badische Bahnhof, Basle.

(i) Paul Hallwer, Liestal - Director of Knoll & Co. A.G., Liestal is believed to hold majority of shares as nominee of Knoll A. G., Ludwigshafen.

(j) In the summer of 1943 the Banque Commerciale de Bale (Basler-Handelsbank) took over the shares of Bosch, Stuttgart, in Bosch, Milan.

(k) Chromographic Holding A. G., Glarus, is a holding company whose stock is held by Alfred Koelliker, Swiss resident in Buenos Aires, but on behalf of Gebr. Hartmann.

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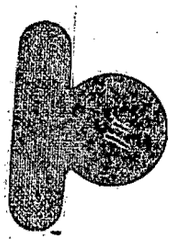

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SWITZERLAND AND THE PROCLAIMED LIST

1. The United States and Great Britain are agreed that the Proclaimed List should not automatically terminate with the cessation of hostilities. On the contrary, it is recognized that the Proclaimed List with respect to the neutral countries in Europe will be kept in existence during the post-hostilities period and for a longer period of time than those established for more remote areas such as Latin America. To implement current enforcement of the List, this policy has been made public so that firms who deal with the enemy are on notice that in so doing they will subject themselves to controls which will remain in effect long after the present objectives of the List have become academic. Thus, offending firms in neutral territory will be discriminated against in dealings with Allied firms in favor of cooperative firms. In addition, the List will serve to stigmatize those persons and firms who assist the Axis in going under cover.

2. The last edition of the Proclaimed List contained some 1,323 persons and firms for Switzerland. Switzerland thus has the largest listing of any European neutral country. Among the criteria presently employed as a basis for listing are the following:

a) Ownership or control from Germany;
b) Acting as agents for persons and firms in Germany;
c) Trading with Germany;
d) Cloaking for enemy, including Proclaimed List, interests.

3. In addition to those firms in Switzerland which are German-owned or controlled (almost all of which are already on the Proclaimed List), there follows a list of some of the principal Swiss firms which have been included upon the Proclaimed List. These firms have already been tentatively suggested for retention on the Proclaimed List in the post-hostilities period as being among the worst of the offenders. It should be recognized that this category is by no means complete.

AUTOS AUSSER S. A., Geneva - Repair and conversion of German lorries.

AUTO GARAGE & REPARATURWERKSTAETTE THOMAS WILLY, Lucerne - makes tractors for Germany and Rumania.

BEATUS A. G., Zurich -- transit trade for enemy account.

BRANDLI A. G., BRANDLI, Basle and Geneva -- forwarding agents for the enemy.

BUSS A. G., Basle and Prattein -- exports armaments to Germany greatly in excess of pre-war trade.

CHEMI-METALL-TRUST, Zurich (also at Vaduz, Liechtenstein) -- trades with Rumania and Statutory Listed firms.

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CHRISTEN & CO., A.G., Bern -- exports lathes and milling machinery to Germany and Denmark.

COFINCO S. A., Bern -- trade between the Peninsula and enemy territory.

DIXI, MACHINES S. A., Le Locle -- manufactures and assembles automatic fuses for delivery to the enemy.

ENGLER & CO., Zurich -- trades extensively with listed Peninsula firms.

EXPORT & TRANSITHANDELS A. G., Geneva -- supplies large quantities of goods from Spain to the Balkans.

FABRIQUE SOLVIL DES MONTRES PAUL DITISHEIM S. A., Geneva -- exports watches to the enemy.

GENTSCH, H & CO., A. G., Zurich -- manufactures gas-generator parts for Proclaimed Listed firm.

GIUSSANI & FORNACIARINI, Chiasso -- Exports chemicals, pharmaceuticals and metals to Italy.

GSELL & CO., E., Basle -- advertises German clocks for delivery against Swiss francs.

GROSSPETER A. G. -- supplies gas-generators for converting lorries for Germany.

HOLZGASGENERATOREN A. G., Zurich -- repairs German war vehicles and conversion for gas-generators.

LORETTE (MAURICE BOILLOD), USINE MECANIQUE DE, Porrentruy -- refuses to reduce work on fuse-parts for machines Dixi S. A. (P.L.).

LIEBR S. A., Zurich -- exports skins and machinery to the Axis.

MACHAP S. A., Geneva -- exports on a large scale to Germany in branch of undertaking.

MAGNESIUM, SOCIETE POUR LA FABRICATION DU -- makes electrometallurgical products for Germany and Italy.

METALLVEREINIGUNG A. G. fuer, Zurich -- handles shipments of lead and wolfram from Spain to Germany.

METALLWERKE REFUNDA A. G. -- subsidiary of Werkzeugmaschinenfabrik Oerlikon, Buehrle & Co. (P.L.).

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METHAL & METAL A. G., Zurich -- sells metals from the Peninsula and tractors to Rumania.

NOUVEL USINAGE S. A., Le Chaux de Fonds -- manufactures and assembles automatic fuses for export to Germany.

ORION WERKE, Zurich -- assembles wheels for German-controlled Hering-Rad A. G., Zurich, and manufactures radiators for Messerschmidt engines.

OXYDA A. G., Zurich -- trades with Hungary, Rumania and Bulgaria and with listed firms.

PFAFF NÄHMASCHINENFABRIK (FRIEDRICH GEILFUSS), Zurich -- agents for the German Pfaff concern.

PILATUS FLUGZEUGWERKE A. G., Stans Nidwalden -- Aeroplane manufacturers, subsidiary of Werkzeugmaschinenfabrik Oerlikon, Buehrle & Co. (P.L.).

REICHHARDT WERKZEUGE A. G., Zurich -- has German subsidiary at Eastatt Karlsruhe; -- increased export of machine tools to the enemy.

RITZI & WAGNER, St. Gallen -- repairs German vehicles.

SPINNEREI STEGEN A. G., Stechen - a spinning mill -- owned by a group in which Emil Georg Buehrle (P.L.) has a large interest.

SPINNEREI und WEBEREI DIETIKON A. G., Dietschwil -- cotton spinners and weavers -- owned by a group in which Emil Georg Buehrle (P.L.) has a large interest.

TECHNICA A. G., Grenchen -- manufactures and assembles automatic fuses for Germany.

TREUPHA A. G., Baden -- chemical and pharmaceutical products and cosmetics.

WERKZEUGMASCHINENFABRIK OERLIKON, BUEHRLE & CO., Zurich -- exports a large part of their output to the enemy.

WILLY & CO., Zurich -- converts German lorries to producer-gas.

ZAMAK A. G., Zurich -- engages in armaments work -- associated with Werkzeugmaschinenfabrik Oerlikon Buehrle & Co. (P.L.).

ZENITH S. A., Fabrique des Montres, Le Locle -- manufactures fuse parts for Machines Dixi S. A. for delivery to Germany.

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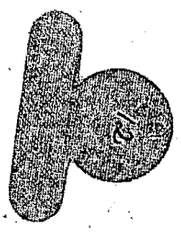

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FINANCIAL AND ECONOMIC SANCTIONS AGAINST SWITZERLAND
AVAILABLE TO THE UNITED STATES

1. Embargo on basic materials required by Swiss. The Swiss cannot do without foreign coal, oil products, food and a wide variety of other basic materials. With the collapse of Germany, it will soon become necessary for the Swiss to make arrangements with the Allied Nations for these commodities. The refusal to make these supplies available to Switzerland, coupled with the effective use of the export and import controls and the allocation machinery of the United Nations will constitute an effective sanction.

2. Complete suspension of all trade between Switzerland and the United States. At present trade between the United States and Switzerland may be carried on through General License No. 80 and Blocked licenses. The effectiveness of the suspension of this trade is self-evident.

3. Preventing the use of United States financial facilities to finance trade between Switzerland and other countries. Trade between Switzerland and the Western Hemisphere in particular is financed mainly through dollars and through American financial institutions. The closing of these facilities will be an effective sanction against the Swiss. The economic life of Switzerland in large part depends upon the exportation of so-called luxury products and precision instruments in exchange for a wide variety of basic materials. With the collapse of German resistance, it will become more essential to Switzerland that its markets in this hemisphere be preserved. The destruction of these markets by denial of American financial facilities would undoubtedly have a far reaching impact on the Swiss economy.

4. Tightening of controls over other financial transactions involving the Swiss. A large part of the international financial dealings of the Swiss revolve about the dollar and dollar securities. These dealings are carried on not only through assets located in this country but also in a large part through American securities physically situated in Switzerland. A vigorous program of non-recognition of trading in Switzerland in American securities located in Switzerland coupled with measures to break down the Swiss omnibus accounts and to prevent all transactions in such accounts until there was a full disclosure of all beneficial owners, whether Swiss or non-Swiss, would constitute an effective sanction.

5. Revocation of General License No. 95 and maintenance of Swiss freezing during post-war period. The United States may well desire to advise the Swiss that their assets will remain frozen until the objectives sought by the United Nations are achieved. To make such a sanction completely effective, General License No. 95 should be revoked.

6. Refusal to permit communications with Switzerland through United Nations' facilities. One of the most effective sanctions that might be administered is to isolate Switzerland by refusing to permit communications to pass through United Nations' facilities.

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7. Denial to Switzerland and Swiss products access to United States shipping facilities.

8. Maintenance of Freelist List in post-war period.

9. Refusal to permit United Nations nationals to travel in Switzerland. The United Nations may refuse to permit their nationals to travel in Switzerland. Although the Swiss have, of course, done without such travel during the war, they will naturally be extremely anxious to bring about the restoration of such an important part of their national income as was normally derived from travelers. They will particularly feel the need for this source of income when trade demand of Germany and the other enemy powers is reduced to or below ordinary levels.

10. Denial of membership in international organizations. The Swiss may find it desirable to obtain membership in the various international organizations which it is contemplated will be set up by the United Nations. Although Switzerland presumably cannot attain the pre-eminence as a headquarters for international bodies which it formerly held, it seems likely that the Swiss will not wish to remain entirely outside such organizations, probably including those devoted to economic matters. The realization that they are jeopardizing their chances of membership in such organizations could be brought home to the Swiss as a further incentive to cooperate with the United Nations.

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SECRET

ECEFP D-20/44
December 8, 1944

Approved by President

EXECUTIVE COMMITTEE ON ECONOMIC FOREIGN POLICY

UNITED STATES PROPOSAL FOR ALLIED ECONOMIC POLICY
TOWARD NEUTRAL COUNTRIES

(As approved by the Executive Committee on Economic Foreign Policy December 8, 1944)

Those countries which have up to this time maintained neutrality or a non-belligerent status (including but not necessarily limited to Spain, Switzerland, Sweden, Portugal, Turkey, Eire, Argentina, and Tangier) constitute a special problem for Allied economic policy for a period beyond the close of hostilities in Europe. It is recognized that no policy which is adopted can be applied equally to all neutrals, that each situation must be dealt with as it arises, and that similar objectives, particularly with regard to supply matters, must be sought from some of the other Allied countries including liberated areas. Since it is essential that economic policy toward neutral countries represent agreement among the major Allied powers, it is recommended that the policy set forth herein be used as a basis for discussions on this subject with our principal Allies.

The problem has several aspects:

1. During the war these neutral countries have maintained commercial and other relations with Germany, often with considerable profit to themselves, and contributed in greater or lesser degree to German purposes.

2. The Germans have taken advantage of the neutral status of most of these countries to clock enemy-owned and looted property, to undermine the effect of the Allied blacklists, and otherwise to promote German economic objectives.

3. The neutrals have not associated themselves with the United Nations and thus are not committed to United Nations decisions regarding the control of Germany and Japan and long-term measures for political and economic security.

4. They are not committed to assume any responsibility for assisting in the rehabilitation of areas devastated as a result of the war.

5. As a result of their neutral position and in part as a result of their collaboration with the enemy, they are in many cases stronger economically than neighboring countries which have cooperated with the United Nations.

6. As they will be the only areas beyond the reach of direct Allied control, a residue of Axis activity is likely to remain in neutral territory, financed by enemy assets.

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Because of these circumstances, therefore, the United States must seek certain special objectives in these neutral countries.

The principal objectives are as follows:

1. To obtain enactment and implementation by the neutrals of:

   A. effective measures which will prevent export of enemy property into or through neutral territory, will circumvent German economic penetration or control of neutral economies, and will assist in restitution of loot, in preventing secretion of flight capital, and in disclosing all Axis assets;

   B. measures recognizing Allied authority within their jurisdiction over all enemy assets; and

   C. effective measures to prevent goods, particularly those of low volume but high strategic value, from going from or through their countries to Japan.

2. To obtain neutral cooperation in resolving the confusion of property relationships arising from enemy occupation of various Allied countries and the enemy's attempts to cloak their dealings through neutral agents.

3. To obtain agreement with the neutral countries not to obstruct the program adopted by the Allies for continuing the Statutory and Proclaimed Lists.

4. To prevent the disruption, by neutral competition, of Allied procurement arrangements for goods in tight supply.

In addition to the above, the following objectives should also be sought:

1. To enlist a contribution by the neutral countries in proportion to their resources for the relief and rehabilitation of liberated areas.

2. To obtain the cooperation of the neutral countries in supplying Allied requirements.

Assistance from the neutrals in providing for relief and rehabilitation and in supplying Allied requirements should not, however, be regarded as satisfying in any way the four principal objectives indicated above.

Implementation of Policy

Since it is probable that some of the detailed controls involved in allocation of supplies and United States export regulations will be relaxed within a relatively short time, it is important to consider what controls should be developed if any substantial economic levers for obtaining our objectives in the neutral countries are to be retained. The following may be useful for this purpose:

1. In the European neutral countries, the navicert machinery has provided a direct and complete control over all important neutral imports. So long as it is maintained, it will be effective in providing the necessary machinery to attain our objectives in the European neutral countries.

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2. United Nations export and import controls, commodity allocation machinery, government purchase programs, exchange control and freezing regulations will, so long as they are retained, be effective in providing necessary machinery for the attainment of our objectives in the neutral countries.

3. The Allies will have direct control over the exports, imports, exchange and other financial transactions of enemy countries. By the exercise of such controls it might be possible to obtain assistance from the neutrals in attaining to a substantial extent the objectives indicated above.

4. The determination of when neutrals may be admitted to United Nations associations for international cooperation will depend in some measure upon the extent to which they cooperate in the recognition and implementation of the above objectives.

The policy of the United States is to remove wartime restrictions on international trade as completely and rapidly as is feasible. So long, however, as our national interest requires the retention of control measures, including those listed above, such controls will be available to secure the objectives outlined in this document. In practical terms, it is probable that the second and third control measures listed will be the most effective in the attainment of the particular objectives under discussion.

Some of the specific problems to be dealt with under the policy set forth above are indicated in the attachment hereto.

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ATTAINMENT OF ALLIED OBJECTIVES IN NEUTRAL COUNTRIES

For a period which may extend beyond the collapse of German resistance, it will be necessary for the neutrals to make arrangements with the Allied nations to obtain the supply of certain scarce commodities essential to their economic existence. During this period the bargaining power of the Allies will probably be at its height and the relatively strong position of the Allied countries in relation to the neutrals should be used to attain our economic objectives.

The first three objectives arise out of the special relationship in which the neutrals have stood vis-a-vis Germany. During the war period they have maintained close commercial and financial relations with Germany and have assisted Germany to a greater or less degree in carrying out her economic plans. For example, European neutral financial institutions have assisted the enemy in reorganizing European industry and finance to serve the German war economy and German long-range interests. In this reorganization the property relationships existing prior to the war have been drastically affected, and German interests and control have replaced those of the occupied and satellite countries. Many of these transactions have been conducted through neutral channels and cloaked under nominal neutral control. The assistance and cooperation of the neutral governments will be essential in unravelling this extremely complex situation.

Enemy Assets

Upon the outbreak of war certain neutral interests undertook to cover German ownership and control of properties outside Europe, thus helping to prevent Allied seizure of German assets and destruction of German economic power. During the war German owners of property, looted or otherwise, have frequently sought haven for their assets in the neutral countries. Whether the purpose of these Nazi nest eggs is to preserve private wealth or to promote German national interests, it is important to gain control of them through every means possible, both to restrict Germany's economic influence and to provide assets from which restitution or reparation payments can be made.

The neutrals are already being requested to take measures to prevent the influx of flight capital and to detect and counteract the presence of German economic influence within their jurisdiction, and their willing assistance in this program would be most valuable. Far-reaching measures need to be taken, however, which will involve powerful interests in the neutral countries. It is certain that the utmost pressure will be brought to bear upon their governments to prevent restoration to the legitimate owners or confiscation by the Allies of assets held for or acquired from the enemy. Where voluntary cooperation proves insufficient, we must be prepared to use direct pressure upon the neutral governments.

Neutral Confiscation of Enemy Property Not Subject to Specific Allied Claims

There is a considerable danger that the neutrals may attach or confiscate certain enemy property against the deficit in the German-neutral clearings. Agreement should be reached with the neutrals concerning all German-neutral clearings, the clearings of the satellite countries with the neutrals, and other enemy indebtedness to the neutrals pending permanent settlement. The clearing

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deficits represent, in effect, credits granted by the neutral governments to Germany and the satellite governments against the strong representations of the Allies.

The Proclaimed List

It is important that the Proclaimed and Statutory Lists be continued for a time beyond the end of hostilities. During the war the effectiveness of Allied blacklists in the neutral countries has been very uneven. In the European neutrals adjacent to enemy territory, listed persons could always trade with the enemy - they were in fact given special considerations by the enemy - while Allied sympathizers have frequently been subjected to serious loss because of their friendship for us. The Allies have stated that they would protect the interests of persons and firms in neutral countries who have been of assistance to the Allies cause during the war, by restricting in so far as possible the ability of persons on the Proclaimed and Statutory Lists to carry on trade or obtain supplies from other areas.

To this end American nationals should be prevented from trading with Proclaimed List persons or firms in neutral countries under sanction of the Trading with the Enemy Act, and the other Allies should be requested to follow a similar policy in so far as possible. The neutral countries should also be requested not to obstruct the program adopted by the Allies for continuing the Statutory and Proclaimed Lists.

The effective enforcement of restrictions against blacklisted persons is not only an obligation arising out of our wartime program but will also greatly reenforce the potential effectiveness of the blacklist as a sanction to be used by a future international security organization to enforce peace.

Supplies

The neutral countries in return for supplies from United Nations sources should certainly be asked to contribute goods or services such as shipping and technical assistance to be rehabilitation of devastated areas in Europe and the Far East, or, where that is not possible, to provide needed goods or services at reasonable prices. Such rehabilitation is as important to their future prosperity and security as to that of other countries.

