

JDC APR 45/64 3843

MERCHANDISING ADVISORY COMMITTEE
TO THE
PREPARATORY COMMISSION
INTERNATIONAL REFUGEE ORGANIZATION
119 WEST 40TH STREET
NEW YORK 18, N. Y.

Handwritten notes:
JCO
TO FINANCIAL
WTA
AS on
CS
D
Contract

July 7, 1949

To: Members of the Merchandising Advisory Committee

It was suggested to me by the United States International Refugee Organization staff, that it would be desirable to file a report on the Committee's activities since its inception as of June 30th, even though the work of the Committee had not yet been finally completed.

A report has been forwarded and a copy is attached to this letter for your files.

R. C. Kramer

R. C. Kramer

Encl.

326425

MERCHANDISING ADVISORY COMMITTEE
TO THE
PREPARATORY COMMISSION
INTERNATIONAL REFUGEE ORGANIZATION
119 West 40th Street
New York 18, N.Y.

The Merchandising Advisory Committee to the Preparatory Commission for the International Refugee Organization came into existence when Mr. Abba P. Schwartz, Reparations Director of the Preparatory Commission for the International Refugee Organization, acting on behalf of Mr. W. Hallam Tuck, Executive Secretary, approached Mr. R. C. Kramer in November 1947 to request his assistance in implementing certain portions of the Paris Agreement on Reparations and the Agreement of the Five-Power Conference of June 1946.

Article 8 of the Paris Agreement on Reparations provided that a share of German reparations consisting of all the "non-monetary gold" found in Germany by the Allied Armed Forces be allocated to the rehabilitation and resettlement of non-repatriable victims of German aggression. Article 8 also directed the Governments of the United States, France, the United Kingdom, Czechoslovakia and Yugoslavia to work out a plan for administration of the property.

These Five Powers, in an agreement dated June 14, 1946, directed the Intergovernmental Committee on Refugees or its successor (Preparatory Commission for the International Refugee Organization) to take title to the property from the appropriate occupation authorities and to take all necessary steps to liquidate it as promptly as possible, due consideration being given to securing the highest possible realizable value so that the rehabilitation and resettlement of refugees could be facilitated thereby.

326426

The United States Department of State, in order to implement the Five Power Agreement, ordered that all "non-monetary gold" found in areas occupied by the United States Occupation Forces, unidentifiable as to previous ownership or national origin, be transferred to the custody of the PCIRO. It was shortly after the United States Army had made substantial transfers of this property to the PCIRO that the request was made for the assistance of Mr. Kramer in disposing of the property. Mr. Tuck, in a letter of November 21, 1947, expressing the appreciation of the PCIRO to Mr. Kramer for his acceptance of this task wrote:

"As Chairman of the Advisory Liquidation Committee we delegate to you full authority to determine, in consultation with your Committee, the methods and means of liquidating the non-monetary gold in such a manner as, in your judgment and that of the Committee, will net the highest possible proceeds, taking into account the necessity for obtaining funds within a reasonably short period of time. In delegating such authority to you and the Committee, we express our complete confidence in your judgment and that of the Committee and assure you that whatever methods, means, and source of disposal are used will be to our complete satisfaction; and that it is neither necessary nor desirable that you advise us in advance of any decisions you may make with respect to the methods, means, or sources of disposal of the property."

The following persons, all outstanding in their respective fields, agreed to serve on this Committee, each in a voluntary capacity, and all without compensation:

B. Earl Puckett, Pres.
Allied Stores Corp.

Russell P. Bygel, Pres.
Interstate Dept. Stores

David Freudenthal
Financial Consultant

Bernard Gimbel, Pres.
Gimbel Brothers

Victor Hammer
Hammer Galleries

Allan Kramer
Sullivan and Cronwell

Sam Leidesdorf
S.D. Leidesdorf & Co.

Robert McKim, Pres.
Assoc. Dry Goods

Edwin I. Marks, Chm.
Executive Committee
R.H. Macy & Co.

George Whitten, Pres.
Burdine's

Joseph Kasper, Pres.
Assoc. Merchandising Corp.

Fred Lazarus, Pres.
Federated Dept. Stores

N. A. Leitner
Price Waterhouse & Co.

Edward Mitten, Pres.
Jordan Marsh

William O. Riordan, Sr.
President
Stern Brothers

P.G. Winnett, Pres.
Bullock's

The first shipment of non-monetary gold arrived in the United States in December 1947, and a second shipment in February 1948. Prior to and shortly after the arrival of the non-monetary gold, the Committee Chairman had been preparing plans for disposal of the property. In the absence of detailed inventories his discussions had to be very general, but it seemed likely at the time that disposal could best be effected by a type of "bazaar" or "fair" with considerable publicity to advise the buying public of the ultimate use of the proceeds obtained.

This type of sale proved not to be feasible for many reasons, among which were inability to obtain adequate space, the heterogeneous nature of the collection, high cost of such an operation, feeling on the part of ultimate recipient groups that any publicity given to the origin of the merchandise might react unfavorably to the success of the sales, and a decision by the U.S. Attorney General that the property to be sold in the United States would be subject to customs duties.

This latter factor was perhaps the most influential in determining the nature of future sales of the non-monetary gold.

It was impossible to sell on a mass basis because of the time involved in clearance of articles through Customs. Commodities were therefore entered by broad classifications. Considerable time was lost in this procedure. Without detailed knowledge of the variety of goods held and without knowledge of the methods of sale that would prove most remunerative, the Committee had to proceed extremely cautiously at this time. In a few areas where items were not subject to duty, they were entered and prepared for sale.

The advice of experts in the various fields was solicited. Their opinions on plans for proceeding with the problems of disposal varied considerably. In general, no positive approach to the Committee's problem was suggested by any of the trade experts until representatives from the Parke-Bernet Galleries were invited to inspect the merchandise.

Prior to the inspection by Parke-Bernet, the Chairman had decided on a pilot sale of the collection of stamps by the H.R. Harmer Company, auctioneers of the Franklin D. Roosevelt collection. This sale, held in May 1948 with a substantial amount of publicity, proved successful. The Committee thereupon made the decision to entrust to the Parke-Bernet Galleries the initial large sale of merchandise. The first Parke-Bernet sales, held in June 1948, were highly successful, and it was decided to continue with additional sales by auction. Through the summer of 1948, preparations were made for additional auction sales, and they were held as follows:

July 21-22, 1948

Warehouse sale (Loree-Green Corp.)
Miscellaneous

Sept. 14-18, 1948	Parke-Bernet Galleries - Jewelry, Silver, Rugs, etc.
Sept. 27 - Oct. 1, 1948	Samuel T. Freeman & Co., Philadelphia Jewelry, Rugs, etc.
Oct. 19, 1948	Henry Grunthal - Coins and Medals
Oct. 20, 1948	Warehouse sale (Parke-Bernet auspices) Rugs
Oct. 28-30, 1948	Parke-Bernet Galleries Silver, Rugs, Porcelain, etc.
Nov. 10, 1948	Warehouse Sale (Parke-Bernet auspices) Rugs
Dec. 9, 1948	Warehouse sale (Parke-Bernet auspices) Rugs
Dec. 17-18, 1948	Parke-Bernet Galleries Rugs, Silver, Jewelry, etc.
Jan. 13-15, 1949	Kende Galleries Inc. Silver, Rugs

Prices realized by The Merchandising Advisory Committee from sales at auction were highest in the first sale. They declined with each successive sale, and by the time of the Kende Sale in January, 1949, it was apparent that the auction method had outlived its usefulness. It was also apparent that sales had to be spaced at minimum intervals of six weeks to two months to be at all successful.