Considerable support can be expected within the neutral countries themselves for cooperation in European rehabilitation. The European neutrals in many cases have an uneasy conscience about their performance during the war and are anxious to redeem themselves by assisting economically in the postwar period. At the same time, however, considerable pressure will be exerted within the neutrals against any action which would reduce profits or lessen commercial advantages to their citizens.

The neutrals are now in a favorable position to obtain special advantages over the liberated areas and other Allied countries by preempting export markets. They have built up large foreign exchange balances and other liquid assets; their economies have been substantially unimpaired by the war, the essential requirements of their populations have been well supplied.

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they have been able in some cases to build up substantial stocks of fuel and raw materials; they have merchant fleets independent of United Nations control; and they are in a strong position to undertake a rapid expansion of peacetime production and exports. There is danger that due to these circumstances, all resulting essentially from their neutrality and their willingness to cooperate economically with the enemy, they may be able to get a long head start over other countries in the production of goods for export. The neutrals should not, however, be permitted to expand their commercial exports at the expense of a reduction in supplies available for the liberated areas and other Allied requirements. Commodities in tight supply should not be provided to the neutrals beyond their essential requirements (presumably about the rate at which they have imported during the war period) plus the amounts required for use in the manufacture of products needed for relief and rehabilitation.

Coordination of Purchasing

In order to prevent the disruption of Allied procurement arrangements by neutral competition, the neutrals should be asked to purchase certain commodities in exceptionally short supply through Allied procurement machinery. Experience during the war has demonstrated the danger of neutral competition, which may become even more serious as the war draws to a close and during the immediate post-hostilities period. The European neutrals have in general found it to their advantage to purchase through Allied machinery, so that it should be possible without great difficulty to obtain their agreement to similar measures in the immediate future. Agreement to their importing goods from Allied sources should also be conditioned upon their willingness to surrender to the Allies, for allocation elsewhere, stockpiles which they own and which the Allies are not willing on supply grounds to permit them to import.

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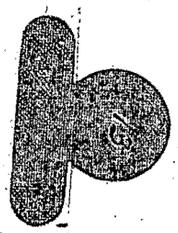

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Subject to inventory

SOME FACTS CONCERNING THE
BANK FOR INTERNATIONAL SETTLEMENTS

1. The BIS is located in Basle, Switzerland. Thomas H. McKittrick, a former American banker, has been president of the BIS since 1940. Leon Fraser, now president of the First National Bank of New York, was the only other American who was president of BIS.

2. Resolution V of the Bretton Woods Conference recommends: "The liquidation of the Bank for International Settlements at the earliest possible moment."

3. The present Board of Directors is composed of three Germans, three Parisians, two from Rome, two from Japan, two from London and one from Brussels, Stockholm, The Hague, and Zurich respectively. Twelve directors represent the Axis or former Axis occupied territory and the remaining four represent the Allied and neutrals. There are furthermore, four alternative directors, two from Rome, one from Berlin, and one from London.

4. The directors represent the most important personalities in the world of finance and economy. In addition to the Reichsbank, there are the Nazi representatives Dr. Hermann Schmitz, President of I. G. Farben, and Baron Freiherr von Schroder, the Cologne banker and promoter of Hitler.

5. Prior to current military developments in Europe whereby Germany has lost all of the satellite countries, control over the shares of the BIS was primarily in the hands of the Germans or representatives of the satellite countries. The directors represent 200,000 shares issued by the BIS. While Germany occupied most all of the European continent her representation and her voting power were increased to 110,000 shares. Italy and Japan owned 30,000 shares so that for a period, approximately three-fourths of all available shares were controlled by the Axis and the remaining 8,000 belonged to the small neutrals like Sweden and Switzerland, 20,000 to England and 30,000 to the United States.

6. The outbreak of war did nothing to interrupt the continued existence of the BIS. The Statutes provide that the Governments concerned have either as signatories of The Hague Agreement of 1930 or by special measures declared the Bank for International Settlements to be immune from any disabilities and from any restrictive measures such as conscription, requisition, seizure, or confiscation in time of peace or war, reprisals, prohibitions, or restrictions of gold or currency and other similar interferences, restrictions or prohibitions.

7. BIS transfers Czechoslovakian gold to Germans — Czechoslovakian gold amounting to $26,000,000 was deposited by the Bank of Czechoslovakia with the BIS which in turn redeposited it with the Bank of England.

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BIS Continued

7. After the conquest of Czechoslovakia by Germany, Czechoslovakia was divided into three parts. The Bank of Bohemia wrote the BIS saying that it was the successor to the gold held by the Bank of Czechoslovakia with the BIS and asked that the gold be transferred to it. At the time, Beyen (Dutchman) was president of the BIS. Beyen consulted Montague Norman of the Bank of England officially who raised no objection to the transfer. Apparently Beyen unofficially consulted Fournier, then Governor of the Bank of France, who said it would agree with whatever position was taken by the Bank of England. The BIS then transferred the Czechoslovakian gold as requested by the German controlled Bank of Bohemia.

8. The BIS was organized in 1930 for the purpose of facilitating the transfer payments under the Young Plan. It was intended that its major function should be the making of developmental loans in backward countries. German reparation payments were to be used for the purpose. The money paid by Germany to the Bank was to be relent to Germany if she needed credit, or to other capital needy countries. Credits would flow to other undeveloped countries which would in turn purchase commodities in Germany with the reichmarks made available through the reparation payments.

9. No long term loans developmental or otherwise were made. Because of the monetary difficulties of the period the Bank began to place primary stress on the liquidity of its investments and a secure foreign exchange position. It would have been difficult for the Bank to make developmental loans in view of the express prohibition of direct loans to governments.

10. The Bank was unable to offer any support to the collapsing currency systems of the 1930s, to prevent the excessive growth of short-term balances, or to prevent or compensate for the decline in long-term credits.

11. The operations of the Bank have been concerned mainly with facilitating central bank cooperation, which includes the collection of relevant economic information, and acting as trustee and fiscal agent for the transfers involved in the reparations payments and certain international loans. The BIS has also accepted the deposits of central banks for their accounts and the accounts of their governments, invested its funds in highly liquid assets, and performed minor clearing operations. In recent years international postal, telephone, and telegraph payments have been effected through the BIS.

12. The BIS has made or participated in the following loans:

(a) a $14.5 million loan to the Bank of Spain (early in 1931);

(b) participation in two long term bonds issued by two international mortgage banks;

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BIS Continued

(c) a $65,000,000 loan to the German railways in accordance with the Young Plan;

(d) short term emergency credits of approximately $70,000,000 to the National Bank of Hungary, the National Bank of Austria, the Reichsbank, the Bank of Yugoslavia and the Bank of Danzig.

13. In the early years of its operations, investments tended to be concentrated in Germany, because of her need and in the United States because the major part of the reparations payments had been ultimately transferred to this country. In 1931, 31 percent of the Bank's assets were invested in Germany, and in 1932 they had been increased to 38 percent. In view of the Bank's policy of investing the funds obtained from deposits in the currency of the country of origin, the BIS could not have made an important part of its investments in capital of needy countries.

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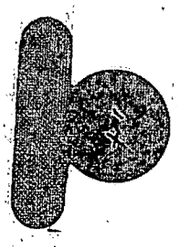

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PRINCIPAL SWISS BANKS*.

1. Banque Commerciale de Bale, Basle
2. Banque Cantonale des Grisons, Chur
3. Banque Federale S.A., Zurich
4. Banque Populaire Suisse, Berne
5. Credit Suisse (Schweizerische Kreditanstalt), Zurich
6. Fernier Lullin & Cie., Geneva
7. E. Gutzwiller & Cie., Basle
8. Hentsch & Co., Geneva
9. Lombard, Odier & Co., Geneva
10. Pictet et Cie., Geneva
11. H. Sturzenegger & Cie.(I. G. Farben bank), Basle
12. Swiss Bank Corp. (Societe de Banque Suisse-Schweizerische Bankverein), Basle.
13. Swiss National (Schweizerische Nationalbank), Zurich
14. Union Bank of Switzerland (Schweizerische Bankgesellschaft), Zurich

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* There are well over 100 Swiss banking institutions. The Swiss Bankers Association, in working out an arrangement (Convention C.B.) with the British for the servicing of sterling securities upon an affidavit by Swiss banks of non-enemy ownership classified banks into two groups -- A and B. There are about 70 banks in group A. A bank falls into group A if its income from sterling securities amounts to £2000 per annum or more. There are approximately an equal number of smaller banks as those defined in class B.

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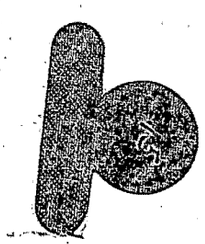

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WHO'S WHO IN SWISS FINANCE

CHARLES J. ABEGG is vice chairman of the Board of the Credit Suisse. He is also officially connected with Nestle and Anglo-Suisse Holding Company, a large Swiss holding company which controls subsidiary companies engaged in the manufacturing and sale of condensed milk, chocolate, etc. in various parts of the world. (It would appear that the Credit Suisse may have an interest in the Nestle company, as in addition to Abegg two directors of the bank, R. G. Bindschedler and Ed. Muller are on the Nestle Board.) Abegg is also on the Board of "Sidro," Ste. Internationale d'Energie Hydro-Electrique, large Belgian electric power company connected with Credit Suisse through interlocking directorates. His last known address is 32 Zollikerstrasse, Zurich.

DR. ROMAN ABT is a director of the Swiss Bank Corporation. He is also vice chairman of the textile company, Kunz-Spinnerein von Heinrich, and of Bietfurt A.G., Spinnerei und Weberei, the latter of which is on the Proclaimed List. Abt was also a director of Finelectra, Swiss subsidiary of the German electric goods firm, Rheinisch Westfalische Electrizitats Werk and chairman of Albiswerk Zurich A.G., both of which are Proclaimed Listed.

Abt, who is now sixty-two years old, has long been prominent in Swiss political and financial circles. He is a leading member of the Peasants, Artisans and Middle Class Party, a member of the Swiss Bankers' Association, and has served as head of industrial committees, trade associations, etc. Abt, together with several of the enterprises with which he is connected, was on the British Black List as of 1942.

GOTTLIEB BACHMANN, chairman of the board of the Swiss National Bank, the central bank of Switzerland, is a well-known Swiss economist who was formerly on the faculty of the University of Zurich and who has served as delegate to various international and financial conferences. As of 1938, in his capacity as head of the central bank, Bachmann served as director of the Bank for International Settlements. He was also formerly a member of the Swiss National Council.

IVAN BALLY, a director of Banque Federale, S.A., is associated with the large and important Bally Shoe Manufacturing interest. He is a member of the Management Committee of the C. F. Bally A.G. Holding Gesellschaft, holding company for the Bally subsidiaries located in many parts of the world. This enterprise presumably started out as a Bally family interest but at present is reported to be only about 10 percent owned by the Bally family and their close connections.

EDMOND BARBEY, partner of the private banking house, Lombard, Odier et Cie., is also on the board of the large electric power company, Ste. Generale pour d'Industrie Electrique of Geneva, Switzerland.

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FREDERICK BAYER is a director of the Union Bank of Switzerland. He is prominent in Swiss banking circles and has held the post of vice president of the Swiss Bankers' Association. He came to the United States in November 1944 as Swiss delegate to the International Trade Conference held at Dyo, New York.

RODOLPHE G. BINDSCHEDLER, director of the Credit Suisse, is connected with several important large foreign public utility companies. He was until recently a director of the German electric company, Elektrische Licht und Kraftanlagen Aktiengesellschaft; is on the boards of important French (Cie. des Forces Motrices de la Fruyere) and Belgian (Cie. Internationale d'Energie Hydro-Electrique) power and electric companies and is officially connected with CHADE, large Spanish holding company which operates public utility plants in South America. Bindschedler is also on the board of Nestle and Anglo-Suisse Holding Company, a Swiss enterprise which appears to be closely connected with the Credit Suisse through interlocking directorates.

Bindschedler's last known address was Pilatusstrasse 14, Zurich.

FREDERIC BORNA is a partner in the firm Mantsch & Co. and is a director in the large Italian chemical firm of Montecatini.

O. BOSCHARD was vice president of the Union Bank of Switzerland as of 1941. A man by the name of Gustav Boschard, residing at Loewenstrasse 25, Zurich, was on the Proclaimed List as of June 30, 1944.

JACQUES BREITMAYR is president of Ciba, Sandoz and Geigy, Basle, an important chemical enterprise which is reportedly connected with I. G. Farbenindustrie A.G., Frankfurt. In addition, he was listed in 1944 as Second Vice-President of the Swiss Bank Corporation (Societe De Banque Suisse), Basle, Switzerland.

DR. MAX BRUGGER is President of the Banque Commerciale de Basle and was placed on the British Black List in 1942. He is President of the Continentale Elektrizitaten Union A.G., Basle, which is on the Proclaimed List. This company is engaged in the financing of electric power enterprises. The majority shareholder in the organization is the Preussische Elektrizitats A.G., Berlin, which has a number of financial interests in other German electricity concerns. Brugger was formerly a director of the German company. He is also a member of the Swiss Section of the International Committee of Bankers in Mexico.

CARL BUHLER is Vice-President of the Union Bank of Switzerland and was placed on the British Black List on December 1, 1942. He is also President of Ligum S.A., engaged in the acquisition, exploitation and sale of industrial patents, which was placed on the Proclaimed List. His last known address was reported to be 1 Pelikanstrasse, Zurich.

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ERNST BUSER, holder of procuration for the private banking firm, E. Gutzwiller & Company, was on the Black List as of 1942. He is also Sr. Partner in the Proclaimed Listed firm, E & F Buser (an importing and exporting firm which negotiated with Listed Portuguese firms for the purchase of sardines for Germany.

ROBERTO CONTI, a director of the Union Bank of Switzerland, is also a director of the pharmaceutical firm, Proditti Brioschi, S.A., which is on the Proclaimed List. Conti, as of 1942, was on the Black List.

PIERRE CUENDET, holder of procuration for the private banking firm, Rautsch & Company, is secretary of Goldray S.A. & Co. (dealing in textiles and acting as holding company), which is on the Proclaimed List. Cuendet is also secretary of "Cipa," Cie. d'Importation de Produits Alimentaires (engaged in compensation deals between France, Hungary, and Turkey) which was deleted from the Proclaimed List in January 1945. His last known address is reported as #2 Avenue Philippe Monnier, Geneva.

L. DAGUET, Vice-Chairman of the Swiss National Bank, is also a director of Societe des Produits Azotes of Paris (owned and controlled by the French Alais Froges and Ugine companies which, under the occupation of France, produced aluminum for the benefit of the enemy.)

ARMAND DREYFUS, Vice-Chairman of the Board of Directors of the Swiss Banking Corporation, has been prominent in financial and industrial circles in Switzerland. He is a member of the Board of the Nestle Anglo-Swiss Holding Company and of the well-known chemical firm, CIBA, Societe pour l'Industrie Chimique. Our records indicate that he was at the New York office of the Swiss Banking Corporation in November 1940.

DOCTOR RUDOLF J. ERNST, Chairman of the Union Bank of Switzerland, has long been identified with outstanding financial and industrial enterprises, including several firms in Germany. He has apparently not severed his associations with these German companies and as recently as 1942 was included in a German directory of directors. His other business and financial associations are as follows:

Banking: Hypothekarbank, Winterthur - Director

Insurance: Schweizerische Nationale Versicherungs Ges. of Basle (formerly on the Statutory List as a subsidiary of the Munich Reinsurance Company) - Director; Union Rückversicherungs Gesellschaft, Zurich (on the Proclaimed List and is a subsidiary of the Münchener Rückversicherungs Gesellschaft of Munich) - Chairman of Board.

Power Machines: Maag-Gear Wheel & Machinery Co., Ltd. - Director; Brown, Boveri & Co. - Director; Aciéries Fischer - Director; Locomotivafabrik, Winterthur, - Director; Kraftwerk Zukunft A.G., Eschweiler, - Director; Rheinische Elektrizitäts und Kleinbahnen A.G., Aachen, - Director; Wasserwerk des Landkreises Aachen GmbH., Brand bei Aachen - Director.

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Miscellaneous: Esplanade-Hotel A.G., Berlin, - Director; Schweizerische Bindfadenfabrik Schaffhausen (twine factory) - Director; A. G. Carl Weber - Director.

ANDRE PATTO is a partner in the private bank, Ferrier Lullin & Cie., and represents that bank on the Board of its Rumanian subsidiary (Banca, S.A.). Patio was also a Swiss delegate to the Rye International Business Conference which was held in New York in November 1936.

CH. GAUTIER, a partner in the private banking firm, Pictet et Cie. in Switzerland, was also known to have had French industrial connections. In 1938, for example, he was Chairman of the French textile firm, Filatures Tourrette et Schappe.

MAURICE GOLAY, as Managing Director of the Swiss Banking Corporation, occupies a leading policy-making position in the bank. He is believed to have directed the liquidation of the bank's interests in Ehmen, Strupp & Co. by way of another bank official, Samuel Schweizer. He is especially well-known as an industrialist in France and Switzerland. His pro-Axis sympathies may be judged from the fact that he is still the chairman of the board of the Proclaimed Listed Lonza Electricity and Chemical Works, and is a director of Metallwerke A.G. which was formerly on the British Statutory List because it had engaged in trading with the enemy. He has the following additional business associations:

Commercial: Societe Commerciale de l'Ouest Africain (engaged in the promotion of industries in North Africa) - Director.

Electrical Works: Lonza Electricity and Chemical Works, Basle (on the Proclaimed List because it is associated with Metallgesellschaft of Frankfurt) - Chairman of the Board; Schweizerische Elektrizitats und Verkehrs-gesellschaft, Basle, - Director; S. A. l'Energie de l'Ouest Suisse, Lausanne, - Director; Societe Generale pour l'Industrie Electrique, Geneva, - Director; Societe des Forces Motrices, Chenny, - Director; Cie. Electrique de la Loire, Paris, - Director.

Metal Works: Metallwerke A.G., Dornach, (manufactures and deals in rolled and stripped metals and was on the British Statutory List because of trading with the enemy) - Director.

Cables: S. A. des Cableries et Trefileries de Cossonny - Director.

H. GRANDJEAN is the general manager of Credit Suisse and may be identical to Henri Grandjean who has several French affiliations, including the collaborationist L'Union des Mines.