The reasons for the steady decline in prices realized at auctions were:

- (1) the best quality merchandise was selected for the early sales,
- (2) there was greater variety of merchandise in the earlier sales,
- (3) there was insufficient "quality" merchandise to maintain private collectors' interest through all sales with the net result that, in later sales, the vast majority of purchases was made by dealers,

- (4) general market condition for these goods deteriorated as time progressed,
- (5) saturation point in the demand for some classes of goods was reached after the first few sales.

The types of goods which best lent themselves to the auction method of sales were china, glassware, rugs, silverware, mounted jewelry items, coins and stamps. It was found that loose diamonds and watches did not sell well by the auction method.

Even though the initial auction sales were highly successful, it was apparent to the Committee that there were such huge quantities of silver and watches that they must be disposed of by other methods. Many prospective purchasers of large quantities of these items either contacted or were referred to the Committee. It was extremely difficult to deal with these purchasers, many of whom were irresponsible.

An agreement with one purchaser for upwards of \$600,000 of merchandise was ready for signature in July 1948 when he refused to sign. An agreement was signed with another purchaser for goods tentatively valued at approximately \$650,000. He defaulted on part of his agreement, and upon final settlement, forfeited \$15,000 to the Committee. Another purchaser forfeited \$5,000 when he failed to meet a time limit imposed in his agreement. The Committee learned quickly that it had to investigate carefully all prospective purchasers, yet it could not turn away possibly irresponsible ones because truly responsible parties did not come forward to purchase the goods in large quantities.

Negotiated sales of large quantities of silverware, gold jewelry and watches were made. Many difficult problems confronted the Committee in handling these classes of merchandise.

Silver flatware, in addition to being subject to the usual ad valorem duty imposed on silver, is also subject to a " per piece" levy. Moreover, each knife and each fork must be inscribed with the country of origin and the name of the manufacturer or importer. Literally hundreds of thousands of knives and forks would have been so marked at considerable expense to the Committee if all had been imported directly by the Committee.

Watches also are subject to marking provisions in addition to a complicated duty structure. Moreover, the importer must register with the U.S. Department of the Treasury as an authorized importer of watches. The cumulative effect of the cost of marking and the high rate of duty made it inadvisable to import any watches other than a few outstanding ones.

Gold jewelry is subject to high rates of duty. It was impossible to determine from consultation with trade experts whether the greatest net return would accrue to the Committee from sales in United States markets after payment of duty by the Committee, from smelting of the jewelry to receive payment for its fine gold content, or from sale to a buyer outside United States Customs Territory. All three methods were used as experience with different types of pieces to indicate to the Committee how the greatest possible return might be achieved.

SALES BY CLASS OF MERCHANDISE

STAMPS: All stamps were entrusted to the H.R. Harmer Company for sale by direct and mail auction methods.

COINS: Coins were sold either through Numismatic Fine Arts (Henry Grunthal) by the auction method or in the case of non-numismatic

coins by direct negotiated sale to Gimbel Brothers, New York.

CAMERAS: Cameras and similar equipment were entrusted to Willoughby's, New York. Entire net proceeds were turned over to the Committee by this organization.

FURS: A negotiated sale was made of all furs received by the Committee. These items were in exceedingly poor condition and suitable for use as piecing materials only.

RUGS: All rugs were sold by the auction method. The total number of rugs received was 3,580. Prior to any sale, it was necessary to make a segregation of rugs by type, quality and saleability. This segregation was performed by experts of the Parke-Bernet Galleries. After segregation was completed, the Committee attempted to negotiate sales of large quantities of rugs, but was unsuccessful in these efforts. Therefore the Committee entrusted the major number of rugs to the Parke-Bernet Galleries to be included in its auction sales. The better type oriental rugs were included in sales at the Parke-Bernet Galleries, while machine made and cheaper oriental types were sold at three auctions in the Committee's warehouse premises under supervision of Parke-Bernet. Small numbers of rugs were sold at the Freeman Galleries in Philadelphia and the Kende Galleries in New York. Some 220 rugs were damaged in transit from Germany to New York. An insurance settlement was made on these rugs and payment made to the Committee. In addition, 165 rugs were of such poor quality or so completely worn that duty thereon would have ex-

ceeded gross return from their sale. No purchaser could be located who would buy these rugs in bond.

They were abandoned to the United States Bureau of Customs in order to eliminate the handling charges on them.

CHINA AND GLASSWARE:

All china and glassware included in the non-monetary gold was inspected by representatives of the Parke-Bernet Galleries. That portion suitable for inclusion in sales at the Galleries was sold in the successive Parke-Bernet sales. The balance was sold at auction in the Committee's warehouse premises.

LOOSE DIAMONDS:

The Committee had more than 6,700 carats of loose diamonds to sell. A small number of stones was sold at the first Parke-Bernet Galleries auction. This experience demonstrated that diamonds could not be profitably sold directly to ultimate purchasers, but rather only to dealers, even with the publicity attendant to the auction sales. Therefore in order to maximize the return from the sale of these stones, the Committee went directly to the dealers to dispose of its large quantities of precious stones.

The stones were cleaned, sorted and classified according to type, quality, size and color by the Committee's staff. They were then offered to the trade in a sealed bid sale after affording interested buyers the opportunity of inspection. The diamonds were placed on view at United Nations Headquarters for ten days. About 110 prospective buyers inspected the stones. Bids were opened on September 15, 1948. They were generally

satisfactory, when compared with the appraisals placed on the diamonds by trade experts who volunteered assistance to the Committee. Bids for rose diamonds (chips) were below estimates, possibly because only a limited market for this type of stones exists in the United States. The Committee reserved the right to reject all bids for any single lot and did so in many cases. Subsequently, the Committee sold all such lots for 5% above the highest sealed bid offer.