E. GUTZWILLER is a partner of the private banking firm, E. Gutzwiller & Cie., which was included on the British Black List because it was reported to be controlled from France. He may be the Ernst Gutzwiller who is a

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director of the Proclaimed Listed Buss A.G., Switzerland. He has the following additional business associations:

Construction Works: Buss A. G. (manufactures constructional engineering works and deals in iron and steel products. It has a German subsidiary with an interlocking directorate and is actively engaged in the manufacture of armaments and other goods for Germany) - Director; Eisenbau Wyhlen A.G., Wyhlen, Kr. Körrach - Deputy Chairman of Board of Directors; Brasseries Meuse - Director.

Railroads: Franco-Hellenique de Ch. de fer - Director.

Oil: Industrielle et Commerciale des Petroles (has connections in the oil industry in Poland and Czechoslovakia as well as in France) - Director

R. DE HALLER is Vice-President of the Banque Commerciale de Basle. A man by the name of Robert de Haller is Assistant Director of the Societe Generale pour l'Industrie Electrique, Geneva, and since numerous bankers have managerial positions in this company, it might be safe to assume that this is the same man. If so, he is also connected with the Entreprise de Grands Travaux Hydrauliques.

CONRAD HENTSCH is a partner in the firm Hentsch and Company. This bank represents Italian interests in Switzerland. He was reported to be on the British Black List as of 1942.

GUSTAVE HENTSCH is a partner in Hentsch & Company which was placed on the British Black List in 1942. This bank represents Italian interests in Switzerland. He is also a director of Societe Lyonnaise des Eaux et de l'Eclairage, Paris, and a member of the Swiss Section of the International Committee of Bankers in Mexico. His last known address was said to be 15 Corraterie, Geneva, Switzerland.

RENE HENTSCH is a partner in the firm Hentsch and Company. Furthermore, he has managerial positions in two electricity companies, Societe Generale pour l'Industrie Electrique - Vice-Chairman of the Board of Directors; and Societe Generale de Force et Lumiere - Director. He resides at 15 Corraterie, Geneva, Switzerland.

ERWIN HURLIMANN, a member of the Executive Committee of the Swiss National Bank, has long been identified with leading European reinsurance firms in Switzerland (Chairman of the Board of Swiss Reinsurance Company and of European General Reinsurance Company) and France (Director of Cie. Francaise de Reassurances Generales, Paris).

FELIX ISBLIN is a Director of the Swiss Bank Corporation, Basle, Switzerland. He is also connected with a transport company operating on the Rhine and Internationale Gesellschaft für Chemische Unternehmungen (I.G. Chemie), a holding company reportedly controlled by I. G. Farbenindustrie, A.G.

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In addition, he is President of the official accounting firm of Ciba, Sandoz and Geigy, a chemical company in Switzerland which is reportedly closely connected with I.G. Farben.

As long ago as 1929 Iselin was described as an agent of Hermann Schmitz. When the latter resigned in June 1940 as President of I. G. Chemie, which was affected to presumably cover its German ties, he was replaced by Iselin. In November 1941, Iselin was prepared to make a trip to the United States to protect the interest of I. G. Chemie in its subsidiary, General Aniline and Film Corporation, which was subject to vesting by the APC. He was granted a visa for the United States, but it was subsequently reversed. A confidential source disclosed that a member of Iselin's family stated that Iselin was going to New York on behalf of I.G. Farben and that at that time the Germans were using Swiss nationals as go-betweens. It is further reported that Iselin conspired with Hermann Schmitz and Carlo Mollve in successfully camouflaging the ownership of Metallgesellschaft's United States property through Swiss holding companies during World War I.

Felix Iselin, who is listed on the United States Proclaimed List, is a Colonel in the Swiss Army, Chief of Intelligence Service, and considered one of the outstanding lawyers in eastern Switzerland. In 1942 he was reported to be residing at Sternengasse 12, Basle, Switzerland.

PAUL JAEGER, president of the Board of Directors of the Union Bank of Switzerland, is an executive of many international cartels and holding companies. He is also chairman of the Swiss German Stand-Still Commission.

ADOLPH JAEH is a Swiss banker affiliated with the Union Bank of Switzerland. He was the Swiss delegate to the Rye International Business Conference held in New York in November 1944. He is considered as the most likely Swiss depositary for Hitler's funds.

CASPAR JENNY is a director of the Credit Suisse. He may be the Caspar Jenny designated in a recent German directory as a Swiss manufacturer who is the director of a German textile plant (Pfälzische Textil-Industrie Otterberg A.G., Otterberg/Rheinfalz).

ADOLPH JUHR, Chairman of the Board of Credit Suisse, is a noted Swiss banker. He is also vice-president of the Swiss Section of the International Committee of Bankers on Mexico.

GOTTFRIED KELLER, listed on the United States Proclaimed List, is Chairman of the Board of Directors of Kraftwerk Reckingen A.G., Weil/Rhein, engaged in the construction and management of electric power plants which in 1936 were capitalized at RM. 8,000,000. He is also reported to be a Director of Internationale Gesellschaft für Chemische Unternehmungen (I.G. Chemie) also known as Societe Internationale pour Entreprises Chimiques S.A. In addition, he is a Director in Credit Suisse, Zurich.

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Keller is a member of the Aargau Town Council and is designated as a Deputy of the Council of States. In addition, from 1928 to 1938, he was a member of the Swiss Delegation to the League of Nations.

He holds the degrees of Doctor of Jurisprudence and Doctor of Philosophy. He was reported in 1942 to be residing at Aarau, Switzerland.

A. LULLIN is a partner in the private banking firm of Ferrier Lullin & Cie., Geneva, Switzerland. In addition, he is connected with a French aluminum company (Societe d'Electro Chimie d'Electro Metallurgie et d'Acieries Electriques d'Ugine Paris) which was one of the largest producers of aluminum and which supported the Axis war effort during the occupation of France. He is also connected with a company engaged in the manufacture of cyanamide, fertilizers, and other derivatives (Societe des Produits Azotes), and with Societe Generale pour l'Industrie Electrique, Geneva, of which he is a director.

JEAN LULLIN is a partner in the private banking firm of Ferrier Lullin & Cie., Geneva, Switzerland. In addition, he is reported to be a Director in Societe des Produits Azotes, Paris, a large enterprise engaged in the manufacture of cyanamide, fertilizers, and other derivatives.

G. MARTIN holds a power of Procuration in a private banking firm of Ferrier Lullin & Cie. A Georges Martin, who may be the same individual as G. Martin, in 1939 was a Director of Etab. Buffo, which engages in the manufacture of agricultural machinery, parts, and tools.

ERNST MARTI is a Director of the Swiss Bank Corporation. Other interests of E. Marti include a Swiss company (Buss, A.G., Basle) engaged in construction engineering which was placed on the United States Proclaimed List, and a German company (Dyckerhoff Portland Zementwerke A.G., Hainz-Amoneburg) engaged in the manufacture of Portland cement. Marti was reported in 1942 to be residing in Basle, Switzerland.

J. MERCIER is a director of the Banque Commerciale de Bale. A man by the name of Dr. Joachim Mercier of Glarus was on the British Black List as of June 1942. He was president of the firm, Lagerhaus A.G., of Glarus, a Proclaimed Listed firm active in the acquisition, administration, and sale of real estate businesses, warehouses, etc., particularly in South America.

A. H. MEYER holds a power of Procuration in E. Gutzwiller and Cie.

MAX MISCHLER is a manager of the Banque Federale S.A. A man by the name of Max Mischler, who resides at 20 Quai Gustave Ador, Geneva, Switzerland, was on the British Black List in June 1942. He is president of Setcia S.A., a firm dealing in brush-making materials, etc., which is German-controlled and its director, Theodore Schloss, resides in Germany.

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A. MOREL was, as of 1941, a Director of the Union Bank of Switzerland (Schweizerische Bankgesellschaft). A man by the name of Adrien Morel, who resides in Lausanne, Switzerland, is on the board of Igopim, A.G., Zurich, which is on the Proclaimed List. This firm is financed by, and represents, I. G. Farbenindustrie. Since A. Morel, who is listed as a director of the Union Bank of Switzerland, also resides in Lausanne, it may be presumed that they are one and the same person.

EDOUARD MULLER is a director of Credit Suisse. For the last twenty years he has been prominent in international organizations such as the International Red Cross and Greek-Swiss League. Furthermore, he is a prominent industrialist and is chairman of the board of directors in Nestle and Anglo-Swiss Holding Company, Ltd., and is a director in Switzerland Insurance Company, Ltd.

Edouard Muller was born in 1868. He began his business career in the Nestle and Anglo-Swiss Condensed Milk Company in England in 1903 as a foreign correspondent. He subsequently rose to head of the London branch. He managed the Mediterranean branches of this firm from 1915 to 1919, he became manager of the Central Organization in Paris in 1919, general manager in 1926 and director in 1930, and is now president of the mother firm.

He was a permanent delegate to the International Red Cross Committee during the First World War. He was an international agent for prisoners of war of the Eastern Army from 1917 to 1918. Furthermore, he was vice president and honorary member of the Greek-Swiss League, honorary president of the Nouvelle Societe Helvetique, Athens.

CHARLES FERROT is a "Procurist" (Power to sign for the company) in the banking firm, Mentach & Company. He is also a director of Goldroy, S.A., Geneva, a textile firm which is closely connected with Sam P. Goldberger, Budapest, and with Mentach & Company, Geneva. He was on the British Black List as of June 1942.

His last known address was 20 Rue Generale Dufour, Geneva.

M. Ferrot is a "Procurist" (power to sign for the company) of the banking firm, Pictet & Cie.

A man by the name of Maurice Ferret was, as of 1938, a director of the Societe Industrie et Force, a French corporation which holds participations in a number of electric power companies.

WILHELM FREIBURGER, a director of the Swiss Bank Corporation, is believed to be the Wilhelm Freiswerk who is closely connected with the firm Atlantis S.A., in Basle, Switzerland, which is on the Proclaimed List. Atlantis S.A. was placed on the Statutory List in June 1942 because of its cloaking activities on behalf of the "Ferinvent" Gesellschaft für Auswärtige Anlagen und Erfindungen A.G. of Basle, and "Cepha" A.G. für Chemische und Pharmaceutische Unternehmungen of Lausanne. Freiswerk, whose last known address was 46 St. Albanvorstadt, Basle, may have some connection with C. Freiswerk who is a member of the Swiss Section of the International Committee of Bankers on Mexico.

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FRITZ RICHNER is a member of the Management Committee of the Union Bank of Switzerland and is listed in the German directory, "Wer Leitet," as a director of the company, Feinlederwerke Niederau A.G., Frankfurt/Main-Niederrad. He was last reported residing in Zurich, Switzerland.

GUSTAVE ROCH, holder of procuration for the private banking firm, Hentsch & Co., of Geneva, is President of the firm, Goldray S.A., Rue de la Cite 22, Geneva, which was placed on the Proclaimed List on May 1, 1942. Goldray S.A. deals primarily in textiles and acts for Samuel F. Goldburger of Budapest. Roch's last known address was reported to be Blvd. des Philosophes 8, Geneva, Switzerland.

ROBERT LA ROCHE is a partner in Bank La Roche & Cie., Basle, Switzerland. In addition, he is President of the Swiss Bankers' Association, President of the Swiss section of the International Committee of Bankers in Mexico, and member of the International Chamber of Commerce Council.

La Roche, 67 year old financier, was educated in Basle, Paris, London, New York, and Berlin. He was reported, in 1944, to be residing at 3 Gellerstr., Basle.

WALTER SCHOELLER is a member of the board of directors of the Credit Suisse. He is also listed in the German directory, "Wer Leitet," as a director of the German textile firm, Schoeller'sche Kammgarnspinnerei Nitorf A.G., Nitorf, Prussia. His last know address was reported to be 14 Schanzengasse, Zurich, Switzerland.

RUDOLPHE SPEICH is active in the Swiss banking, industrial, and insurance fields. He is general manager and vice-chairman of the Swiss Bank Corporation and director of the Schweizerische Bodenkreditanstalt, Zurich, which is primarily engaged in mortgage financing.

Speich is also director of the important chemical and pharmaceutical company, Gesellschaft für Chemische Industrie, Basle, (CIBA). Further evidence of Speich's industrial activity is noted by his directorship on the boards of the Swedish Match Company, Jönköping, and the textile company, Floretspinnerei Ringwald, Basle.

Speich is a member of the Swiss Section of the International Committee of Bankers on Mexico.

BENEDIKT STAEHELIN, partner in the private banking firm, E. Gutzwiller & Co., of Basle, was on the British Black List in 1942. He is also reported to be a shareholding in the firm, Meer & Co., A.G., of Oberuzwil, Switzerland, on the Proclaimed List, which is said to be controlled in part by German interests and has been known to trade extensively with the enemy. He was last reported residing in Oberuzwil.

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MAX STAHELIN is chairman of the board of directors of the Swiss Bank Corporation in Switzerland, and also a director of the Credit Commercial de France, large deposit bank of Paris. Stacholin is also a director of the Swiss Federal Railways and a member of the Swiss Chamber of Commerce and the Basle Court of Appeal.

JOSEPH STRAESSLE, General Manager of the Credit Suisse, Zurich. He is also connected with the Swiss American Corporation of New York City, and presently is in the United States. He was a delegate to the Rye Conference which was held in this country in November 1944.

HANS SULZER, a Director of the Union Bank of Switzerland (Schweizerische Bankgesellschaft), is also connected with two machine manufacturing firms, (Sulzer Unternehmungen A.G., Winterthur and Maag-Zahnräder und Maschinen A.G., Zurich), both of which have extensive foreign connections. He was one of the Swiss delegates to the Rye Conference which was held in the United States in November 1944. Furthermore, he is head of the Iron and Machinery Section of the War Industries and Labor Offices in Bern.

AUGUST L. TOBLER, a director of Credit Suisse, Zurich, is also a director of a Vienna insurance company ("Kosmos" Allgemeine Versicherungs A.G.) He resides at 71 Hallerstrasse, Zurich.

ALEXANDER VAN BERCHEM is a partner in two private banking firms, Pictet et Cie., and Fazy Lullin et Cie., both of Geneva. Van Berchem is also connected with two electric utility companies, Ste. Generale pour l'Industrie Electrique, Geneva, in which he acts both as director and secretary of the board; and Cie. d'Electricite de l'Ouest-Parisien, a French corporation which distributes electric light and power in the western part of the Department of Seine and which holds participations in a number of French electric utility companies. His last known address is Rue Diday, Geneva.

LOUIS VAUCHER, a director of the Swiss Bank Corporation, is also chairman of the Board of Directors of the electric power company, Societe Generale Pour l'Industrie Electrique with head office in Geneva.

ADOLF VISCHER, a director of the Swiss Bank Corporation, is connected with the firm Simonius, Vischer & Company, which is on the British Confidential List of suspected companies. His last known address was reported to be 24 Badalberg, Basle.

CONRAD WYRTH von MURALT, a Director of Banque Federale S.A., is connected with two German firms; a dyeing, fabric printing and finishing firm in Weil (Färberei und Appretur Schusterinsel GmbH) and another in Opladen (Schusterinsel A.G., Färberei, Druckerei, Appretur) He resides at 10 Klusweg, Zurich.

FRITZ ZEHNDER, a Director of the Union Bank of Switzerland (Schweizerische Bankgesellschaft), Zurich, as well as one of its subsidiaries (Thesaurus", Continentale Effekten-Ges., Zurich), is also a director in a paper factory (Pölser Zellulose- und Papierfabrik A.G., Pöls).

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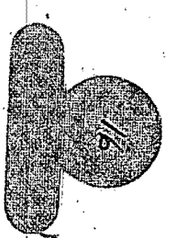

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STATISTICAL ASPECTS OF THE REFUGEE PROBLEM IN SWITZERLAND

1. At the beginning of 1944, civilian refugees in Switzerland from enemy persecution numbered around 53,000, of which 22,000 were Jews. The principal national groups represented were:

9720 former Germans and Austrians (almost all stateless; 85% Jews)
6700 former Poles (majority stateless; 85% Jews)
500 former Czechs (stateless; Jews)
200 former Hungarians (stateless; Jews)
800 stateless persons of various former nationalities)
9800 Italians
8332 French
1298 Dutch
1200 Yugoslavs
560 Belgians
480 Hungarians
500 Czechs
5000 of various nationalities

2. In the course of 1944 there arrived in Switzerland some 13,000 French and Italian refugee children, about 1,000 Jewish refugees (largely Hungarian) from the camp of Belsenbergen, and an unspecified number of Jewish and other refugees from Axis territory. The total of refugees now in Switzerland can therefore be estimated at about 70,000. This figure does not include about 30,000 military internees (20,000 Italians; 10,000 Poles.)

3. A majority of the refugees in Switzerland are placed in special camps under the jurisdiction of the Swiss Government, where they are maintained by the Swiss Government, private relief organizations, and certain governments-in-exile. Others are at liberty, with their living expenses financed either out of their own resources or out of the resources of various charitable organizations. American relief organizations play an important part in financing the maintenance of refugees in Switzerland.

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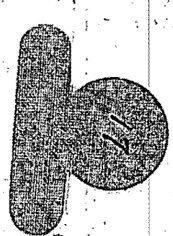

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17. Swiss Franc Problems

Beginning with the blocking of Swiss accounts on June 14, 1941, considerable difficulty has been experienced in acquiring sufficient Swiss francs for American purposes and in maintaining relative stability of the Swiss franc rate. At first, the Swiss contention was that they could not accept blocked dollars and issue currency against blocked reserves of gold later. This contention was replaced by the economic argument that the Swiss government and the Swiss National Bank could not permit the continued expansion of Swiss currency circulation which results from the favorable balance of payments with the United States. Nevertheless, it has been possible in the past year to come to satisfactory arrangements with the Swiss to provide Swiss francs for all of the important needs of the government, American business, and the humanitarian agencies.

After the fall of France in June 1940, the Swiss franc rate which had been 22.545 cents in 1939 rose to 23.201 cents for the month of December 1940. The average from January 1, 1941 to June 14, 1941 was 23.210 cents. Since the latter date when there was instituted by Executive Order a general blocking of Continental European credits in the United States, Swiss francs rates have not been certified by the Federal Reserve Bank of New York.

Limitations on the availability of Swiss francs for dollars began soon after the Swiss freezing. On July 10, 1941, the Federal Reserve Bank of New York received a cable from the Swiss National Bank indicating that the Swiss bank was limiting its purchases of dollars to the proceeds coming from the export of Swiss goods, the revenue from Swiss capital placed in the United States, and amounts corresponding to living expense disbursements for American citizens residing in Switzerland.