JEWELRY, WITH AND WITHOUT STONES:

The outstanding pieces of jewelry containing stones were sold at the several Parke-Bernet auctions. Negotiated sales were made of the remaining lots of these types of merchandise. Gold jewelry without stones was included in the original Parke-Bernet sales, but the net return after charges was, in most instances, below the amount which the Committee could realize by disposing of these items for precious metal value. The Committee therefore negotiated sales of this merchandise "in bond" at favorable prices above their precious metal content thereby avoiding sizable duty and commission expenses. Gold bracelets and cigarette cases constituted a major portion of such merchandise.

WATCHES: More than 60,000 watches were included in the non-monetary gold. The vast majority were in poor condition and not worth repairing. Some diamond studded watches and enameled case watches were sold at the various auction sales. Because of duty and customs complications, the Committee disposed of the remaining watches outside of Customs jurisdiction. Negotiated sales for all silver

and metal case watches were effected. All watches having gold cases were sold for their gold content as determined by assay. The sales price of \$41.00 per ounce of fine gold content of the cases represented the Committee's appraisal of the gold value plus the value of the movements turned over to the buyer.

SILVER ARTICLES:

Silver articles fall into three basic categories, -silver hollowware, silver flatware and items of silver jewelry. The quantities of each type were tremendous. Estimates of total weight of silverware have been as high as 35 to 40 tons.

Silver holloware and flatware in small quantities have been included in the auction sales. Prices realized in these sales were at first excellent, but declined in successive sales to a point where it became uneconomic to pay customs duties and then offer additional quantities at auction. About eleven tons of hollowware were disposed of by negotiated sale in bond, at a net price more favorable to the Committee than the prices received at the auctions. About 2-1/4 tons of flatware were disposed of in this manner.

The Committee, being unable to negotiate additional large sales of silver flatware, arranged to have large quantities smelted for its account. An agreement was reached with the Irvington Smelting and Refining Works, Irvington, New Jersey, to handle this material, and more than 20 tons gross weight of flatware have been smelted.

Silverware, in bulk, constituted the major portion of goods handled by the Committee. Because of its comparatively low silver content (80% fine as contrasted with sterling which is 92-1/2%

fine) it has been difficult to sell in United States markets. Moreover, the sheer quantity considerably aggravated the disposal problem. As a result of these factors, the Committee may deem it necessary to have the bulk of the remaining silver smelted. Negotiations are, however, under way, for additional bulk sales, and upon their results will depend future disposal plans.

Many lots of silver jewelry were included in the various auctions. The balance of the silver jewelry has been sold in negotiated sales or has been smelted for precious metal content.

PRECIOUS METAL AND BULLION:

The Committee received sizable amounts of precious metals either in scrap form or in bullion. Whenever possible, these items have been sold directly to precious metals dealers at prevailing market prices. Otherwise, the Committee has had the metals refined and then has sold to metals dealers.

MISCELLANEOUS:

A vast miscellany of items such as alarm clocks, linens, cheap costume jewelry, religious articles, pictures, musical instruments, books, etc., were included in the non-monetary gold. These items were sold either by direct sale to interested persons or at one of the auction sales.

SECURITIES:

A vast number of securities, most of which were of doubtful value, was entrusted by the Committee to Carl M. Loeb Rhoades for disposal. Sales prices on securities were checked with Kuhn Loeb and Co. before the Committee approved their sale.

After examination, a substantial number of securities were declared worthless, and the Chairman has been disposing of them for nominal sums. Disposal of the remainder has been delayed by the necessity for obtaining validation of the securities by the governments of the several countries of origin. Such validation has been received from one government, but others are still awaited. In any event, proceeds from their sale are expected to be negligible.

RECEIPTS AND EXPENDITURES:

Committee receipts and expenditures as of June 30th, 1949 were as follows:

Receipts

Various auctions	\$454,134.33
Silver	258,860.71
Watches	226,245.64
Jewelry, other than at auction	43,982.90
Precious metal and scrap	311,913.85
Securities	3,215.17
Miscellaneous	12,699.84
Stamps	14,188.84
Diamonds	233,316.09
Insurance settlement - Rugs	10,976.28
Received from IRO Geneva	<u>10,000.00</u>

Total Receipts \$ 1,579,533.65

Expenditures

Office Expense	1,978.28
Legal	695.01
Salaries	1,637.20
Miscellaneous	3,388.43
Transmitted to Geneva	<u>1,500,000.00</u>

Total Expenditures 1,507,698.92

Funds on Hand
June 30, 1949 \$ 71,834.73

Receipts from all sales are shown net of all expenses relating to those sales. Commission charges were paid in connection with all auction sales. The Committee was able to reduce these commission charges considerably below those generally applied to similar sales. A small commission charge was also paid on a silver, watch and diamond sale. Beyond that, all expenditures of the Committee were out-of-pocket amounts, payable for office supplies, communication expense, salaries and miscellaneous minor expenses in connection with its activities. The total of such expenditure is \$7,623.92, considerably less than the \$20,000 which the Committee received as forfeited sums for non-performance under agreements signed.

The Committee understands that a detailed summary of expenditures for insurance, customs duties, storage, salaries and other costs made by the IRO Reparations Department in connection with the liquidation of this property, will be submitted to the General Council. A true analysis of the net proceeds of the liquidation must await consolidation of the two statements. Price, Waterhouse & Company have completed an audit of the Committee's accounts for the period from its inception through March 4, 1949. A similar audit will be prepared for the period beginning March 5, 1949.

PROBLEM OF CLAIMS:

Many persons came forward to the Committee with claims to various articles of "non-monetary gold." In general, these claims could not be substantiated with documentary evidence, and were dismissed. In only one instance did the Committee

consider a claim worthy of serious consideration. The documentation presented included photographs and receipts which established conclusively that the items in question had belonged to the claimant. The Committee itself had not the right to make payment or restitution. Therefore the claim was referred to the IRO itself and after consultation with the U.S. Department of State, IRO officials, assisted by the Committee's counsel, reached an agreement with agents of the claimant.

ACKNOWLEDGEMENTS:

The Committee received assistance from sources too numerous to list. In general, most persons approached for aid or advice showed a keen interest in and sympathy for the Committee's work. To these people the Committee wishes to express its appreciation. Those who gave very considerably of time and facilities without return are deserving of mention. They include:

1. Sullivan and Cromwell, Legal Advisors
2. Price Waterhouse & Company, Auditors
3. Mr. Frank Laughlin, Deputy Collector of Customs, Port of N.Y.
4. Mr. N. Nathanson, Assistant Appraiser, Bureau of Customs
5. Lipschutz & Gutwirth, Diamond dealers.
6. Mr. William Ogush, Jeweler
7. Globe Shipping Company, Customs Brokers
8. Guaranty Trust Company, Vaults
9. La France Industries, office space

To these people and organizations, the Committee is exceedingly grateful.