This limitation on the supply of Swiss francs obviously put pressure on the rate. Neither the United States nor Switzerland wanted the Swiss franc rate to rise. On September 29, 1941, the American consul general at Basel reported the details of an agreement between the National Bank and the other Swiss banks regulating in various other ways their dealings in U. S. dollars and providing specifically that the banks would buy and sell dollars within the respective limits of 4.29 - 4.33 francs per dollar for export and import transactions and within the limits of 4.23 and 4.33 francs for other classes of transactions.

As pressure was exerted on the Swiss use of resources in this country, the Swiss franc situation became tighter. On September 12, 1941, a license to permit shipment of $2 million of gold from the Swiss National Bank's earmarked gold at the New York Federal Reserve Bank to the Banco de Portugal, Lisbon, was refused by the Foreign Funds Control.

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A request received on October 10, 1941 to permit the transfer of 375,000 fine ounces of gold from the Swiss National Bank's earmarked account in the New York Federal Reserve Bank to the Bank of Portugal and a request of October 15, 1941 to permit the Swiss National Bank to export to Switzerland part of its gold then in the United States were not granted. It was not until December 31, 1941 that the Swiss felt compelled to accept these decisions as final.

In the meantime additional pressure was put upon the Swiss by refusal to license the transfer of sums variously estimated between $10 million and $20 million to Spain for shipping services. The Swiss regarded this as especially burdensome.

Along with the denials, the Swiss intensified the pressure on the United States and the United Kingdom by refusing to sell Swiss francs for dollars and sterling. We were able to buy several millions from the central banks of Portugal, Sweden and Turkey. From time to time, we permitted some ad hoc transfers of dollars from Switzerland to Spain for which an equivalent amount of Swiss francs was sold to us or to Britain.

The Swiss pressed in 1942 for an over-all agreement to provide us with all our Swiss franc needs against permitting them all their dollar transfers (say $50 million) to Spain and Portugal. To this we would not agree.

The Treasury held firmly to the view that if Switzerland could be compelled to use the gold resources it had at home, it would be less inclined to import from Spain and Portugal, to re-export to Germany and Italy, and to extend credits to Germany and Italy. At the same time, it was hoped that by denying Spain and Portugal dollar receipts from Switzerland, these countries would be induced to direct more of their exports to the Western Hemisphere and Britain.

As a consequence of our policy, further pressure was put on the Swiss franc supply. While the Government eked out enough Swiss francs for its own needs, the free rate went to more than 40 cents a franc. The Swiss banks that did not abide by the gentlemen's agreement mentioned above profited enormously, as did some private holders of Swiss francs. The burden was especially great on our watch importers and to a lesser extent on private individuals who lived in Switzerland on the proceeds of large remittances from the United States.

In 1943, the United Kingdom came to an agreement with Switzerland by which Swiss francs were made available against gold free for export to the continent, but not for use with the enemy. The Swiss asked us for a similar agreement. No agreement was made on this basis, particularly as the Swiss held out for other concessions. Late in 1943, we approached the Swiss with a proposal that Swiss francs be made available in limited amount to bring the Swiss franc rate down to the official rate. To this the Swiss agreed, asking for some concessions. Our attitude remained that in paying for Swiss francs with dollars at the official rate, full compensation is made for Swiss francs, and no concessions on transfers, export or purchases in this country are necessary on this account.

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The Swiss then agreed to provide Swiss francs for market needs to an amount of 2.5 million a month. During the months of February, March, and April, 10,879,000 Swiss francs were sold in open market operations in the process of bringing the open market rate down to the official rate. The total amount of Swiss francs used throughout the year 1944 in such open market operations was 18,834,000. The operations were conducted on behalf of our stabilization fund and as a result of these operations the rate was brought down to 23.3¢ cents.

In the meantime, arrangements were made with the Swiss Government to provide Swiss francs to pay for exports at the official rate. The present situation is that all exports from Switzerland to the dollar area are paid for with dollars. We, in turn, amended our license to require payment in dollars. In effect, if the Swiss license the export of goods, they accept blocked dollars; and we prevent payment for unauthorized exports in Swiss francs. As a result, there has been no trade pressure on the Swiss franc rate and American business men have been getting about all the imports from Switzerland they require. There is, in fact, a limit on value of exports of Swiss watches, but we know of no complaint on these grounds.

With exports provided for, the only important needs that remained were United States Government and humanitarian agencies as well as personal and business remittances of moderate amount. As we pressed for the fulfillment of these needs, the Swiss expanded the amounts made available for governmental purposes to 3-1/4 million Swiss francs a month and turned over to us the obligation to meet humanitarian needs for which they provided 5 million Swiss francs a month. To secure the free disposal of remittances for humanitarian purposes, the Treasury agreed to permit the dollar proceeds of such Swiss francs to be used to purchase gold held under earmark in an account form which exports could be made under substantially the same conditions as the United Kingdom permitted. From time to time, to secure other large sums on an ad hoc basis, we have agreed to put the dollars received from Swiss franc sales to the United States Government on the same basis. Since January, 1944, the Swiss have accumulated about $30 million in gold in this free account. None has been exported. We now have an inquiry whether we will permit the transfer of gold from this account to an earmarked account of Portugal, the gold remaining free for Portugal on the same terms extended to Switzerland.

It was hoped that the monthly provision by the Swiss National Bank of 5 million francs for humanitarian purposes and 3-1/4 million francs for governmental purposes including an amount equal to approximately $80,000 for the living expenses of U.S. citizens in Switzerland, beginning April 1, 1944, would prove adequate to meet United States needs for these purposes. This has not proved to be so, particularly since the War Refugee Board began operations. It has been necessary to anticipate future allotments and to get special allotments from time to time. In December, an extra 15 million Swiss francs were sold to the Government and in January 20 million Swiss francs additional were sold for humanitarian purposes.

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By JB NARA Date 4-19-00

RG 131
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File Switzerland Problems
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The monthly remittances have varied considerably but in recent months have increased very rapidly as shown in the following table:

Swiss Franc Remittances
(Thousands of Swiss francs)

1944	Governmental	Humanitarian	Totals
January	815	1,809	2,624
February	3,872	1,012	4,884
March	119	882	1,001
April	6,674	2,188	8,862
May	6,597	2,760	9,357
June	2,493	6,375	8,868
July	6,791	10,141	10,932
August	1,327	4,252	5,579
September	5,892	5,447	11,339
October	13,138	3,927	17,065
November	3,937	5,527	9,464
December	18,970 1/	6,150	25,120
1945 to January 25	4,901	5,229 2/	10,130

1/ Includes extra allotment for Government.

2/ Does not include 20 million extra allotment for humanitarian purposes, to be transferred January 27, 1945.

The factors contributing to the recent and prospective increases in the American demands for Swiss francs as well as those limiting the supply have been closely related to the continuation of the war both in Europe and in the Far East. Among those the following are most important, the number of Americans in prison of war camps has increased, the decline in the purchasing power of enemy currencies has not been matched by changes in the Swiss exchange rates on enemy countries, the need for refugee rescue operations in Europe has become more acute, and the army has launched a program of purchasing materials in Switzerland.

It is estimated that the amount of Swiss francs necessary for the remainder of January for humanitarian purposes other than the special transfer will be 5,070,000. Estimates for the next five months based upon licenses which are already on hand and those which are expected to be issued indicate that 8,589,000 Swiss francs will be needed each month for remittances for humanitarian purposes. It has been necessary to call up in advance all of the quota for February in order to meet the remittances during January. Estimates are not yet available to show the amounts of Swiss francs necessary for remittances for governmental purposes. It is clear, however, that these remittances are likely to continue at levels appreciably above those for the

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preceding year and may easily average 5 million per month exclusive of the monthly purchases by the U.S. Army of possibly $1,000,000 of materials in Switzerland which are to be paid for outside the quota and in terms of dollars.

Because of these pressing needs for Government and humanitarian purposes, we are now requesting the Swiss Government to increase the monthly allotment for both purposes to 12 million Swiss francs a month, probably retroactive to January 1, 1945. In view of the 33 million extra Swiss francs made available in December and January, there is reason to believe the Swiss will agree.

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Swiss 18

Mr Shwartz

APR 5 1945

No. 11230 Bern, March 24, 1945

Subject: Clarification by Swiss Federal Council of Situation in Regard to Unblocking of Funds.

Via airmail pouch

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to the first section of the Trade Agreement concluded with the Swiss Government on March 8, 1945, wherein the latter declares that it will prevent the concealing, disposing of, or dissipation of assets of persons falling within the various blocking decrees issued by it in the past. The Swiss further agree to consult with the governments of each blocked country before relaxing or abolishing the control measures applied to such countries. In this connection there is given below, in translation, a communique relating to this subject appearing in the JOURNAL DE GENEVE of March 17, 1945:

> "The Swiss as well as the foreign press has published reports of a nature likely to give the wrong impression to the public concerning questions which were settled during the recent economic negotiations with the Allies. In this connection, we learn from authoritative sources, that assets in Switzerland of persons residing in France, were blocked by a decree of the Federal Council of July 6, 1940. This decree is still effective. Before cancelling this measure, the Federal Council will consult the French Government."

On March 19, 1945, the JOURNAL DE GENEVE commented as follows on the communique appearing in its columns on March 17:

> "A communique appearing on our financial page on March 17 was a reminder that the decree of the Federal Council of July 6, 1940, providing for the blocking of assets of persons in Switzerland, among them French nationals, still remains in effect.

cc: 4/7/45 APR 9 REC'D
For Information - Messrs. Gilbert, Behuncik, Feig, Delaney(4), Blake(2), Brenner, Miss Burnett, Zimmerman, Locker, Arnold, NY Fed.

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"In order to clarify matters concerning a subject which has led to incomplete and tendentious reports, it may be useful to add that during the negotiations in Bern, the Federal Council pledged itself to contact ("to consult" according to the English text) the (respective) governments concerned prior to authorizing the unblocking of the assets in question. Should the Federal Council not succeed in reaching an agreement with the aforesaid governments, it will resume its complete liberty of action and remain sole judge as to the conduct to pursue."

Respectfully yours,
For the Minister:

Maurice W. Altaffer
Secretary of Legation

MWF/mlb

File: 851.51

Hectograph and original to Department.

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Swiss Franc Free Market Rates
(Quotations in cents per franc)

	1942		1943		1944	
	High	Low	High	Low	High	Low
January	26.10	25.00	31.75	25.00	41.70	37.25
February	26.15	25.30	28.55	24.50	44.30	35.70
March	25.30	25.05	28.55	27.05	37.75	26.60
April	27.00	24.95	29.20	27.90	27.00	25.25
May	26.20	27.35	30.65	29.05	27.00	23.20
June	29.40	27.65	30.55	29.65	26.05	25.80
July	31.60	29.10	36.00	32.00	23.55	23.25
August	30.30	29.75	34.15	32.30	etc.	
September	30.80	30.00	33.15	28.50		
October	30.65	30.00	35.25	30.00		
November	37.75	34.90	39.00	35.15		
December	37.25	34.15	44.35	38.20		

Annual Averages

	Commercial	Free Rate
1941	23.30	(no free rate)
1942	23.43	31.32 (June-December)
1943	23.35	31.81
1944	23.34	27.10

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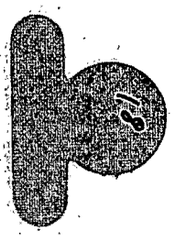

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EK-1696

Feb 7 1945

Rec'd Mon. Res.

PLAIN
Bern
Dated January 31, 1945
Rec'd 13:10 p.m.

Secretary of State
Washington

677, January 31st. - Reference Legation's 652 (321 London).

Careful survey Swiss press January 26 - 30 shows nationwide interest visit Laughlin Currie Switzerland. Typical comment from Swiss German language newspaper follows; President Roosevelt's decision to send economic representative Switzerland will certainly be greatly welcomed by Swiss public. Swiss have nothing to hide and representative will find here premises enabling him form objective opinion. Demands as presented in exchange report from Washington would prove of doubtful benefit and most burdensome to negotiations should Mr. Currie bring them in his briefcase. Swiss attitude clearly defined in connection with recent attacks in American press and people and government will change nothing in fundamental line of policy. Constantly repeated false assertions concerning material importance of exports of "strategy raw materials" and food products to Germany indicate how poorly one is informed. Just and sensible views would not link Swiss deliveries with duration of war. America shifts proportions in manner which is incomprehensible to Switzerland (DER BOND).

President's instructions apparently strict and definite Currie served to Bern will be hot and concentrated (NEUES WINTRTHURER TAGHBLATT).

Route of negotiations taken after failure of attempt at intimidation Angol-saxon powers now recognize that incapacitation Swiss Economy must lead to undesirable political social consequences and American plenipotentiary will offer probably certain compensations as was done Sweden. Mr. Currie will have opportunity study Gotthard agreement and convince himself Switzerland respects principle of observing treaties. Principle unfortunately no longer generally followed (FINANZ UND WIRTSCHAFT).

Best basis for American Swiss conversations would be repeal of American blockade on transit Swiss commodities across (*).

We have not come around to new orientation our policy as represented by certain bourgeois newspapers attacking social democratic press denials by certain journalists of assertions made regarding flight of capital from Reich are insufficient. National Bank or government must make open and loyal statement in easy matter if accusations unfounded when maintenance bank secrecy is in contradiction to welfare of country letter comes first. Speaking of spiritual treason one should first establish who harms country more these demanding clear and honest disclosure of accounts or those who defending private interest retain privilege bringing Swiss into discredit in whole world (SOCIALIST VOLKSRECHT).

Repeated to London as 333, Paris as 106.

RE HUDDLE ef:copy
(*) apparent omission; 2-5-45

Distributed to: Mr. Bell(Mr.Dietrich);Mr. White (Mr. Fisher);Mr.Luxford; Mr. Fisher; Mr. Gunter; Mr. J.Friedman; Mr. Behuncik; Mr. Bernstein; Mr. Glasser;Mr. Taylor; Mr.Ness.

From Mrs. Fontaine - Room 3457

FEB 12 RECD

cc: 2/10/45 For Information Messrs Schmidt, Gilbert, Mrs. Henderson, Miss Scullen, Fisher, Brenner, Feig, Richards, Behuncik (Shwartz), Locker, Moskovitz, Day, O'Flaherty, Blake, J. C. Jones, NY Fed. General Records "Safehaven"

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Swiss Pk.
(Currie Mission)

TRANSLATION OF ARTICLE FROM "DER BUND"

DATED JANUARY 28, 1945 (SUNDAY EDITION)

American - Swiss Relations

The announcement that President Roosevelt has decided to send a special economic representative to Switzerland will be received by the Swiss public certainly with the greatest interest and will [indeed] be welcomed. It can be only to the advantage of mutual relations, if the President of the great overseas sister democracy obtains information on the position and attitude of Switzerland through a special confidential agent. We have nothing to conceal and this man will find on his arrival here all that is necessary for him to form an objective opinion.

It would indeed be serious and would be detrimental to the negotiations, which moreover were never broken off, if the special representative CURRIE brought with him in his portfolio such demands, as set forth in the Exchange report from Washington. Switzerland's attitude has been expressed most clearly on the occasion of the recent attack by the American press and [the] people and government will change nothing in this fundamental principle.

It is apparently not yet understood in Washington what we, as a small nation, must demand by reason of the law of pure self-preservation in [our] rights to life. What a wrong impression exists, is [shown by] the ever-recurring statement on the important export of strategic raw materials and food provisions to Germany. The Swiss deliveries, which pre-suppose economic equivalents cannot rightly and reasonably be made to have any connection with the length of the war. Then indeed are proportions distorted to an extent that is incomprehensible in Switzerland.

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FEB 10 1945

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, London
DATED: February 2, 1945
NUMBER: 801

SECRET

US URGENT

The following message is for Currie.

Letter addressed to Mr. Currie which Acting Secretary signed today follows:

Supplementing my letter of January 26, 1945, I wish to add that you are authorized, should you find it desirable after preliminary discussions with the British and the French, and conditioned upon at least United Kingdom support, to take up the matter of "Safehaven" objectives during the course of your impending negotiations on the Swiss Trade Agreement. These objectives, as you are aware, include adoption by the Swiss Government of the gold policy which has some months ago been presented and of measures designed to implement Bretton Woods Resolution VI and the United Nations Declaration of January 5, 1943. Any negotiations on those matters should be reported to Washington, so that any measures which may be suggested can be cleared prior to their submission to the Swiss Government.

We are forwarding to Mr. Currie, in care of American Embassy, Paris, and exact copy of the foregoing letter signed by the acting Secretary.

GREW
(Acting)

FMA:SJR:vc
Paraphrased:
DC/L:MED:CVT
2-8-45

cc: 2/14/45 For Information - Messrs. Schmidt, Gilbert (Burnett), Bohuncik, Foig, Miss Scullion, Fisher, Locker, Blake (2), Bronner, Zimmerman, Moskovitz, Ny Fed., General Records "SAFEHAVEN"

CLS/m

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Authority NND 968103
By JB NARA Date 4-19-00

RG 131
Entry EFC Central Files
File Switzerland Problems
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DEPARTMENT OF STATE — INCOMING TELEGRAM — DIVISION OF CENTRAL SERVICES TELEGRAPH SECTION

LFR-1834
This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (SECRET 0)

Paris

Dated February 6, 1945

Rec'd 8:39 a.m., 7th

Secretary of State

Washington.

544, February 6, 6 p.m.

FOR STATE, TREASURY AND FEA FROM CURRIE.

Safehaven discussions with British representatives of MEW, Treasury, Foreign Office and other interested branches of the government were very satisfactory. All agreed important to press Swiss for immediate and full implementation of Bretton Woods Resolution VI and assured full British co-operation. British concur fully that any agreement concerning trade should contain a clause freeing us from supply obligations if satisfactory action on part of Swiss is not taken within specified time.

JT

CAFFERY

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DECLASSIFIED
Authority NND 968103
By JB NARA Date 4-19-00

RG 131
Entry EFC Control Files
File Switzerland Problems
Box 457

FEB 9 1945

LFR-1834
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CAFFERY

JT

(*) Apparent ommission. Verification requested.

FEB 14 RECD

cc: 2/14/45
For Information - Messrs. Schmidt, Gilbert (Burnett), Behuncik, Feig, Fisher, Locker, Blake (2), Brenner, Zimmerman, Moskovitz, NY Fed., General Records: "Safehaven".