The Chairman is especially indebted to the members of the I.R.O. Staff who were attached to his office during the liquidation. Without exception they were cooperative, hard working and had a keen sense of responsibility for the work they were doing. It would have been extremely difficult to have completed this task without the very able assistance and knowledge of Mr. David Rolbein of the I.R.O. Staff. If a measure of success has been achieved by the Committee a very large share of that success is due to his hard and intelligent work.

The Chairman also desires to thank the Reparations Director, Mr. Abba Schwartz for his splendid support and for his intelligent flexibility which made the Committee's activities free of unnecessary complications.

COMMITTEE'S APPRAISAL OF ITS ACCOMPLISHMENT:

The Committee has been fully cognizant of its responsibility to obtain the highest possible proceeds from the sale of non-monetary gold, taking into account the necessity for obtaining funds within a reasonably short period of time. To strike a balance between speed of disposal and maximization of return quickly became one of the Committee's most delicate problems. The original intention of the Committee was to dispose of the merchandise within a period of three months. As the many problems arose, it became readily apparent that an inflexible time schedule could not be established. The Committee simply had to proceed cautiously, weighing the net return from each plan of disposal for each class of goods and the time involved in completing

that plan against the return and time involved in alternative plans for the same class of merchandise. The Committee, in appraising its work, believes that, in the main, it has not erred in its handling of sales.

Descriptions of the non-monetary gold received by the Committee before it undertook this task were such that it was believed there would be a large selection of "quality" merchandise and "collectors' items." Inspection of the goods revealed, however, that the quality of merchandise ranged from mediocre to medium-grade. Very few items could be classed either as outstanding pieces or collectors' items. This factor has affected appreciably the amounts realized from the sales as well as the degree of interest on the part of buyers in the United States. The Committee believes that if the property had been of better quality its task would have been made simpler and the time required for disposal much shorter.

Jan 2 RO

Elia Rock

Wase A. Leavitt

November 16,

49

CONFIDENTIAL

Italian Non-Monetary Gold

Supplementing my memorandum of November 8th, I have now received the following communication from Sy Rubin in answer to my request for some additional light on this whole subject:

"The basic reason for State's reluctance to spread the information on this widely is its preference for putting this deal in the context of relations with IRO rather than with the Jewish agencies concerned. The reasons back of this reason are somewhat difficult to trace; but they exist.

"The basic fact is that the property in question was captured from the Germans by the Fifth Army; it is in the Bank of Italy, under the joint custodianship of the British and American Embassies. The deal is to return about one million pounds sterling, much of which may be counterfeit, to the British, in effect to buy their release of the remainder; and to turn the rest over to IRO, to be liquidated in New York or elsewhere, as with other non-monetary "gold". The proceeds would be split between IRO and an organization handling Italian war orphans. The amount involved is indeterminate."

EE:AU

cc. ERM
EFL
JJJ

326443

Jan 2 R O

November 16, 1949

Seymour J. Rubin, Esq.
1822 Jefferson Place, N.W.
Washington 6, D. C.

Dear Sy:

This will acknowledge your note of November 11, 1949, giving us additional information on the looted property in Italy. I did not call you on Monday because, for the time being at least, your letter answers the questions which were bothering me. For one thing, I had gotten the impression that the IRO would have to take its share in lira, and this made no sense at all. There were other questions revolving around the necessity for returning all of the pound sterling to the British, particularly if some of this might have belonged to the Jews, and also questions in connection with the necessity for a 50% split with the Italians. However, I believe I understand the considerations which operated to weaken the position of the IRO (and the Jewish organizations) in this situation.

In any case, thanks loads for the information, and we look forward to hearing from you or Gene as further developments take place.

Sincerely yours,

Eli Rock

ERIAU

326444

Jan 2 RO

November 16, 1949

Letter No. 3018

To: AJDC PARIS - Attention Mr. Jerome J. Jacobson

From: AJDC NEW YORK

Re: Looted Assets in Bank of Italy

I assume that you are generally familiar with the question of the "non-monetary gold" located in the vaults of the Bank of Italy and that you have been in touch with Moose Isenbergh on the matter. In any case, I am sending you attached two recent memoranda which I have prepared, summarizing recent developments which have been called to our attention here. I would appreciate receiving from you any news which you may have picked up on your side of the ocean in this connection.

Eli Rook
Counsel, AJDC

ER:AU
Enc.

326445

AMERICAN JOINT DISTRIBUTION COMMITTEE

JDC AR 45/64
IRO File 3847

19, RUE DE TéhÉRAN

PARIS (8^e)

EUROPEAN EXECUTIVE
COUNCIL

TÉLÉPHONES
LABORDE 07-70
79-84

CABLES & TELEGRAMS
JOINTFUND-PARIS

31 December 1947

Paris Letter No. 8493

To: AJDC New York

From: AJDC - Paris

Following is a summary of the principal items which I discussed with Abba Schwartz during my recent visit to Geneva.

1) The Transmission of \$100,000. to New York: As part of the proceeds of the Reparations Fund which Mr. Schwartz has thus far been able to realize in dollars, \$100,000. was recently deposited to the credit of the JDC account in the Chase Bank, New York. Out of this Mr. Schwartz requests that we now repay to the IRO the dollar equivalent of the loan of £15,000. which they made us last summer. In this connection, see my letter No. 8318 of December 22nd.

2) Spain and Portugal: Mr. Rosborough of the IRO staff is now on a field visit to these two countries where, as you know, the JDC offices are acting as agents for the IRO. In view of IRO's inadequate funds, there will undoubtedly be a tendency on IRO's part to sluff off these peripheral aspects of its operation, and it is quite possible that in the near future IRO will decide to discontinue its operations in these countries. This will then put before the JDC the question as to whether it wishes to reassume the responsibility for maintaining those persons whom it previously maintained and whom it transferred to IGCR's account in 1945. The number of the people whom IRO may be dropping will formerly have been assisted by the American Friends Service Committee, the Unitarian Service Committee and the National Catholic Welfare Conference, but since none of these organizations now maintain offices or representatives in Spain, and so far as I know, contribute in very negligible amount to relief activities in those countries, I suspect that for them the request to resume the burden of maintaining their former proteges will be an academic one. While we shall of course make strong representation to the IRO against any cessation of their work in Spain and Portugal, we should in our own minds decide what steps we will take with respect to increasing our obligations in those countries in the event that IRO withdraws.

3) Non-monetary gold: Abba Schwartz was recently called to Frankfurt urgently where he was questioned by the CID on his operations in melting down the non-monetary gold. CID had apparently gotten hold of this story without checking it with other Army services and had in its own mind come to the conclusion that this was a black market gold operation. After Mr. Schwartz had satisfied them that the non-monetary gold had in fact

326446

been transferred to him by the U.S. Army, in his capacity as Reparations representative of the IRO, and that the smelting of the gold and its export from Germany had been done with Army approval, the CID wanted to know where he had obtained the 100,000 marks which he had paid to a German refinery for the smelting of the gold. Mr. Schwartz explained that the marks had been advanced by the Jewish Agency for Palestine; thereupon the CID wanted to know where the JAFF had obtained these marks and Mr. Schwartz said that so far as he knew these marks had been contributed to the Jewish Agency by Jewish displaced persons in Germany. The CID challenged the right of the Agency to accept such contributions but were finally silenced when the Legal Division of the Army advised them that the transaction was in order since the Jewish Agency had some months ago obtained a license to make such collections. This incident may be of interest to us and should perhaps be pursued further.

- 4) Withdrawals from Reparations Account: For your information, I send you herewith copies of letters I wrote to Mr. Abba Schwartz while I was in Germany which indicate the present status of withdrawals from the Reparations Account.
- 5) Reparations Payment to the Jewish Agency: In connection with Item 1 above, you will wish to note that Mr. Schwartz in an effort to keep some sort of balance between JDC and Jewish Agency withdrawals from the Reparations Account, has transmitted to the Jewish Agency without any request from them the sum of approximately \$167,000. in dollars, from the dollar Reparations Fund which Mr. Schwartz has succeeded in obtaining from Reparations Fund through the procedure described in the next paragraph. It is suggested that we should resume our discussions with the Jewish Agency regarding the division of the Reparations Fund between us and them and notify Mr. Schwartz, as soon as possible of the agreed percentages.
- 6) Reparations Dollar Fund: Because of the fact that a number of soft currency countries in which IRO operations (e.g. France, Belgium, Holland) have not yet voted their appropriations in their own currencies to PCIRO, the latter has had to obtain the funds which it needs for operations in these countries through the sale of dollars which it obtains from the U.S. government contribution. Mr. Schwartz has succeeded in a number of cases in getting PCIRO to sell the dollars to him as Reparations Administrator and to buy the necessary currencies from him through the conversion of the Swedish krona Reparations Fund. He has thus far obtained approximately \$660,000. in this fashion, of which he has made the payments mentioned in para 1 and 5 above, plus a payment of \$5,000. to a non-Jewish organization for an approved Reparations project. These payments leave approximately \$400,000. in this dollar fund which after a further reserve of 10% for non-Jewish organizations, Mr. Schwartz is prepared to divide equally between the Jewish Agency and the JDC upon receipt of requests. Until France, Belgium and Holland make their contributions to PCIRO, Mr. Schwartz hopes to be able to continue the above process.

326447

31 December 1947

7) Conversion of Non-monetary Gold: Mr. Schwartz hopes that the monetary gold now in the United States will be sold for U.S. dollars within the next month. The only issue now remaining for determination is whether the gold must be sold at the legally established U.S. rate (approximately \$35. an ounce) or whether IRO will be permitted to make a free sale and accept an offer which it now has from an Egyptian dealer of approximately \$70. an ounce. Mr. Schwartz is waiting for an opinion from Mr. McCloy, Director of the World Bank and it may be Mr. Jaretski or some other of our friends may wish to discuss this with him.

8) Available currencies from the Reparations Fund. In addition to the currencies we have already drawn from the Swedish kroner account, Mr. Schwartz advises that we may now also have Belgian francs if we wish, and he believes that practically any other soft currency such as Czech kroner or Hungarian forint could be made available if we wish.

9) Availability of Sterling: The outlook for conversion of Swedish kroner into sterling is still unfavorable because the trade balance between Swedish and sterling area is unfavorable to Sweden and they cannot provide pounds Sterling even against a stipulation that such sterling would not be convertible but would be used in the sterling area.

10) Large Scale Use of Swedish Kroner Fund: As a remote possibility one might envisage the discounting of the Swedish kroner account through its transfer as a blocked account to some individual or organization which might be interested in buying our rights to this Fund in exchange for an immediate payment in useful currency. The purchaser would then hold a blocked Swedish kroner account which would become free whenever the currency position of Sweden permitted the unblocking of kroner account generally. Such an arrangement would of course have to have the approval of the Swedish government. Alternatively, the JDC might assist the Jewish Agency in obtaining its share of the Reparations Fund by having the Jewish Agency draw soft currency equivalents from the Swedish Kroner account which it could then turn over to us for sterling or dollars. In exchange for such assistance JDC might perhaps expect more favorable treatment in the UJA agreement. Failing either of the above arrangements Abba Schwartz does not see any prospect of getting money to the Jewish Agency out of the Swedish kroner Reparations Fund in any form which the Agency can use.

11) Nonmonetary Gold: Mr. Schwartz estimates the realizable value of the non-monetary gold as being at present as follows:

Melted down gold, \$1,000,000. or \$2,000,000, depending on the rate of sale mentioned in para 7 above

Diamonds, \$600,000.

Proceeds of Hungarian gold train - \$2,500,000.

Available in coin currencies in Germany - \$200,000.

Available in coin currencies in Austria - \$50,000.

Miscellaneous odds and ends - \$150,000.

326448

31 December 1947

Jewelry recently authorized for turnover in
the British Zone - \$500,000.

Total - approximately \$6,000,000. which, minus a 10% reserve for
non Jewish organizations leaves \$5,400,000. for division between
the Jewish Agency and the JDC. This sum will be available in
dollars and its division as between JDC and the Jewish Agency should
be separately agreed upon by the two organizations as soon as possible.

12) Swiss Francs Reparations Fund.: There have been no recent
developments in the request to the Swiss Government for an advance
against Reparations of \$5,000,000. in Swiss francs. Mr. Schwartz
has no opinion as to the likelihood that this request would be granted.

M.W.Beckelman
Vice-chairman

mwb:nc
cc Dr.J.J.S.
HK.

326449

The PCIRO Merchandising Advisory Committee

file
12/4/47
Jen
DRD

B. Earl Puckett
President of Allied Stores Corp.
1440 Broadway
New York, N.Y.

Robert McKim
Pres. of Assoc. Dry Goods Co.
366 Fifth Avenue
New York, N.Y.

Bernard Gimbel
President of Gimbel Bros.
New York, N.Y.

Sam Leidesdorf
125 Park Avenue
New York, N.Y.

Fred Lazarus
President of Federated Dept. Stores
Federated Building
Cincinnati, Ohio

Victor Hammer
682 Fifth Avenue
New York, N.Y.

Edward Mitten
President of Jordan Marsh Co.
Boston, Mass.

P. G. Winnett
President of Bullocks
Los Angeles, Calif.

Francis Gerli, 119 West 40 St, Secretary
Sam Leidesdorf, Treasurer

Sullivan and Cromwell (Counsel)

Price Waterhouse (Auditors)

12/4/47

326450

NOTES ON JDC STAFF MEETING
MONDAY, NOVEMBER 3, 1947
NEW YORK, N. Y.