CLS/t

322147

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Authority NND 968103
By JB NARA Date 4-19-00

RG 131
Entry EFC Central Files
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utilizable as producers and Ruhr area output cannot be shipped. Thus German deliveries of decisive importance to Swiss industry during last five years having dropped, Swiss counter deliveries will of themselves be reduced to minimum."

Upon one of most important problems having been solved of itself most difficult will be question of ability United Nations deliver urgently needed raw material and foodstuffs. Difficulties of supply in liberated countries result from transportation difficulties and not lack of goodwill. Great Britain fights coal shortage and after France supplied hardly any contingents will remain for Switzerland. While able supply coal American needs shipping space. Most rapidly obtained from Anglo-Saxon countries may be steel iron semi-finished products and food. Considerable step forward as compared present conditions would doubtless be placing of Switzerland at least in position to utilize fully its own shipping capacity and liberation for shipment of supplies stores for Switzerland on Iberian Peninsula. Blocked funds will play important role. Americans will require guarantees that amounts to be unblocked are incontestably Swiss property. It is hoped understanding can be reached. In connection with efforts to stabilize currency and transfer capital conclusion further financial agreements, with information exchange clause, similar to recently concluded American-Swedish and American-French agreements may be expected this simultaneously helping to clarify property problem.

VOLKSRECHT (ZURICH Socialist organ): This week negotations with German Economic Mission have reached lowest point. Date of arrival allied Mission still uncertain. It should not complain if greeted by accomplish facts. Vehement accusations directed by Russian and Anglo-American press against Switzerland or rather Swiss banks as having become safehavens for Nazi capital affect whole country. Speaking of German capital, Reich itself suffers extreme shortage of currency. Wasteful expenditure on espionage organizations and overexpanded diplomatic missions of the Reich in Switzerland reduced foreign currency while funds plundered in occupied countries long ago utilized on importation raw materials and foodstuffs from Balkans and from Latin America (particularly when offensive against Russia was in preparation). Although gold assets of Reichsbank and amounts currency and gold captured in occupied countries carefully concealed little thereof remains. Principle cannons better than butter likewise read cannons better than gold and currency.

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By JB NARA Date 4-19-00

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Reich currency supplies insufficient even to maintain reduced number diplomatic representations. We in Switzerland shall be pleased when number diplomatic agents which in Bern alone reaches several hundred is reduced on these grounds. Swiss authorities must energetically oppose attempts turn Switzerland into diplomatic retreat for shattered third Reich to be turned into Nazi fourth Reich. Switzerland spent billions on defense and should not stake all on hopelessly lost game for sake of few millions gained through banking commissions. Protests here naturally insufficient and proof must be submitted accusations unfounded. Such proof can only be obtained if capital transactions of Swiss banks for years of war are subjected examination excluding every doubt. Repeated Paris and London for Currie Mission.

HUDDLE

WSB

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By JB NARA Date 4-19-00

RG 131
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File Switzerland Problems
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PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Paris

TO: Secretary of State, Washington

DATED: February 10, 1945 (Rec'd February 12th)

NUMBER: 639

SECRET

The following message from Currie for the Treasury, FEA, and the Department.

During the past three days meetings with members of French delegation to Switzerland and Alphand have been satisfactory in every way. On economic warfare and SAFEHAVEN objectives and on terms of approach to the Swiss, the French have entirely agreed. They have agreed to tie in their commercial negotiations with overall Allied objectives, while they attach considerable importance to their proposed purchases in Switzerland and to securing payments agreement and credits. Also they informed us today that the Swiss have agreed to advance credit, but for the present the French will not conclude agreement. So that they can be used together to the best effect on negotiations, the projected French and army purchases are being coordinated.

Tonight delegation is leaving for Bern, to start on Monday discussion with the Swiss.

De Fouchier, Mange, Guionin Blecs-Laine, and Charguerand of Foreign Affairs Office as Chairman, constitute the members of the

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By JB NARA Date 4-19-00

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French delegation.

Labouisse, the Ambassador, and I had a conference of a satisfactory nature with Bidault in which Bidault promised to call in the Swiss Charge d'Affaires and impress upon him the importance attached to the successful outcome of the negotiations, by the French Government.

CAFFERY

DC/L:LCW:MCM
2/12/45

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By JB NARA Date 4-19-00

RG 131
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FEB 14 1945

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Paris

TO: Secretary of State, Washington

DATED: February 10, 1945 (Rec'd February 12th)

NUMBER: 639

SECRET

The following message from Currie for the Treasury, FEA, and the Department.

During the past three days meetings with members of French delegation to Switzerland and Alphand have been satisfactory in every way. On economic warfare and SAFE-HAVEN objectives and on terms of approach to the Swiss, the French have entirely agreed. They have agreed to tie in their commercial negotiations with overall Allied objectives, while they attach considerable importance to their proposed purchases in Switzerland and to securing payments agreement and credits. Also they informed us today that the Swiss have agreed to advance credit, but for the present the French will not conclude agreement. So that they can be used together to the best effect on negotiations, the projected French and army purchases are being coordinated.

Tonight delegation is leaving for Bern, to start on Monday discussion with the Swiss.

De Fouchier, Lange, Guionin Bloch-Laine, and Charguerand of Foreign Affairs Office as Chairman, constitute the members of the French delegation.

Laboulsse, the Ambassador, and I had a conference of a satisfactory nature with Bidault in which Bidault promised to call in the Swiss Charge d'Affaires and impress upon him the importance attached to the successful outcome of the negotiations, by the French Government.

CAFFERY

DC/L:LCW:MEM

2/12/45

cc: 2/14/45 For Information Messrs Schmidt, Gilbert, Swarts, Behmoiki, Feig (3), Miss Scullen, Fisher, Looker, Blake (2), Brenner, Miss Burnett, Zimmerman, Koskovits, NY Fed. General Records "Safehaven"

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FEB 20 1945

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern

TO: Secretary of State, Washington

DATED: February 16, 1945

NUMBER: 1055

SECRET

US URGENT

The following message from the Currie Mission for FEA, the Treasury and the Department is transmitted.

Unofficial information has been furnished me that the Federal Council today decided to freeze all German funds held in Switzerland including the funds of German residents there. Tomorrow it is probable that this decision will be communicated to the German Minister when he is handed the Italian note of protest on transit traffic. It will take effect on Monday if this occurs. Absolute secrecy is requested by the source.

HARRISON

DC/L:LCW:MEM

2/17/45

copy: gm

2/20/45

cc: 2/20/45 For Information - Messrs. Schmidt, Gilbert, Behuncik, Feig, Miss Scullen, DeLaney, Locker, Blake (2), Brenner, Miss Burnett, Zimmerman, Moskovitz, Joe Friedman, Aarons, Ny Fed., General Records "Currie Mission" "SAFEHAVEN" Mr. Glassor.

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DEPARTMENT OF STATE

INCOMING TELEGRAM

DIVISION OF CENTRAL SERVICES
TELEGRAPH SECTION

DEPARTMENT OF STATE
DIVISION OF
COMMUNICATIONS
AND RECORDS
(LIAISON)

LFR-1306 1945 FEB 19 AM 9 40

PLAIN

Bern

Dated February 18, 1945

Rec'd 8:55 p.m.

Secretary of State,

Washington.

US URGENT

1083, Eighteenth.

TO DEPARTMENT FEA AND TREASURY FROM CURRIE MISSION.

Following is text in translation of decree of Swiss Federal Council enacted February 16 governing freezing of German assets.

Decree of Federal Council establishing temporary measures for regulation of payments between Switzerland and Germany (February 16, 1945).

Swiss Federal Council considering federal decree on October 14, 1933 concerning economic defensive measures against foreign countries amended June 22, 1939 as a measure of conservation decrees.

Article I. Payments to be made directly or indirectly by individuals or entities either under public or private law domiciled in Switzerland to individuals or entities either under public or private law whose domicile head

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domicile head office or center of commercial direction is in Germany or in Protectorate of Bohemia Moravia or in territories occupied by Germany must be settled through Swiss National Bank.

Article II. Orders to dispose of transferable securities or real estate (assets of all kinds Swiss or foreign currency accounts open or closed deposits shared gold bank-notes contents of safe deposit boxes all kinds of participations, house property valuable objects et cetera) lying or administered in Switzerland for account of or in favor of individuals or entities under public or private law whose domicile head office or center of commercial direction is in Germany Protectorate of Bohemia Moravia or territories occupied by Germany can only be executed, under reserve or article V, with authorization of Swiss compensation office.

This measure applies also to transferable securities or real estate situated or administered in Switzerland belonging to entities under public or private law or to the management of estates whose head office or center of commercial direction is in Switzerland and in which are mainly interested individuals or entities under public or private law whose domicile head office or center of commercial direction is in Germany Protectorate of Bohemia Moravia or territories occupied by

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-3- #1083, Eighteenth, from Bern

occupied by Germany.

Article III. The provisions of present decree also apply to payments to German nationals or to nationals of Protectorate of Bohemia Moravia in Switzerland and to orders to dispose of assets belonging to these individuals.

Said individuals may however freely dispose of their assets for normal carrying on of their professional activities and to meet their personal normal requirements.

Swiss Compensation Office can authorize more exceptions.

Article IV. Payments which in virtue of Federal Council's decree of August 13, 1940 relative to execution of agreement for compensation of German Swiss payments of August 9, 1940 must be paid to Swiss National Bank remain regulated by the provision of said decree.

With regard to domicile head office or center of commercial direction the date as so declared by decree of Federal Council July 6, 1940 establishing temporary measures for regulation of payments between Switzerland and various countries remains determinative.

Article V. Within limits of normal administration (management) of assets sales or transfers in Switzerland are permissable without further authorization. The seller however may dispose of proceeds without authorization only in case of reinvestment in transferable

securities

322156

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Authority NND 968103
By JB NARA Date 4-19-00

RG 131
Entry EFC Central Files
File Switzerland Problems
Box 457

securities denominated in their original currency or in Swiss currency, or for payment to the National Bank. Other reinvestments are permissable only with authorization of Swiss Compensation Office.

The pledges which are attached to transferable securities and real estate referred to in Article II in favor of Swiss creditors may be settled without further authorization. In case of payment of pledge the sum in excess of the credits guaranteed by pledge must be paid to Swiss National Bank in conformity with article I insofar as it belongs to a debtor or a creditor domiciled in Germany Protectorate of Bohemia Moravia or Territories occupied by Germany.

The same applies to any payments resulting from a suit for debt or from a bankruptcy in Switzerland when the beneficiary has his domicile, head office or center of commercial direction in Germany, the Protectorate of Bohemia Moravia or in territories occupied by Germany.

Article VI. Payments which are to be made to Swiss National Bank may also be effectuated indirectly through the medium of a bank or post office. The Swiss Compensation Office will prescribe the formalities to be observed for payments to Swiss National Bank.

Article VII. Excepted from the obligation of payment to Swiss National Bank are payments which are regulated in

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regulated in another manner with the assent of the Swiss Compensation Office.

Article VIII. Payments which take place contrary to the provisions of Article I do not relieve the debtor from the obligation of effecting payments to Swiss National Bank.

Whoever disposes of transferable securities or real estate contrary to provisions of Articles II and V must pay to National Bank the counter-value as determined by Swiss Compensation Office.

Article IX. The administration of the customs and post office and Swiss transport enterprises are directed to take the necessary measures to contribute to guaranteeing the payment to Swiss National Bank of the amounts owed by the debtors in Switzerland.

The Federal Department of Public Economy authorized to enact the necessary measures for the execution of the present decree.

The Swiss Compensation Office is authorized to make any demand for information of a nature likely to clarify any fact which might be of importance for the execution of the present decree. It may appoint special experts to revise and check accounts, especially of firms and individuals who do not supply or who supply incompletely information requested as well as the accounts of firms and individuals

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and individuals strongly suspected of violating the provisions of the present decree.

The decree of the Federal Council of May 31, 1937 concerning the taxes to be collected by the Swiss Compensation Office for the revision of accounts and the control of merchandise, amended by the decree of July 23, 1940 increasing the commission collected by the Swiss Compensation Office is applicable.

Article X. Any individual who for his own account or as representative or mandatory or an individual or entity, under public or private law, domiciled in Switzerland or as a member of an organization or entity under public or private law will have effected a payment falling under the decree, otherwise than through Swiss National Bank, any individual who in one (above) of the qualities indicated in the first paragraph, will have accepted such a payment on behalf of the beneficiary and will not have delivered it to the Swiss National Bank, any individual who as beneficiary or representative or mandatory or member of a social organization will have accepted such payment in favor of the beneficiary in Switzerland, any individual who will have disposed of assets contrary to the provisions of Articles II and V, any individual who will have executed the orders of disposal contrary to the provisions of Articles II and V,

any individual

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any individual who will have contravened the provisions enacted by the Federal Department of Public Economy or who will have obstructed or attempted to obstruct in any other manner in Switzerland the provision enacted by the authorities of the present decree, will be punished by a maximum fine of 10,000 francs or a maximum of 12 months imprisonment. Both penalties may be inflicted simultaneously.

The general provisions of the penal code of December 21, 1937 are applicable.

Neglect is likewise punishable.

Article XI. The Cantonal authorities are charged with the prosecution and judgement of violations, insofar as the Federal Council does refer the case to the Federal Penal Court.

The Cantonal Governments are held to communicate immediately to the Federal Department of Public Economy and to the Swiss Compensation Office all judgements and dismissed charges and all administrative decisions of a penal character.

Article XII. According to the convention of the Customs Union concluded on March 29, 1923 between the Swiss Confederation and the Principality of Liechtenstein the present decree will be applicable also to the territory of the Principality of Liechtenstein.

Article XIII. The

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Article XIII. The present decree comes into force on February 17, 1945 at zero hours.

Enacted at Bern February 16, 1945.

HARRISON

DU

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By JB NARA Date 4-19-00

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FEB 21 1945

FEB 21 REC'D

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMERICAN LEGATION, BERN

TO: Secretary of State, Washington

DATED: February 18, 1945

NUMBER: 1084

SECRET

US URGENT.

The following message is from Currie Mission for FEA, Department and Treasury.

See Legation's 1083 of the eighteenth of February.

We are discussing with the Swiss further measures to increase the effectiveness of the decree, while the decree itself is a significant step forward. We feel, on basis of discussion so far, they will be willing to take at least some additional measures, including in particular the ones given below:

1. Extension of application of the decree to the property of Japan and Axis satellite or occupied nations not covered by this or decrees previously.

2. Take a census of all property held in or through Switzerland for nationals of enemy nations and nations now or formerly occupied by the enemy (or possibly for nationals of all foreign nations.)

HUDDLE

DC/L:NLG
2-19-45

cc: 2/21/45 For Information - Messrs. Schmidt, Gilbert, Behuncik (Shwartz), Feig, Miss Scullen, Delaney, Locker, Blake (2), Brenner, Miss Burnett, Zimmerman, Moskovitz, Friedman, Aarons, Ny Fed., General Records "Currie Mission" Glasser. "SAFEHAVEN"

CLS/m

322162

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By JB NARA Date 4-19-00

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Mrs Shwartz

Currie Mission

day by day press comments

MAR 1 1945

JFL-1505 PLAIN Rec'd MON. RES.
Bern
Dated February 19, 1945
Rec'd 6:25 p.m.

Secretary of State,

Washington.

1110, Nineteenth.

FOR DEPARTMENT FEA AND TREASURY.

Legation's 1073, Seventeenth.

Swiss press February 17th, 18th comments as follows: negtiations Currie Mission Switzerland.

LA SUISSE: Reason for Thursday and Friday Extradorinary Sessions Federal Council have now become known. Session devoted to February 16 decree blocking German funds Switzerland. Serious measure although not exceptional in course present war as evidenced by various assets already subjected such control Switzerland will doubtless strongly contribute confidence felt by Allied delegates. This does not indicate however entire work of commissions devoted to finance. Other subjects likewise elaborated and if Bern rumors to be believed partial results already obtained in harmonizing viewpoints on transit. Visit Allied delegates Switzerland apparently aided their understanding absolute law dictated by Swiss neutrality. Such favorable evolution confirmed by rumors circulating yesterday regarding imminent rapprochement between Switzerland and France. Rather sombre atmosphere of middle of last week undeniably now replaced by relaxation of tension. Not yet serenity but no longer anxiety.

NATIONALZEITUNG: After Friday night session Federal Council there were grounds expect immediate fundamental decision on part Switzerland. Measure taken will considerably facilitate continuation negotiations between Switzerland and Allies and is evidence of Swiss resolve to do all within limits of possibility toward introducing desired clarity in problem of great significance to negotiations. Consequently future course negotiations envisaged with much more confidence. Attitude maintained in evaluating general situation is indicated by statement official communique that Reich will henceforth be treated in same manner as numerous occupied states which lost economic independence as result of military events.

cc: 3/1/45 For Information - Messrs. Feig, Behuncik (Shwartz), Miss Scullen, Delaney, Blake, Brenner, Miss Burnett, Zimmerman, Moskovitz, Mrs. Henderson, Locker, Ny Fed., General Records - SAFEHAVEN

EOB/m

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By JB NARA Date 4-19-00

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GAZETTE DE LAUSANNE: Impossible to refrain from noting coincidence normally interpreted on basis relation of cause of effect. Three ways open to government: to decree in full autonomy and spontaneity inspired by total independence, to consent under outside pressure or to make effective act over period of time without foreign demand playing decisive role but in fashion granting exchange value to act. Decree approved Friday by Federal Council had been studied sometime prior to presentation official Allied demands. Fact remains however that it received final sanction after week full of arduous discussion. One can draw own conclusions. By gesture February 16 Federal Council started Swiss international relations along new road a matter worthy of note.

DIE TAT: Laughlin Currie stated he saw good omen for success of mission in fact that first conference held on Abraham Lincoln's birthday. "Book of reference on science and life" writes as follows about Lincoln. "elected to Presidency and endowed almost dictatorial powers by reluctant Congress he waged without any consideration war against southern states" luckily Lincoln primarily known as liberator of slaves.

Swiss economic negotiations with Allied representatives of considerable importance because federation by its own concessions will predetermine position Switzerland toward future security and peace organizations while demands and comprehension shown by Allies will provide criterion for judging degree of seriousness to be attributed to Atlantic Charter Tehran and Crimean Conference.

HARRISON

RB

322164

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By JB NARA Date 4-19-00

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Lewis Book

MAR 9 1945
Rec'd MON. RES.

DEPARTMENT OF STATE — OUTGOING TELEGRAM

NB
This telegram must be Paraphrased before being communicated to anyone other than a Government agency. (RESTRICTED)

February 19, 1945
8 p.m.

AMLEGATION,

BERN (SWITZERLAND)

759

PERSONAL TO LAUCHLIN CURRIE FROM SECRETARY MORGANTHAU

It is very good news that the Swiss are freezing German assets. We regard this as a major contribution to the cause of democracy and freedom. I hope you will communicate our appreciation to the Swiss.

To you my warmest personal congratulations on this achievement, and the same to Orvis Schmidt.

GREW
(Acting)

Cleared by telephone with Mr. Collado (?FD)

W FEW:NA

Copied DRL 3/7/45

Distributed to: Mr. Bell(Mr. Dietrich); Mr. Coe(Mr. Delaney); Mr. Luxford, Mr. Delaney; Mr. Nathan; Mr. Gunter; Mrs. Gold; Mr. Bittermann; Mr. J. Friedman; Mr. Behuncik; Mr. Bernstein; Mr. Glasser; Mr. Ness.

From Mrs. Fontaine - Room 3457

co: 3/10/45 For Information - Messrs. Feig, J. Friedman, Schmidt, Gilbert, Behuncik (Shwartz), Miss Scullen, Delaney (4), Locker, Blake (2), Brenner, Miss Burnett, Zimmerman, Moskovitz, Aarons, Glasser, Ny Fed., General Records "Currie Mission"

322165

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By JB NARA Date 4-19-00

RG 131
Entry FFC Control Files
File Switzerland Problems
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FEB 23 1945

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern

TO: Secretary of State, Washington

DATED: February 19, 1945

NUMBER: 1093

SECRET

The following message from Currie for FEA, Treasury Department and State Department is transmitted.

Stucki met with the head of the German Trade Delegation on Saturday. Stucki pointed out that on February 15 their agreement expired and that a protest from the Government of Italy on transit had been received by him. In addition he stated that the Government of Switzerland would not consider the making of a new agreement until the Germans make up their arrears of deliveries of coal, regardless of possible action on the above protest. Stucki estimated these arrears at 120,000 tons, arrived at in the following manner: 41,000 (?) (?) (?) are such that they will not act as agents for the Germans or as cloaks for them. Omission may be misinterpreted in the United States for a generally favorable reaction, and act as a precedent for other neutrals, I pointed out. The desirability of blocking from the intelligence point of view was emphasized by Foot. On Monday morning it is expected that the Japanese will withdraw 30 million francs from the National Bank, and advice on this matter would be appreciated by us. Freezing of Japanese assets elsewhere than in the National Bank, which could in that case watch transactions, would be a possible compromise in the matter.

Among matters remaining to be negotiated are the following: purchases of German gold, the possible use of some Swiss shipping space for supplies for France, technical details on freezing, and taking a census, purchase of supplies for our use and our quid pro quo, and transit other than coal. The atmosphere is cordial, however, and no great difficulty is anticipated by me. I intend to offer a small quantity of coal if the questions remaining are handled in a satisfactory manner.

HARRISON

(?) (?) (?) portion indecipherable—repetition requested.

DC/L:ICW:MEM
2/21/45
cc: 2/22/45 For Information - Messrs. J. Friedman, Schmidt, Gilbert, Behuncik (Shwartz), Feig, Miss Scullen, Fisher, Locker, Blake(2), Brenner, Miss Burnett, Zimmerman, Moskovits, Aarons, Glasser, NY Fed., General Records: "Currie Mission" and "Safehaven.

23 RECD

322166

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By JB NARA Date 4-19-00

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Rec'd MON. RES.
MAR 1 1945

EK-210 PLAIN
Bern
Dated February 21, 1945
Rec'd 6:36 p.m.

Secretary of State,
Washington.

1137, February Twenty-one.

FOR DEPARTMENT FEA AND TREASURY.

Legation's 1110, February 19.

Swiss press February 19-20 comments as follows negotiations Currie Mission Switzerland.

(Funds?)

Bund: Control over German funds Switzerland is serious encroachment upon Swiss-German relations required by military economic and political situation to protect material moral and political interests Switzerland. Latter is on defensive on two sides that of Allies where it restricts itself to refusing protection to funds originating occupied territories or withdrawn from Reich on political grounds and that of Germany where refusal federation to protect receipt of stolen goods and recognize flight capital as legal is clearly defined. In between lies wise field of legitimate funds and difficult task of protecting Swiss interests in such manner as to retain premises for economic reconstruction. There can be no question of Switzerland delivering as war indemnity at later date all German funds to Allies nor do we believe such demand has or will be advanced. On other hand at some time question may arise of balancing German funds Switzerland against Swiss assets Germany Switzerland being greater creditor than debitor of Reich but those are questions not in foreground just at present.

Volksrecht: Why use involved and guarded language instead of simply admitting that we have blocked assets German citizens Switzerland guarded formula announcing blockade deceives no one regarding actual significance of decision. Decree comes late but no too late. Unfortunately impression now created is that foreign pressure was required to put it through. This might have been avoided had German funds Switzerland been subjected to restrictions suffered by Swiss funds Germany under influence banks measures were avoided which must now be taken with considerably less effect. One may assume with certainty that now decree is promise to

cc: 3/1/45 For Information - Messrs. Foley, Schuncik (Shwartz), Miss Scullon, Delaney, Blake (2), Bronner, Miss Burnett, Zimmerman, Moskovitz, Mrs. Henderson, Locker, Ny Fed. General Records SAFEHAVEN.

EOB/m

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By JB NARA Date 4-19-00

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successful continuation of negotiations with Allied economic mission interest country comes before that of banks. It is not particularly commendable that Allied memorandum was required to put this principle into effect. This time members of banking corporation hit upon more obstinate opponent than they were used to encounter in Federal Council. We are in constant danger of undervaluating tremendous changes and developments in world around us. Certain influencing gentlemen Liberalist sleeping beauties were awakened not by kiss of Prince Charming but by fall of heavy plate of Currie main point on list of Allied demands appears fulfilled with issuance this decree and first phase of Bern conference is over. Now comes turn Swiss demands negotiations statedly will not proceed more rapidly and will be completed shortly. Second phase conference under slogan "Switzerland wants to live." Not only Swiss interests at stake but participation Switzerland in reconstruction of destroyed Europe relations with France will also play important role development thereof will reportedly be gradual with advance delivery commodities to France envisaged for present such advance may subsequently be increased depending on French return services.

TRIBUTE DE GENEVE: Extention negotiations over another week does not necessarily signify there exists deep discord since discussion several problems having technical as well as political aspect and requiring appointment experts and subcommissions took time if somewhat vague rumors may be believed Swiss delegates treated with very resolute men playing tight game however by Friday after rather violent discussions it seemed there was more toward understanding however we should not have illusions. concessions demanded of Swiss are of some importance Swiss delegations supported by Federal Council will doubtless see to it that nothing is conceded which might weaken strong position of neutrality and create precedent likely to be cited when we wish to return to complete and full neutrality Switzerland must not create impression it capitulates before strongest and is exclusively concerned with acquiring friendship of probable conquerors.

Report announced over French radio of 260 million credit to be opened by Switzerland to France seems exaggerated or at least premature probably such demand has been made but no decision yet taken and matters not as advanced as rumored.

HARRISON

MRM

322168

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By JB NARA Date 4-19-00

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Swiss Bond - attached to memo

February 21, 1945

Mr. White

Mr. Coe

1. As the attached memorandum to the Secretary indicates, the Swiss action seems to be far short of our objectives. A really effective weapon we possess for inducing substantial acceptance of our objectives by the Swiss is the supplies which the Swiss need. We should therefore be wary of renewed efforts by the Swiss to get additional trade and supply concessions on the basis of the Swiss action to date.

2. It is our guess that Orvis Schmidt is fighting an uphill battle - certainly with the Swiss, probably with the British, and possibly with some members of the Mission itself.

Attachment

JJSakon:rg 2-21-45

322169

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February 21, 1945

Secretary Morgenthau

Mr. Coe

Subject: Progress of Currie Mission

This is to bring you up to date on the reports received yesterday from the Currie Mission. The Swiss have taken some steps, and have offered to take other additional steps to the end of controlling German assets. They must do much more, however, before we can feel that they are giving us real cooperation.

The action taken by the Swiss to date represents a formal gesture to satisfy the U. S. which by itself has some value. However, it carries no concrete guarantee that German assets in Switzerland will in fact be frozen. The following is a brief summary of some of the measures which the Swiss have taken, or propose to take, with respect to the problem, with an indication of the deficiencies.

A. Controlling German Assets. On February 10, 1945, the Swiss Federal Council issued a decree controlling German assets within its jurisdiction. The more significant provisions of this decree are the following:

1. The decree provides that Germans, whether domiciled in Switzerland, Germany, or German occupied territory, can no longer use their assets in Switzerland unless authorized by the Swiss National Bank. Because of the limited group of Germans and their agents subject to the decree, Nazi clients in Argentina could freely manipulate funds in Switzerland.

2. Germans in Switzerland are permitted by the decree to freely dispose of their assets for "normal" professional and personal transactions, and no authorization is required, among other things, for the "normal administration" of German assets. Much will depend on how the Swiss interpret the term "normal" and how conscientiously they carry out the objectives of the decree. Unless the Swiss are strict in their interpretation of "normal" and vigorous in their investigation of ostensibly innocent professional, personal and commercial transactions, agents in Switzerland will be able to freely use German assets to further Nazi underground activities.

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3. The decree delegates to the appropriate Swiss officials authority to request information from banking institutions, with respect to the ownership of accounts within Switzerland. Much will depend here again, on how vigorously this authority is exercised to remove German assets from the Swiss protective economy law.

B. Gold Policy. The Swiss have indicated that they are prepared to cease accepting gold from the Germans but only in payment for Swiss exports.

C. Census of Foreign Assets. The Swiss propose to take only a census of Swiss accounts held in the United States. The Mission reports, however, that the Swiss may yet agree to take a census of all property held in or through Switzerland for enemy nationals and nations, now or formerly, occupied by the enemy.

D. Other Measures. The Swiss are prepared to prohibit dealings in foreign currency and to segregate foreign and Swiss assets and to take a census of all property held in Swiss accounts in the United States.

We shall keep you advised of the further concessions which the Mission anticipates receiving from the Swiss.

[illegible] 2/22/45

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MAR 1 RECD

Rec'd: Mon. Res. MAR 1 1945

EDW-604

PLAIN

Bern

Dated February 22, 1945

Rec'd. 6:52 p.m.

Secretary of State,
Washington.

1177, Twenty-second.

FOR DEPARTMENT FEA AND TREASURY.

Legation's 1137, Twenty-first, Swiss press February 20, 21, comments as follows: negotiations Currie mission Switzerland TRIBUNE DE GENEVE one does not see how reaction which decree blocking German funds Switzerland might provoke on part Germany could cause Swiss great material harm we possess claims against Reich and few illusions and little hope exist regarding probability of recuperating Swiss funds, mainly in form of industrial participation and business branches, now in Germany.

JOURNAL DE GENEVE clearly Federal Council wished safeguard Swiss political interests to be better able defend economic interests stressed before Allies. Council acted four days after start Bern negotiations is at moment when it became apparent success thereof depended largely on autonomous measures Swiss would take to subject careful control German funds deposited Switzerland. While properly speaking this may not be concession accorded under pressure third power's relationship undeniably exists between Bern negotiations and blocking of German funds. Neutral cannot grant protection to funds sequestered occupied countries without being accused of complicity. We do not know whether President Roosevelt quoted this thesis in personal message to Mr. Von Steiger and whether it figured prominently in list of demands presented in first hour negotiations by Allied delegates to Swiss representatives. We only know that envoys of Anglo-Saxon and French Governments when establishing contact day following their arrival with Bern newspaperman found it insufficient to express friendship to Switzerland but presented simultaneously authentic text Bretton Woods resolution number six showing decisive importance this question in eyes of Lauchlin Currie.

MAR 1 REC'D

cc: 3/1/45
For Information - Messrs. Delaney(2), Feig, Behuncik(Shwartz), Miss Scullen, Blake, Brenner, Miss Burnett, Zimmerman, Moskovitz, Mrs. Henderson, Locker, NY Fed., General Records: "Safehaven".

EOB/t

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Dinglefoot and Chargueraud. Measures decreed by Federal Council may be rich in consequences since they present precedent. They may strike heavy blow to Swiss banking which we must admit deserves commendation for covering large part of deficit in Swiss balance. Once banking paralyzed or ruined one fails to see by what source of revenue it can be replaced.

NEUE BUENDNER ZEITUNG allegation that bank secrecy prohibits divulging non-Swiss capital cannot be countenanced. If under certain premises in domestic transactions bank secrecy may be disclosed then this certainly should take place primarily in international transactions and instances where interests of country demand it. Allies particularly France are interested also in funds originating from their countries and transferred Switzerland to avoid taxation and other obligations. Last week agreement concluded between France and England providing for exchange of information regarding funds deposited in one country by citizens of other majority of English banks apparently consider control of international capital transfers as one of restrictive measures retention of which would be approved after war it is to be hoped this conception will likewise take ground in Switzerland. Comprehensible that Allies and France particularly are striving achieve similar arrangement with Switzerland.

THURGAUER ZEITUNG main difficulties in financial problems connected with Swiss French relations seem to have been overcome Swiss German trade based on reciprocity has for months been almost suspended and prospects for future are poor. As regards formal severance Swiss German economic relations it may be reconciled with rights and obligations of neutrality. Wording plays important role this respect as it does transit problem and elaboration thereof will be main task of second week negotiations.

HARRISON

RB

322173

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February 22, 1945

MEMORANDUM FOR THE FILES

Subject: Report on Cotton Textile from Switzerland

At the meeting of the Combined Liberated Areas Committee, Operating Subcommittee, on February 22, 1945, document LAC(S) 7/4, entitled "Report on Cotton Textiles from Switzerland," was discussed.

In general, this paper considers the feasibility of using the textile manufacturing capacity of Switzerland as a means of increasing the supply of cotton piece goods for liberated areas. This involves the shipping of additional raw cotton to Switzerland.

The United States chairman of the Committee stated that, in view of the Currie Mission to Switzerland and of the fact that the Report of the Working Party on Cotton Textiles from Spain and Portugal was pending before CLAC for a policy decision, it was felt that no action should be taken on this paper. The British members of the Committee urged that the Committee state for the record at this meeting that favorable action on the report would be taken if the Currie Mission reported successful conclusion of its mission to Switzerland. The United States members refused to accept this recommendation, and the paper was kept on the agenda for consideration at a future meeting.

J. R. Brooks

cc: Aarons
Bronz
Friedman
Glasser
Looker
Mrs. Shwartz

JRBrooks:nkg--2/22/45

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Swiss Book

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern

TO: Secretary of State, Washington

DATED: February 22, 1945

NUMBER: 1163

SECRET

The following personal message from Currie for Secretary Morgenthau, Treasury Department.

I wish to express many thanks to you, also I hope that we can secure shortly a complete census of all foreign property, and decrees which prohibit dealing in foreign currencies also importation and exportation. I am not able to speak too highly of the work of Schmidt.

HARRISON

Distributed to: Mr. Bell (Mr. Dietrich); Mr. Coe; Mr. Luxford; Mr. Delaney; Mrs. Gold; Mr. Gunter; Mr. Nathan; Mr. J. Friedman; Mr. Behuncik; Mr. Bernstein; Mr. Glasser; Mr. Ness.

From Mrs. Fontaine - 3457

322175

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Authority NND 968103
By JB NARA Date 4-19-00

RG 131
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LC
This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (SECRET O)

February 22, 1945
4 p.m.

U.S. URGENT

AMLEGATION,
BERN.

788 FOR CURRIE.

A larger cable is in process of preparation on entire matter, but following are comments on Japanese aspects of your 1093, February 19.

Since the whole situation with regard to the financing of relief and representation of Americans in Japanese-occupied territories in the Far East is dependent upon the flow of adequate funds through Swiss channels, we feel that you will want to act with great caution in pressing or tempting the Swiss to bring about a Japanese reaction which may affect that flow and so jeopardize not only the treatment, but even possibly the lives, of our nationals in that area.

We are unable to judge the reaction of the Japanese to the possible compromise you mention.

In connection with this matter, please inform if possible on: (1) total amount of all Japanese holdings in Switzerland; (2) amount of Swiss exports to Japan; (3) amount of Japanese trade with other neutrals, particularly Sweden, financed in Swiss francs.

Treasury and FEA concur.

GREW
(Acting)
(PTC)

Cleared with FEA - Dr. Fleischer, (SJR) 2/22/45
Cleared with Treasury - Mr. Aarons (SJR) 2/22/45

WE:WW:il 2/22/45 LA SWP FMA

ef:copy
3/1/45

Mr. Bell(Mr. Dietrich); Mr. Coe (Mrs. Gold); Mr. Luxford; Mr. J.Friedman; Mr. Delaney; Mr. Gunter, Mr. I. Friedman; Mr. Behuncik; Mrs. Gold; Mr. Bernstein; Mr. Glasser; Mr. Ness.

3/3/45
cc: Mr. Feig, Mr. Locker
gb

322176

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Authority NND 968103
By JB NARA Date 4-19-00

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Box 457

MAR 1 RECD

Rec'd Mon. Res. MAR 1 1945

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: February 22, 1945
NO: 1164 SECRET

The following message from Currie for FEA, the Treasury and the Department, is transmitted.

The government of Switzerland does not interpret the lack of a trade agreement with the Germans as meaning the end of all trade, contrary to the impression received by me from Stuki and which was reported in my cable of February 19, No. 1093. On the subject of total stoppage, even our best friends in the government seem to be unyielding. For this reason we have indicated that we would discuss token delay under conditions which were very restricted and very limited.

In January transit traffic fell to 7067 tons, north bound; we continue to urge complete stoppage and in addition we are requesting that the March 1st ban on electricity be extended to the north of Italy too. The proposal made by me that Japanese assets be frozen outside the National Bank met with a favorable hearing initially. Also, we have requested that the freezing decree be extended to Bulgaria, Rumania, and Hungary, and that it be extended to their nationals in Switzerland, as well. We have suggested that the Swiss subcharter some of their vessels for the time being to bring into France civilian supplies, in view of the limited transit facilities, and we pointed out the probable adverse reaction all through liberated Europe if the Swiss should stockpile in Spain raw materials. Indication has been given by me that we would be prepared to make available up to 30,000 tons of coal monthly if reply is satisfactory on those various points. It is requested that you confirm this.