J. I. R. O.

Mr. Joffe presided.

He called upon Mr. Moses A. Leavitt to highlight some of the current developments with which the Joint Distribution Committee is concerned.

INTERNATIONAL RELIEF ORGANIZATION MEETING IN GENEVA

Mr. Leavitt stated that the IRO meeting would probably adjourn today. The Secretariat had presented a budget which the American delegate, George Warren, objected to as he felt that it was predicated on a twelve to fifteen million dollar deficit. Presumably some of this excess amount was for the non-repatriable Poles whom England had accepted, and that their support should therefore be England's responsibility.

Irwin Rosen's estimate based on information received from the Jewish Agency is that it would cost \$160. per person for transportation to Palestine, and it was Mr. Leavitt's feeling that this estimate was rather high. On the basis of 6,000 persons per month, this would amount to \$960,000. per month. The Jewish Agency is at present trying to obtain a loan or grant in Washington to be used for resettlement.

REPARATIONS

Mr. Leavitt mentioned that next week Mr. Abba Schwartz, Reparations Officer for the IRO would be in the United States to discuss the question of reparations. The IRO has the legal title to the assets of the Hungarian Gold Train, comprising oriental rugs, silverware, and a good deal of miscellaneous articles such as watches, fountain pens, bric-a-brac, and a number of items which cannot be identified as to ownership. The problem of merchandising and selling these items is being taken care of by the IRO. It is expected that a flood of letters will be received at this office requesting information on the liquidation of these assets, and it was suggested that Mr. Eli Rock, our General Counsel, have these requests channeled to his office and be ready to handle them, partly by means of a form letter.

PITTSBURGH WEEK-END MEETING

Mr. Leavitt stated that representatives of 30 large Jewish communities will meet this coming week-end, November 8 and 9, in Pittsburgh under the auspices of the Council of Jewish Federations and Welfare Funds, to examine their 1947 campaign experiences, to determine their local needs for 1948, and to discuss overseas needs for 1948. This will be a preview of the December 13 and 14 meeting of the U.J.A. to be held in Atlantic City. Mr. Leavitt stated that there was no way of telling at this particular time what our goal would be in 1948.

RESTITUTION OF PROPERTY

The Restitution Law will be promulgated by General Clay in the American Zone on November 10, 1947. There will be no announcement of the Jewish Restitution Commission until it is named by the U.S. War Department as the successor agency.

Restitution claims by living claimants will not be handled by the Restitution Commission. Mr. Leavitt said that one of the serious obstacles in the matter of restitution of property would be the matter of money exchange.

SURVEY OF JDC-NY OPERATIONS

The remainder of the meeting was taken up with the question of the Organizational Structure of the J.D.C.-New York as outlined in the JDC Chart which had been issued last week and a discussion ensued on the survey of JDC operations. A number of suggestions were made regarding the draft of the work-outline to be used in this survey as presented by Mr. Joffe. This outline for the description of work, methods of execution of tasks performed, and for suggestions for improvements will shortly be issued to all staff members with a covering letter from Mr. Leavitt concerning the purposes of the survey.

The meeting adjourned at 2:00 PM.

MML

326452

JDC Archives
AR 45/64
#4261

[Handwritten signatures and initials]
J. Rabb
W. Kest
H. A. T.

December 23, 1954

DEC 27 1954

**Mr. Saul Kagan
Jewish Restitution Successor Organization
270 Madison Avenue
New York 16, New York**

Dear Saul:

The latest word is that an Executive Order has been prepared, under the terms of which the President designates the JRSO as the successor organization for Jewish heirless property. This Order has now found its way to the office of the Attorney General from the Bureau of the Budget. It will presumably get to the Office of Alien Property and be there approved early next week, and will thereafter go back to the Bureau of the Budget whence it may be expected to be issued sometime late next week or the beginning of the week after.

Max Rabb and I have been calling each other back and forth, I attempting to confirm the time schedule stated above, but so far we have not found each other in the office.

Best regards.

Sincerely,

Seymour J. Rubin

CC: Dr. Hevesi
Mr. Leavitt
Mr. Blaustein
Mr. Goldwater

326453

Jewish Restitution Successor Organization

270 MADISON AVENUE

New York 16, N. Y.

23 December 1954

MEMORANDUM

To: Mr. Maurice N. Boukstein
Mr. David Glickman
Mr. Moses A. Leavitt ✓
Dr. Isaac Lewin

From: Saul Kagan

With reference to the meeting which has been set for next Wednesday, December 29, at 4:00 p.m., to discuss applications to the J.R.S.O. concerning religious institutions in Israel, I am enclosing herewith a memorandum which I have prepared which summarizes these applications thus far received by the J.R.S.O.

Saul Kagan

encl.

326454

MEMBER ORGANIZATIONS

AMERICAN JEWISH COMMITTEE • AGUDAS ISRAEL WORLD ORGANIZATION • WORLD JEWISH CONGRESS • COUNCIL FOR THE PROTECTION OF THE RIGHTS AND INTERESTS OF JEWS FROM GERMANY • BOARD OF DEPUTIES OF BRITISH JEWS • CONSEIL REPRESENTATIF DES JUIFS DE FRANCE • CENTRAL BRITISH FUND • JEWISH AGENCY FOR PALESTINE • AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC. • JEWISH CULTURAL RECONSTRUCTION, INC. • INTERESSENVERTRETUNG ISRAELITISCHER KULTUSGEMEINDEN IN THE U. S. ZONE OF GERMANY • ANGLO-JEWISH ASSOCIATION

OPERATING AGENTS

JEWISH AGENCY FOR PALESTINE • AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC. • JEWISH CULTURAL RECONSTRUCTION, INC.

JEWISH RESTITUTION SUCCESSOR ORGANIZATION

December 23, 1954

MEMORANDUM

Re: Applications received by the JRSO on behalf of Religious Institutions in Israel

1. Agudas Israel World Organization. In November 1953, the Agudas Israel World Organization presented to the JRSO a resolution, the pertinent excerpts from which are quoted below:

- "1) (that) 20 percent of all JRSO funds be earmarked for distribution among cultural and religious institutions, particularly yeshivoth in Israel;
- 2) (that) this figure be arrived at by computing the total of JRSO proceeds since its inception;
- 3) (that) payments for cultural and religious institutions be made by the Executive Committee from the future income of JRSO after moneys already appropriated for the Jewish Agency and the AJDC will have been paid."

This resolution had been circulated to the Executive Committee at the time.

2. Vaad Hayeshivoth in Israel. In a letter from the Vaad Hayeshivoth of February 18, 1954 (copy of which was circulated to the Executive Committee) it is requested that a minimum of \$ 500,000 be allocated by the JRSO for Yeshivoth in Israel. In this letter the Vaad Hayeshivoth points out that it considers the Yeshivoth to be the spiritual successors to the religious institutions in Germany whose property was recovered by the JRSO. It further states that the Yeshivoth are providing care and education to a large number of Nazi victims and are entitled also on this account to the support of the JRSO.

3. Beth Jacob Teachers Seminary, Jerusalem. In October 1954 the Agudas Israel World Organization submitted an application on behalf of this institution for the establishment ^{of a convalescent} home for women "Nofesh" under the auspices of the Beth Jacob movement in Israel. A suitable site for this home is already available, and plans have been prepared. The cost of construction and equipment of the home is estimated at IL 105,000. The request to the JRSO is for a contribution of \$ 50,000.

4. Rabbinical College "Kol Tora", Jerusalem. This institution was established in 1939 by the former heads of the Yeshivoth in Fulda and Frankfurt, and considers itself the spiritual successor to these institutions. In summer 1953 the Rabbinical College approached the JRSO with a request for an

326455

allocation of IL 200,000 for the construction of a building. According to the latest correspondence from the institution, the cost is presently estimated at IL 252,000. Full plans have been submitted to the JRSO. The Rabbinical College "Kol Tora" is affiliated with the Vaad Hayeshivoh in Israel.

5. Convalescent Home for Torah Students - sponsored by the Vaad Hayeshivoh in Israel. A grant of DM 200,000 has already been approved by the JRSO for this purpose, with the provision that this project memorialize the former Religionsgesellschaft in Frankfurt.

6. "Chorev" School, Jerusalem. This is largely an elementary and secondary school, which was established about 20 years ago, mainly by orthodox Jews from the German communities. It is conducted in accordance with the ideals of those communities. It has now about 700 pupils and 35 teachers. It is contemplated to establish also a seminary for orthodox teachers, which would be a continuation of the secondary school. The request to the JRSO involves the construction of a new building, which is required for the proper functioning and expansion of the school. The estimated building cost is IL 250,000. The amount requested from the JRSO is not specified.

7. Construction of Synagogue on the grounds of the Hebrew University. The Hebrew University points to the problem of synagogue facilities in Jerusalem and stressed the particular need for the construction of a synagogue to service the 3,000 students attending the University. A plan has been prepared for such a synagogue, which is to seat 250 persons, with special facilities to accommodate larger numbers for the holidays. Facilities are also envisaged for the special needs of religious students who require space and equipment for daily Torah studies. A budget of \$ 100,000 has been planned for the synagogue, and the Society of the Friends of the Hebrew University in Jerusalem has undertaken to contribute IL 25-30,000 toward this budget. The balance is requested from the JRSO.

Jewish Restitution Successor Organization

270 MADISON AVENUE

New York 16, N. Y.

22 December 1954

MEMORANDUM

To: Mr. Maurice M. Boukstein
Mr. David Glickman
Mr. Moses A. Leavitt
Dr. Isaac Lewin

From: Saul Kagan

This is to confirm that there will be a meeting of the Subcommittee on applications to the J.R.S.O. concerning religious institutions in Israel, on Wednesday, December 29, 1954, at 4:00 p.m. in Suite 800, 270 Madison Avenue, New York, N. Y.

Saul Kagan

326457

MEMBER ORGANIZATIONS

AMERICAN JEWISH COMMITTEE • AGUDAS ISRAEL WORLD ORGANIZATION • WORLD JEWISH CONGRESS • COUNCIL FOR THE PROTECTION OF THE RIGHTS AND INTERESTS OF JEWS FROM GERMANY • BOARD OF DEPUTIES OF BRITISH JEWS • CONSEIL REPRESENTATIF DES JUIFS DE FRANCE • CENTRAL BRITISH FUND • JEWISH AGENCY FOR PALESTINE • AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC. • JEWISH CULTURAL RECONSTRUCTION, INC. • INTERESSENVERTRETUNG ISRAELITISCHER KULTUSGEMEINDEN IN THE U. S. ZONE OF GERMANY • ANGLO-JEWISH ASSOCIATION

OPERATING AGENTS

JEWISH AGENCY FOR PALESTINE • AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC. • JEWISH CULTURAL RECONSTRUCTION, INC.

Mr. Leavitt, while in Brazil, established a loan fund to extend small loans to the immigrants so as to enable them to gain a livelihood. It was his hope that this might also be the means of bringing closer together the East European and the German elements. The hope is that the situation will eventually clear up, but it is one which requires a long-range program and a great deal of effort. Brazil is a growing country and many non-Jews are immigrating there. It is capable of absorbing tens of thousands of Jews, but it must have Jewish communities prepared to accept them.

There are about 700,000 Jews in South America, concentrated for the most part, in Brazil, the Argentine, Uruguay and Chile. To develop Jewish communities there, a ten-year program of community organization is necessary, to build up Jewish schools, to develop lay leadership, train professional personnel, etc.. For instance, there is no spiritual leadership; the few rabbis there are getting old and no new ones are coming to the fore. There are only two trained Jewish social workers in South America,- former scholarship students of the National Council of Jewish Women.

Buenos Aires has a Jewish population of 350,000. It has a very vital Yiddish-speaking group which publishes more Yiddish books than the rest of the world put together. But it is splintered and over-organized in small factions with the result that they have nobody who really represents them. Serious individuals in Buenos Aires look to the JDC to help them bring order into the situation. If the question as to who is to undertake the responsibility to help organize and strengthen the communities is resolved, a great deal can be achieved in South America. Unless an agency is prepared to undertake to do the task on a sound basis and stay at it over a period of ten years at a cost possibly of \$100,000. a year, it should not be undertaken at all, but if it is undertaken in those terms, a worthwhile constructive program can be developed and vital Jewish communities built up in South America. Mr. Leavitt stated that in the next weeks, he would ask the Administration Committee to consider whether that is an obligation or duty which the JDC should assume, and to what extent other agencies might be involved in the effort of bringing to South America some of the techniques and the experience of the North American Jewish communities.

In response to Mr. Lubin's question whether the mistakes made in sending the wrong kind of immigrants to South America were being corrected, Mr. Leavitt explained that he reported the situation at an Executive Committee meeting of the United HIAS Service and had also discussed it with their overseas director. It now seems entirely unlikely that similar mistakes will be repeated.

ORT

Mr. Leavitt mentioned that discussions are now in progress with the ORT preparatory to negotiating an agreement for 1955.

Claims Conference Applications

With respect to the Claims Conference, Mr. Leavitt stated that during two long sessions of the Applications Committee, consideration was given to applications totaling some \$45,000,000. against available funds of only \$10,000,000. The amount to be allocated to the JDC has not yet been definitely determined, but it is expected that it will be approximately the same as last year. The final decisions regarding allocations will be made at the meeting of the Claims Conference Board of Directors to be held in Paris on February 5, 1955.