HARRISON

DC/L:LOW:AN
2-23-45

af:copy
2-27-45

Distributed to: Mr. Bell(Mr. Dietrich); Mr. Coe(Mrs. Gold); Mr. Luxford; Mr. J. Friedman; Mr. Delaney; Mrs. Gold; Mr. Gunter; Mr. Behuncik; Mr. Bernstein; Mr. Glasser; Mr. Mess.

From Mrs. Fontaine - Room 3457

cc: 3/1/45 For Information - Messrs. Gilbert, Behuncik(Shwartz), Feis, Miss Scullen, Delaney, Blake(2), Brenner, Miss Burnett, Zimmerman, Moskovitz, Locker, Mrs. Henderson, NY Fed., General Records: "Safehaven".

ECB/t

322177

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Authority NND968103
By JB NARA Date 4-19-00

RG 131
Entry FFC Control Files
File Switzerland Problems
Box 457

Rec'd Mon. Res. MAR 1 1945

HW-951 PLAIN

Bern

Dated February 23, 1945

Rec'd 4:40 p.m.

Secretary of State
Washington

1209, Twenty-third.

FOR DEPARTMENT FEA AND TREASURY

Legations 1177, 22nd. Swiss press February 22-23 comments as follows: Negotiations Currie Mission Switzerland.

AARGAUER TAGBLATT: We do not know how far Allied demands go but presume they do not exceed Bretton Woods demands. Switzerland always considered trustworthy and many alien deposits including German also French and others were kept there. Line must be drawn between unlawful property and legal German funds arising from constant close economic contact. Certain funds furthermore may have fled precisely from present regime and have no wish to serve latter.

TRIBUNE DE GENEVE: Financial news declares Nazi funds concealed Switzerland reach tremendous totals. It knows nothing precise and we are convinced it is quite wrong. Points at issue do not affect extensive interests but only questions of principle of greatest importance to Swiss loud-mouthed protagonists of unlimited concessions fail understand this and denounce alleged obstructionist maneuvers of private interests as injury general welfare as if our sovereignty were not general welfare.

LA GRUYERE: Federal War Office for Food Supply announces last cars of cereals arrived Switzerland exactly one year ago meanwhile 10 ton car entered Geneva but loaded with American films. There are various ways of explaining this strange phenomenon. Circumstances murmur fatalists those who produce them in our opinion while want food for ourselves others think of what their cannons planes and tanks devour. There is no room they say for Swiss trains.

cc: 3/1/45
For Information --Messrs. Delaney(2), Feig, Behuncik(Shwartz), Miss Scullen, Blake, Brenner, Miss Burnett, Zimmerman, Moskovitz, Mrs. Henderson, Locker, NY Fed., General Records: "Safehaven".

EOB/t

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carrying wheat stored Portugal and Spain. If this is true why with to block our commerce with Germany only trade we can carry on no true neutrality exists economic matters particularly questions of United Nations Governments understand this with result their emissaries now converse in Bern principal is to know not only their proposals but how latter can materialize because however slim our acquisitions we cannot abandon them for shadows.

DIE WELTWOCHE: We can naturally only welcome measure of Federal Council and have grounds to believe our attitude shared by majority of Swiss people. Complaints reaching our ears are directed rather against energetic position Allies than against actions Federal Council and consist at most in accusations Allies utilize one-sidedly their present position of conquerors. There is nothing we would regret more than if any lasting butterness against Allies resulted from this attitude of certain Swiss circles and we therefore stress difficulties confronting United Nations.

LA SUISSE: Steinamrhein and Neuhausen were bombed 11 months after bombing Schaffhausen on similar sunny day by flyers of same country. Mr. Currie will have felt as we did inexcusable wrong done to Canton wounded once before and to already mourning population. He will have understood our sorrow at receiving such blow from nation representing itself as friendly. He has means of preventing repetition of similar incidents. We do not doubt he will use them and respect of our neutrality by his country will be one of most previous fruits born by his mission Switzerland.

BASLER NACHRICHTEN: That bombings took place approximately same region as Schaffhausen indicates unconcern American Air Forces at serious injury it inflicted previously for about 14 days air violations by Allies have been multiplying as never before. Impression is created Allied Air Command considers friendly atmosphere of Bern negotiations will help overlook rude disregard of our sovereignty such as we have been compelled to put up with in last two weeks. It is mistaken Swiss are realists and do not confuse issues. We welcome fact that Mr. Currie who yesterday in Schaffhausen could observe more or less on the spot neutrality violations by American Air Force gave decisive assurances he would present entire problem of these violations to President of United States.

MRM HARRISON

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Rec'd Mon. Res. MAR 1 1945

HW-1351 PLAIN

Bern

Dated February 24, 1945

Rec'd 5 p.m.

Secretary of State
Washington

1222, Twenty-fourth

FOR DEPARTMENT FFA AND TREASURY.

Legation's 1209, 23rd, Swiss press February 21 comments as follows: Negotiations Currie Mission Switzerland.

Finanz and Wirtschaft decree blocking German funds is without question result of negotiations now conducted Bern and will certainly be followed by other significant decisions. In addition to practical significance decree is informative from viewpoint of changed conceptions. Six months ago this measure would have been unthinkable. Subsequently decree will probably be expanded toward subjecting all funds transferred from Germany to Switzerland to blockade, suspension of transit between Germany and Italy may be expected, while Swiss deliveries to Germany if not completely suspended will drop considerably. It will then be necessary to announce counter offers serving compensation for abandoned business possibilities.

Dr. Henggeler in SCHWEIZJURISTENZEITUNG notes bank secrecy practically non-existant in cases where official inventory is made. Cleft in bank secrecy or elimination thereof causes serious damage to banking. Whoever expects decisive measures in this field are conditional on war and later will disapear harbors serious delusions.

VOLKSTIME (Socialist): Seriousness of Swiss supply situation brought to our knowledge by "gas catastrophe" food ration reductions et cetera and all eyes turn to Allies since nothing more forthcoming from Germany. Publicity surrounding arrival of Allied delegation was too much of a good thing, photographs in every pose, greetings, respectful descriptions.

cc: 3/1/45
For Information:- Messrs. Delaney(2), Feig, Behuncik(Shwartz, Miss Scullen, Blake, Brenner, Miss Burnett, Zimmerman, Moskovitz, Mrs. Henderson, Locker, NY Fed., General Records: "Safehaven".

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Most English and Americans (French were only brought along by the way) gather impression Switzerland is just one big Palace Hotel and Director Porter and other personnel cannot do enough bowing and flattering.

HARRISON

DU

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By JB NARA Date 4-19-00

RG 131
Entry EFC Control Files
File Switzerland Problems
Box 457

Swiss Book

OUTGOING TELEGRAM

February 26, 1945
10 p.m.

AMEMBASSY,
PARIS.

795

FOR HOFFMAN.

SHAEF has proposed that transit mail service between Switzerland and non-enemy countries, except the Netherlands, Luxembourg, and enemy-occupied areas, be resumed subject to certain conditions among which is that all Swiss mail be routed to transit France and be censored in France, or, until French controls are adequate, through US-UK censorship. Reference your 655 of February 13, 1945. In view of the discussions now taking place in Switzerland with respect to Safehaven objectives, we consider that no steps should be taken at this time to reopen facilities for Swiss mail to non-enemy countries transiting France. We question the desirability at the present time of expediting mail between Switzerland and Spain.

Reference your 141, January 11, 1945. We are presently discussing with the Office of Censorship the possibility of sending personnel to France to assist French Censorship in preparation of directives and in the techniques of the objectives of Allied censorship. We will advise you further on this matter. We approve of your efforts in conjunction with SHAEF and the British to induce Blocus to train personnel and prepare directives for French Censorship.

Sent to Paris, repeated to AMLEGATION, Bern, for Currie, for information and possible use in negotiations with the Swiss.

GREW
(Acting)
(SJR)

#655

CODE ROOM: Repeat to AMLEGATION, BERN, FOR CURRIE with the following additional paragraph:

"The above cable has been sent to AMEMBASSY, PARIS, and is repeated to you for your information and possible use in possible negotiations with the Swiss."

cc Glasser-Gold, DuBois, Bronz (3), Schmidt (3), Gunter, Friedburg
Delaney, Nikulich

3-3-45

322182

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Authority NND 968103
By JB NARA Date 4-19-00

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File Switzerland Problems
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PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: February 26, 1945
NO.: 1248

SECRET

The following from Currie for FEA, Treasury, and the Department.

We refer to cable from the Department dated February 22, No. 788.

The best information that is available with regard to the points you brought up in connection with Japanese-Swiss relations is given as follows:

(1) In Switzerland Japanese holdings there are considered negligible by the Swiss authorities except for moneys which amount to a little less than 34 million Swiss francs held by Yokahama Specie Bank with the Swiss National Bank. The bulk of these funds arose from payments in connection with remittances by the Red Cross to Japan for charitable operations and payments for protection of prisoners of war and private interest, the Swiss National Bank states.

The following as background information: Prior to October 1944, Gauthier of the Swiss National Bank said Yokahama Specie Bank held its account with the Banque Federal Suisse, but the account was transferred to the Swiss National Bank in October 1944.

Holdings of the Japanese with the Swiss National Bank are in two accounts—one of them containing from eight to nine million Swiss francs which can be used for payments to people inside Switzerland only. The Japanese do not have any gold in Switzerland and have not sold any here, Gauthier says.

(2) In recent years there has been a very small amount of trade between Japan and Switzerland. In 1944, imports from Japan by Switzerland total 432,000 Swiss francs, and exports to Japan from Switzerland total 229,000 Swiss francs. In these exports silver pocket watches predominated. Since August, 1944 Swiss exports to Japan total 615 francs (less than one thousand) as registered in statistics.

(3) The Japanese have bought 15 million escudoes and 6-1/2 million kroner in Switzerland since about the last of November, 1944. However, the Japanese have been informed by the Swiss National Bank that it will not permit such transaction any longer.

Statements by Swiss authorities given in paragraph one it should be noted, relate to the absence of funds openly held with Swiss banks of importance in the name of large financial interests or Japanese banks. There is no information in possession of the Swiss with regard to the amount that might be hidden in Switzerland, but this amount would be small they believe.

The dangers you mentioned are fully appreciated and we will proceed with caution.

DC/L:LCW:CVT 2-26-45 HARRISON

Distributed to: Mr. Bell(Mr. Dietrich); Mr. Coe(Mrs. Gold); Mr. Lux-ef:copy 3/1/45 Ford; Mr. J. Friedman; Mr. Delaney, Mr. Gunter; Mr. IFriedman; Mr. Behuncik; Mrs. Gold; Mr. Bernstein; Mr. Glasser; Mr. Ness.

cc: 3/3/45 Mr. Feig, Mr. Locker
gb

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By JB NARA Date 4-19-00

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Issues Book

Plain

Bern
Dated February 27, 1945
Rec'd 7:45 p.m.

Secretary of State,
Washington.

1290, Twentyseventh

FOR DEPARTMENT FEA AND TREASURY

Legation's 1268, 26. Following excerpts Basel NATIONALZEITUNG February 25 commenting negotiations Currie Mission Switzerland: Exceptional publicity accorded Allied delegation not needed in order convince Swiss public importance for Switzerland of present negotiations. Danger exists in failure realizing new surrounding conditions and fact that Germany has outplayed role continental pemwer. (power?) Question if in future we shall receive coal from Germany no longer can be answered by Germans because for indeterminate period whatever they could offer us will be placed at disposal reconstruction organizations.

It might have been easier for us had Allied delegation arrived after German capitulation as political economical transformations would have followed as matter of course but perhaps Allied delegation would have been in no hurry then to undertake trip to Switzerland. We are aware they will demand a great deal from us but nothing which might encroach our neutrality or honor. Russians absent from negotiations but we trust Allied delegation speaks in name all Allies so that we will not have to face new situation shortly. In last analysis present negotiations will relieve our international situation therefore they surpass limits economic negotiations and enter real "high politics" opening up to Switzerland extensive possibilities participation in postwar world. Meanwhile we feel convinced adequate parseeing forces at work in order achieve favorable conclusion Swiss peoples confidence from the very start in outcome Berne negotiations but due to hasty conclusion but should be taken as desire for sound realistic policy.

HARRISON

MRM

322184

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By JB NARA Date 4-19-00

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DRAFT ON SWISS SAFEHAVEN PROPOSAL

Clause 4 of the basic agreement will provide for Swiss compliance with and execution of Bretton Woods Resolution No. VI.

Annex A. to the Agreement is proposed as follows:

In accordance with clause 4 of the Agreement between the Swiss Government and undertaken on its own behalf and that of the principality of Liechtenstein to assist the United Nations in carrying out the spirit and purposes of Resolution VI of the Bretton Woods Conference, and will without delay adopt and put into force a program designed to achieve these objectives. It is agreed that such program will include the following measures and such others as may in the light of experience and changing conditions be deemed necessary to the effectiveness of this undertaking.

1. It must provide for a census of all property in which any enemy national has any interest including any interest held by or through any Swiss individual, institution or other type of person. Reports as of two dates (such as summer of 1945 and a recent date) would be most desirable. It is important that the term "interest" be broadly defined to include options and any types of arrangements or understandings, whether written or unwritten. The penalties for failure to report correctly must be so severe as to compel persons to do so even where very large amounts of property are involved.

2. It

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2. It must provide for the establishment of effective controls with respect to any transactions with persons in enemy countries as well as any transactions in or the transfer of any interest with respect to any property in which any enemy national has an interest.

3. The controls should be administered to prevent, now and in the post-Armistice period:

(a) the dissipation or concealment of enemy assets, including the conversion or any other transactions affecting the title or increasing the difficulties of tracing ownership of enemy assets,

(b) the use of such assets to finance, support directly or indirectly, ~~or for the support of~~ operations of enemy nationals or persons acting for or on behalf of the enemy (even though such persons are no longer within enemy territory), and

(c) any other transactions designed to elude or evade such allied controls over enemy property as are now in effect or hereafter established.

4. It must provide for investigation of all suspicious cases, prompt and vigorous prosecution for violations, and all other steps necessary to rigid enforcement.

5. The provisions must clearly indicate that they over-ride and are not in any way limited by any other Swiss laws (including the banking secrecy laws) and that all persons directly or indirectly representing

or

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or acting for or on behalf of enemy interests are, notwithstanding the secrecy laws, compelled to report these facts to the Swiss Government and are subject to the regulations and controls.

6. To adopt and enforce the following measures designed to facilitate the investigation of clearing transactions and the discovery and segregation of looted assets:

A. The requirement that any person who since _____ acquired any of the following directly or indirectly from enemy nationals or persons located in neutral or occupied countries report all significant facts relating to such transactions including any disposition made by him of such assets:

1. any patents, trademarks, or copyrights;
2. any interest in enterprises located in Switzerland or any foreign country (included within the meaning of "enterprises" should be any commercial, industrial, financial, or scientific institution or undertaking).

B. The requirement that:

1. any person who since _____ acquired any gold directly or indirectly from enemy nationals or persons located in neutral or occupied countries report all significant facts with respect thereto including any disposition made by him of such gold;

2. any

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2. any person within Switzerland owning or having any interest, directly or indirectly, in any gold located in Switzerland, enemy territory or any neutral or occupied territory report the facts concerning its acquisition and such other information as will facilitate the location of gold looted by the enemy.

C. The establishment of controls regulating transactions in property with respect to which reports would be required under (A) or (B) above in order to prevent further dealing in such property until it can be established that it was not looted or that there is no enemy interest.

D. The prohibition of trading in dollar, sterling, or French franc currency.

E. The taking of a census of all bearer securities payable in foreign currencies to obtain information which will assist in tracing their origin and establishing whether there is or has been any time any enemy interest, and the establishment of controls over the trading in those securities until the holder has fully established that any such securities held by him were not looted and are not securities in which there is or has been any interest.

Note:

Control over persons not included on basis of prior agreement between Currie and Schmidt, and the British.

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Swiss Book

FEB 26 1945

25

To: Mr. Collado

From: Mr. Glasser

Will you kindly send the following cable from the Secretary of the Treasury to the American Embassy, Bern, for the Currie Mission:

This is with reference to your 1042 of February 16, and your 1083, 1084 and 1093 of February 19 in which you report on the progress with the Swiss in connection with their control of German external assets.

We have noted with satisfaction the progress which you have made to date in getting Swiss cooperation on attaining our Safehaven objectives. We are also pleased with the report in your 1093 that you expect the Swiss to take further measures in order to assure more complete control of German external assets. You may, however, be interested in our comments on the Swiss decree of February 16, 1945:

A. The decree is limited to the control of assets of Germans domiciled in Switzerland, Germany, or German-occupied territory. Unless there is constant investigation by the Swiss, it will be difficult to prevent free use of German funds in Switzerland by (a) Germans residing in any other neutral territories, or (b) persons other than Germans residing in Switzerland or in any of the other neutral territories who may be acting as agents for the Nazis.

B. As we read the decree, Germans in Switzerland are permitted to freely dispose of their assets for "normal" professional and personal transactions, and no authorization is required, among other things, for the "normal" administration" of German assets. In our opinion the effective administration of these provisions will depend on how the Swiss interpret the term "normal" and how conscientiously they carry out the objectives of the decree. Unless the Swiss are strict in their interpretation of "normal" and vigorous in their investigation of ostensibly innocent professional, personal and commercial transactions, agents in Switzerland will be able to freely use German assets to further Nazi underground activities. Schmidt is fully familiar with the problems involved in this kind of provision and we are sure recognizes the importance of continuing to impress upon the Swiss the necessity of a rigid enforcement of this provision to avoid the loopholes implicit therein.

C. The decree delegates to the appropriate Swiss officials authority to request information from banking institutions, with respect

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to the ownership of accounts within Switzerland. Much will depend here again, on how vigorously this authority is exercised to remove German assets from the Swiss protective secrecy law.

FC:MELockert:RRSchwartz:gb 2/26/45

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MAR 7 1945

Swiss Proj

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern

TO: Secretary of State, Washington

DATED: March 1, 1945 (Rec'd March 2nd)

NUMBER: 1321

SECRET

The following from Schmidt for the Treasury Department is transmitted.

One. The Government of Switzerland has decided to assume responsibility, in order to accomplish the segregation of Swiss assets in the United States through operation under general license No. 50, largely as a result of recommendations which the Swiss Bankers Association representatives made on basis of discussions held last fall in Washington. In this connection the Swiss have been advised that the above decision does not concern the joint Anglo-American-French delegation but rather is a matter between the United States and the Government of Swtizerland. I have discussed with representatives of the Government of Switzerland their plans for carrying out this basic decision, accordingly. These discussions were of an exploratory nature and it was agreed that in any statements made neither party was commiting itself. As soon as possible I should like to secure your reaction to the present plans and ideas of the Government of Switzerland.

Two. It appears that the primary objective of the Swiss is the segregation of assets held by purely Swiss interests in the United States. They wish to know, accordingly, the status that would be accorded to assets certified to be pure Swiss by the Government of Switzerland and certified to have been beneficially owned at all times on or since the effective date of the order by the present owner.

Three. The neutral general licenses as used to the present time called for a certification of transactions rather than of assets I pointed out, and I also pointed out that the granting

cc: 3/7/45
For Information - Messrs. Schmidt, Gilbert, Carolan, Richards, Day, Locker, Bchuncik(Shwartz), J. Friedman, Aarons, Glasser, Delaney (4), Feig (3), Brenner, Zimmerman, Moskovitz, NY Fed., General Records: "Currie Mission".

Action: R. L. Jones.

CLS/t

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of a special status to certified assets brought up the matter of how we could be sure that the certified assets continued after the certification to be held by a purely Swiss interest and was not transferred to other people who might hold it for the account of people other than Swiss persons. The Swiss representative after some discussion of this possibility made the tentative suggestion that the Government of Switzerland would certify not only the past and present nationality but would guarantee also that the assets would continue to be purely Swiss so long as they were in certified accounts, if their proposal was acceptable to the Treasury of the United States.

Four. The position of the Swiss can be summarized as follows: The Government of Switzerland with respect to securities which are held in the United States by purely Swiss interests, will certify as indicated above. In a similar manner the Government of Switzerland would investigate the ownership of dollar accounts held with banks in Switzerland and covered by dollars held by such Swiss banks in the United States and certify the dollars covering dollar accounts purely Swiss owned. It is agreed by the Swiss that the certified securities and dollars will remain subject to freezing controls, but they would like to have such assets freed from the restrictions of general ruling No. 17, however. The Swiss believe that the following types of transactions could be allowed with reference to certified assets without any further specific certifications on each transaction by the Government of Switzerland:

(a) The income on certified securities should be payable to dollar accounts that are certified.

(b) The owners in Switzerland should be free to sell the securities with the United States and with the proceeds, or the income, to purchase for the account of the same owner other security on United States exchanges.

(c) Institutions or people owning certified Swiss dollars should be able to transfer moneys from one certified account to another such account with the understanding that no person inside Switzerland nor any person outside of Switzerland other than a pure Swiss acting for himself would have any interest in such transfers of funds. Within Switzerland any such transfers would be required to be made at the dollar's official rate.

(d) Subject to the same limitations as those specified in the immediately preceding paragraph, ((c) above) the owners in Switzerland of securities held in the United States should be free to sell securities to another person in Switzerland.

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Five. There would be lodged with the Swiss compensation office which also administers Swiss freezing control, the responsibility for administration. In view of the increasing responsibilities of this agency the plans for its reorganization are now being considered. Its growth in importance has resulted in increasing direct participation by the Federal Government in its operation and management, although it is officially under the direction of the Swiss National Bank. It has administered Swiss clearing arrangements since before 1939 and it is regarded generally as being an organization that is highly effective.

Six. The method of operation under consideration at the present time is given as follows: The compensation office, in the case of assets owned by individuals, would use an affidavit system similar to the system followed under convention gb by the Swiss Banking Association except that the Government of Switzerland would undertake full responsibility for its operation and control of its operation and that a federal penal sanction would be added to the affidavits. Those Swiss individuals who own assets in the United States could certify their beneficial ownership to the Swiss bank through which such assets are held and the Swiss bank in turn would certify to the compensation office and that office would certify to the United States bank holding the assets in question, if it was satisfied. The Government of Switzerland in stating the plan would not require that the certifying bank furnish the name of the owner of the compensation office together with each certification. The representatives of the Government of Switzerland took the following position in reply to my questions with regard to this feature:

(a) These representatives feel that the compensation office does not need the names of all individuals to be effective and on this basis would like to start. They will make any changes which seem to be desirable toward the effectiveness of the plan after further experience.

(b) The foregoing feature is identical with our general ruling No. 17 in that it allows a bank to certify without giving evidence or name in each case but in any case in which it is requested by the compensation office requires that the bank be prepared to furnish evidence and name. It is the opinion of the Swiss that there is little chance of evasion through false certification by individuals with federal penal sanctions added and with the Federal Government operating the plan.

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Seven. The affidavit system just described would not be used in the case of assets owned by corporations, holding companies, etc. (personnes juridical) but the legal entity would deal directly with the compensation office and satisfy that office as to its Swiss control and ownership. It was pointed out by the Swiss that the compensation office has files on ownership and control of every Swiss firm that had any financial relations with foreign countries since 1935, already. The companies had to establish their ownership and control in order to make payments under the various clearing arrangements since only nationals of countries who were parties to clearing arrangements were permitted to benefit by it. Thus the Swiss feel that they have in their possession much useful information which was secured at a time when the motives of many owners were directly opposed to those of the present time. The statement is made by the Swiss that of course the compensation office will reexamine information which is already in their possession and secure any further information needed in view of objectives that have changed. The government will be especially suspicious of holding companies and other entities which are not engaged in regular business operations, the Swiss state.

Eight. The Swiss stated in reply to questions regarding information to be furnished to us in the case of non-Swiss assets, that they felt that this matter need not be decided at the present time. General license No. 50, they pointed out, enables them to certify transactions for purely Swiss account and that this is substantially what they desire to do at present. Non-Swiss assets for the time being would remain without certification and with action to be taken ultimately not decided.

Nine. The assumption by the Government of Switzerland of responsibility in this field is desirable and the plan which they propose is generally acceptable, in my opinion. I have given consideration to the matter as to whether we should request that the Swiss compensation office in every case give the American bank the name of the Swiss who is the beneficial owner in addition to its certification. This is not necessary in my opinion provided we had an understanding (which I am sure we can secure) that the Swiss compensation office will in any case requested by us furnish the name of the beneficial owner of assets in an account that is certified. I feel with regard to the status of certified assets that we might, at this state, agree to points (a) and (b) of paragraph four above and indicate our willingness to view with sympathy any requests for blanket authorization for additional types of operation with regard to certified assets, once the plan has been put into operation and certifications have begun to come in. However I should like to receive your initial reaction to points (c) and (d) paragraph

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four above. Evidently one reason for the interest in such transactions is to enable the Swiss owners to convert security holdings or dollar holdings to Swiss francs by sale to other Swiss who are able to hold dollars and willing to do so. Since the Swiss National Bank takes the position that it cannot make Swiss francs available to all Swiss who may desire now to convert their foreign holdings to Swiss francs, the foregoing is desired.

HARRISON

DC/L:LCW:MEM

3/5/45

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MAR 9 1945
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PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: March 3, 1945
NUMBER: 1389

SECRET

The following message from Currie for FEA, the Treasury and the Department is transmitted.

Please refer to cable from the Legation dated March 1, No. 1321.

We have received information that other decrees will be forthcoming; this with reference to our message No. 1388 dated February 3 which was sent as No. 214 to Paris and as No. 704 to London.

We have been assured by the Government of Switzerland that many of the questions which we brought up with regard to the blocking decree can be clarified and by the issuance of regulations the decree can be tightened.

The foregoing message has been repeated to Paris as no. 215 and to London as no. 705.

HARRISON

DC/L:LCW:AM
3-5-45
Copied Drl 3/8/45

Distributed to: Mr. Bell(Mr. Dietrich); Mr. Coe; Mr. Luxford; Mr. J. Friedman; Mr. Gunter; Mr. Delaney; Mr. Behuncik; Mr. Feig; Mrs. Gold; Mr. Bernstein; Mr. Glassor; Mr. Ness.

FROM: Mrs. Fontaine - rm. 3457

cc: 3/10/45 For Information - Messrs. Feig, J. Friedman, Schmidt, Gilbert, Behuncik (Shwartz), Miss Scullen, Delaney (4), Locker, Blake (2), Brenner, Miss Burnett, Zimmerman, Moskovitz, Aarons, Glasser, Ny Fed., General Records "Currie Mission"

NOTE: T-1321 - March 1st - was circulated on March 8th.
T-1388 - Feb. 3rd - was circulated on March 7th.

322196

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DECLASSIFIED
Authority NND 968103
By JB NARA Date 4-19-00

RG 131
Entry EFC Control Files
File Switzerland Problems
Box 457

MAR 8 RECD

Rec'd Mon. Res. MAR 8 1945

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: March 5, 1945
NO: 1397

CONFIDENTIAL

The following message from Currie for FEA and the Treasury and the State Department.

This message as No. 713 has been repeated to London and as No. 918 (?) has been repeated to Paris.

The Swiss delegation capitulated today, following three weeks of negotiations which went on continuously, with our exerting the strongest pressure against great resistance and a standstill yesterday, and that delegation is now ready to recommend to the Federal Council on Monday at an extraordinary session that in addition to the blocking Germany which was issued on February 16 and which is being reinforced by further regulations, also the decree issued on March 2 prohibiting dealing in foreign currencies and their importation and exportation, they will take the following action:

(1) They will issue a decree blocking Rumania and Bulgaria and possibly Finland also; this step will mean that all European occupied countries will be blocked and also Axis countries, other than Japan. At our request, after the attitude of Russia has been ascertained, this will be done. In view of considerations brought up with you already we have not urged the blocking of Japan.

Japanese assets will be blocked upon our request, we have been given to understand.

(2) They will tighten the previously existing controls over assets which were transferred to Switzerland by such countries and their nationals since the date of blocking (1940, in most cases) which assets have not been subject to Swiss blocking decrees heretofore.

(3) They will take a complete census of all assets held in Switzerland, or through Switzerland, not only by Germany but also by all countries now covered by Swiss blocking decrees or hereafter covered by such decrees (all European countries except the neutrals are included in this).

(4) They will reinforce measures to prevent the importation of assets into Switzerland which could have been the subject of acts of dispossession, and facilitate return of any such assets found here to their dispossed owners.

cc: 3/8/45
For Information - Messrs. Schmidt, J. Friedman, Gilbert, Behuncik (Shwartz), Feig, Miss Scullen, Delaney(4), Locker, Blake(2), Brenner, Miss Burnett, Zimmerman, Moskovitz, Aarons, Glasser, NY Fed., General Records: "Currie Mission".

M:t

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(5) They will refuse to buy any more gold from Germany except to provide moneys needed to pay for expenses of the German Legation, Red Cross, and those needed to pay for prisoners of war; (this it is expected will bring about the cessation at once of the stalemate(?) and other German payments to Switzerland).

(6) Before the relative blocking controls are removed they will consult with the governments of each blocked country and be prepared at any time to discuss with the Government of France, the Government of the United States and the British Government with regard to financial questions which, during the present negotiations, were discussed.

I am optimistic that this will be accepted, having presented our case individually to several members of the Council. Without jeopradizing transit or trade negotiations and without any concession on our part except the general promise of more favorable consideration of Swiss requests, all of the above has been accomplished. Bringing Portugal, Spain and Sweden into line should prove to be easy and the second battle of SAFEHAVEN (Resolution VI being the first) will have been won, if this is approved by Council.

I find your message of March 3, No. 919, baffling in view of the fact that: (1) resolution VI had been initiated and approved by the United States; (2) it was generally agreed that I should make an effort to get blocking and a census if this could be done without jeopardizing transit and trade objectives; (3) by message dated February 18, No. 1084, I reported after the blocking decree that I would make an effort to get other implementing measures; and (4) over and above what we had been prepared to give for economic warfare considerations we are giving nothing in exchange. The impossible position in which the delegation would be placed, if after (presumably) speaking for the government I had to inform the Swiss that it would be necessary for me to await the approval of Washington to the unilateral action already taken by the Swiss and which the Swiss are preparing to take, will be appreciated by you. Therefore, I shall assume the responsibility of concluding the negotiations on Monday or Tuesday if the Council approves the recommendations of the Swiss delegation. We shall have accomplished far more than had been hoped for or expected, in that event. Your final sentence is noted.

The Swiss delegation is recommending as follows on the other points:

(1) By placing a very broad construction on looted property, practically complete cessation of northbound transit traffic. Since we may very soon wish to use Swiss transit facilities ourselves we agreed to refrain from urging complete stoppage under the Italian protest formula.

(2) Transit southbound will be confined to the commodities and the amounts transported in February, with complete cessation of iron and coal. All the rest of the items which were sent to you seem unimportant.

(3) The Swiss have agreed, on exports, to cut outstanding commitments under previous trade agreements to three million francs from an estimated thirty or forty million francs, to be spread over two months with trivial or nil amounts of goods

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By JB NARA Date 4-19-00

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in which from a military point of view, we are interested. They desire in addition to accept new commitments up to one million francs per month in order to get a few things like seed potatoes which they need and in order to preserve an appearance of neutrality.

(4) Cessation of all exports of electricity to Germany and, if the French desire and can take it, the offer of five hundred thousand kwh per day to France.

(5) To the French grant clearing payment facilities up to 250 million francs.

The transit facilities and the commodities which we are offering are pleasing to the Swiss. Your decision to allocate no coal, even for transit purposes, is a great blow to them, however. As best I could, I have explained the situation to Stucki and have suggested that he accept our assurance that as soon as we are able to do so we will furnish some coal. I shall discuss the matter with you upon my return, if this is agreeable to the Government of Switzerland.

HARRISON

DC/I:LCW:CVT 3-6-45

ef:copy 3-8-45

Distributed to: Mr. Bell(Mr. Dietrich); Mr. Coe; Mr. Luxford; Mr. J. Friedman; Mr. Delaney; Mr. Gunter; Mr. Behuncik; Mr. Feig; Mr. I. Friedman; Mr. Casaday; Mr. Nathan; Mrs. Gold-Mr. Hoffman; Mr. Bernstein; Mr. Glasser; Mr. Ness.

From Mrs. Fontaine - Room 3457

322199

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Authority NND 968103
By JB NARA Date 4-19-00

RG 131
Entry FFC Control Files
File Switzerland Problems
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MAR 9 1945
Rec'd MON. RES.

DEPARTMENT OF STATE INCOMING TELEGRAM

PLAIN
Bern
Dated March 6, 1945
Rec'd 9:27 a.m.

Secretary of State,
Washington

1423, Sixth.

FOR DEAPRTMENT TREASURY AND FEA FROM CURRIE MISSION.

Text of decree of March second is as follows: "Article one. Imports and exports as well as the sale and purchase of foreign notes are prohibited.

Article two. The Federal Finance and Customs Department may issue alleviating instructions particularly for international travel and for small scale border traffic, it may request the collaboration of the Swiss National Bank.

Article three. The Federal Finance and Customs Department and the Federal Department for National Economy are authorized to effect control or to have it affected. They may for this purpose invite the collaboration of offices of the federation of the cantons and of the communities. It is incumbent upon all person to supply to the organs entrusted with the execution of this decree with the information they require for the fullfilment of their tasks and to submit supporting documents upon demand.

Article four. Violations of the provisions of the present decree of the Federal Council and of the instructions and provisions issued toward its execution will be prosecuted judged and punished in accordance with the provisions of the Federal Council's decree of October 17, 1944, regarding criminal law and criminal justice in war economy. The customs administration will collaborate in the investigation of contraventions against the prescriptions and instructions on imports and exports of foreign (illegible) and the provisions of federal decree of October 12, 1925, regarding the fiscal system will be applied in such cases.

Article five. The present decree enters into effect on March 3, 1945, at midnight. The Federal Finance and Customs Department will be entrusted with the execution thereof. As of that time all conflicting provisions, namely, those contained in the Federal Council's decrees of September 22, 1939, and June 13, 1941, regarding the supervision of imports and exports are declared invalid."

HARRISON

WSB

cc: 3/10/45, For Information - Messrs. Feig, J. Friedman, Schmidt, Gilbert, Bohuncik (Shwartz), Miss Scullon, Delanoy (4), Locker, Blake (2) Bronner, Miss Burnett, Zimmerman, Moskovitz, Aarons, Glasser, Ny Fed., General Records "Currie Mission"

322200

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By JB NARA Date 4-19-00

RG 131
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MAR 9 1945
Rec'd MON. RES.

INCOMING TELEGRAM

DEPARTMENT OF
STATE,

GEK-574

This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (SECRET O)

Bern

Dated March 6, 1945

Rec'd. 1:59 p.m.

Secretary of State,

Washington.

(1424)
~~1437~~, March 6, Noon.

FOR STATE, TREASURY, AND FEA FROM CURRIE MISSION

Our 1423, March 6.

In discussion immediately prior to issuance of decree Swiss Government informed us that for the present it does not intend under Article Two to make any exceptions or authorize any transactions. It was agreed that exceptions or authorizations with respect to any foreign currency would be issued only after consulting with government of issuing country.

HARRISON

BB

Copied Drl 3/8/45

NOTE: T-1423 - Mrach 6 - has been received and will be sent you.

cc: 3/10/45 For Information - Messrs. Feig, J. Friedman, Schmidt, Behuncik, Gilbert, Miss Scullen, Delaney (4), Locker, Blake (2), Brenner, Burnett (Miss), Zimmerman, Moskovitz, Aarons, Glasser, Ny Fed., General Records "Currie Mission"

322201

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority NND 968103
By JB NARA Date 4-19-00

RG 131
Entry EFC Control Files
File Switzerland Problems
Box 457

Paris

Dated March 9, 1945

Rec'd 11:15 p.m.

Secretary of State

Washington

1113, March 9, 1 p.m.

FOR STATE, FEA AND TREASURY FROM CURRIE.

The following for your information:

At Paris in early February French proposed to make agreement on Franco Swiss clearing arrangement an essential condition of overall agreement. I accepted on principle but suggested that it not apply to the details of the arrangements. Alphand agreed. In the closing days of the negotiations Stucki told me for my own information that Charguéraud had presented new demands that portion of clearing credits would be available for servicing of French debts in Switzerland which have been in default for two years. The Swiss refused. Whereupon Charguéraud said he would not sign overall agreement. Stucki said he had to give in at this point. Charguéraud has never told me details but said he had initialled a compromise subject to the approval of his government. Repeated to Bern.

CAFFERY

WMB

cc: 3/13/45 Messrs. Glasser-Gold, Bronz (3), Schmidt (3), Friedberg, Gunter, Hoffman, Delaney, Miss Mikulich

322202