326458

(over)

Exec
12/21/54

GEN. & EMER.
Leavitt
Reas.

Heirless Property

Mr. Leavitt advised that for about eight years, the JDC, Jewish Agency, American Jewish Committee and World Jewish Congress have been trying to get the U.S. Congress to pass a bill which would turn over to Jews the heirless property which it was known existed in the United States. The bill was finally passed in the closing days of the last session of Congress. The law empowers the President to recognize a successor organization for Jewish heirless property under the jurisdiction of the Alien Property Custodian, up to a maximum of \$3,000,000. The Jewish Restitution Successor Organization requested that it be recognized as the Jewish successor organization under the provisions of this law, and it is expected that President Eisenhower will nominate the JRSO.

Mr. Leavitt desired to clear up the prevailing misconceptions in regard to this property. He pointed out that in the first instance, whatever money is recovered from the property must be used in the United States; secondly, none of the money spent in searching for heirless property can be repaid out of the proceeds of the heirless property; thirdly, claims must be made within the twelve-month period, following the enactment of the law.

Inasmuch as four and a half months have already elapsed since the law was enacted, Messrs. Monroe Goldwater, Leavitt and Saul Kagan called on the Alien Property Custodian and advised him that unless the JRSO is designated without delay, it will withdraw its application to be recognized as the successor organization because further delay will leave too little time to do the job of identifying property, tracing possible heirs, and arranging for adjudication of any existing liens so as to clear the property from encumbrances. Two years must elapse after the deadline provided in the law, to permit any heir who may want, to file for a given property. Thus it will be the middle of 1957 before any funds can be used. Meanwhile, all the agencies engaged in work for refugees are pressing for the money which obviously will not be available for another two years.

The JRSO may have to spend between \$40,000.-\$50,000. in investigations and searches for the property, but it is felt that from a moral point of view, it should undertake the responsibility, even though the amount that may eventually be realized may prove very modest.

In response to Mr. Lubin's question about the possibility of having the heirless property bill extended so as to afford more time for the JRSO to make the search, etc. Mr. Leavitt stated that it would mean going through Congress again with all the attendant difficulties.

Pardess Hanna

Mr. Leavitt advised that the Administration Committee has agreed to take over the maintenance of Pardess Hanna as of March 1, 1955, so as to alleviate the deplorable conditions under which the old people are living. There are still some 2,500 of the 5,000 who were there when the arrangement with the Jewish Agency was made whereby JDC was to take over Pardess Hanna when 70% of the population was rehoused.

United HIAS Service, Inc.

Mr. Baerwald inquired about the progress of the United HIAS Service. Mr. Leavitt explained that as far as the organization here is concerned, there are still many problems to be resolved. It is not easy for two groups with two entirely different points of view and different methods of operation to unite, but there is a desire on both sides to make the union work and he believed that whatever differences exist, will eventually be eliminated. One of their problems is in the fund-raising area. The

SDC Archives *MAL*
AR 45/64
#4261

JEWISH RESTITUTION SUCCESSOR ORGANIZATION
270 Madison Avenue
New York, N. Y.

W
Jewish
rest

December 17, 1954

MEMORANDUM

To: JRSO Member Organizations and Members of the Board

I am enclosing for your information copy of the JRSO
Annual Report for the period November 1, 1953 - November 1, 1954,
which has just been received from JRSO in Germany.

Saul Kagan

326460

HEADQUARTERS
JEWISH RESTITUTION SUCCESSOR ORGANIZATION

FRIEDRICHSTRASSE 29 . FRANKFURT/MAIN

PHONE: FRANKFURT 70831
CABLE: RESTITUTION FRANKFURT

A. P. O. 757
U. S. ARMY

JRSO ANNUAL REPORT

1 November 1953 - 1 November 1954.

The year 1954 was the year of JRSO retrenchment. With almost 95% of the restitution program in the U.S. Zone of Germany already completed, and with bulk settlements of heirless property concluded with three of the four Laender, the past twelve months were devoted primarily to settling old accounts, trying to wind up a number of tenacious claims and attempting to terminate at one stroke all outstanding demands against the West German Government.

The sale of properties owned by the JRSO continued, and there was some progress in settling differences with the Jewish communities in Germany. Claimants who had missed the filing deadline presented an ever-active drain on JRSO time and resources. With the end of the restitution road clearly in sight it was possible to initiate administrative changes which would centralize all JRSO activities in one office and permit drastic reduction in the size of the remaining staff. Some problems resisted solution and a few potential sources of substantial income refused to be quickly tapped. As heretofore Berlin presented special perplexities and will be dealt with in this report as a separate entity. The figures given under other sections do not include the results in Berlin.

The following brief summary of JRSO activities is to be read as a supplement to the "After Five Years" report issued for the 1953 annual meeting of the JRSO Board of Directors.

I. JRSO's Routine Activities

1) Settlement of Claims.

As reported in previous years no bulk settlement of claims against individual restitutors had been possible in the State of Wuerttemberg-Baden. As a consequence the JRSO was required to maintain an office in Mannheim which continued to negotiate several hundred residual claims on a case-by-case basis. During the year the office settled about 100 cases, which brought in a cash return of close to half a million marks, as well as additional properties. The office in Nuernberg and the small office in Frankfurt also continued to settle the few claims which had been excluded from the global agreements. These consisted primarily of former Jewish organizational properties and they earned well over a million marks for the corporation.

Even where bulk settlements had been made a number of ambiguous claims had to be clarified by further investigations, and the accounts could not be closed until all ambiguities had been removed. It was inevitable in the assignment of large masses of claims that a certain number would require clarification and negotiation before all questions could be satisfactorily answered, and this tedious process of meticulous examination required the painstaking attention of responsible personnel. The tidying up process will probably continue on an ever decreasing scale until the entire restitution program has been brought to a close.

2) Management and Sale of Real Estate.

At the time of the last report the JRSO owned 165 pieces of real estate in West Germany. During the year 67 pieces were sold for a return of

DM 1,302,000 in cash and DM 410,000 as future instalments. Some additional property was acquired so that on 1 November 1954 the JRSO still owned 72 buildings or parcels of land with an appraised value of over 2 million DM. The sale of these properties, most of which lie in remote areas and are of small value, will continue during 1955.

3) Collection of Outstanding Accounts.

The Accounting Department has been the last section to show the effects of a diminution in JRSO's activities. Most settlements and sales made in previous years required instalment payments at later dates, and keeping a sharp eye on these collections has required full-scale attention. During the year over 2½ million DM were received in this manner.

4) Late Claimants and the Board of Equity

When the last report was written there were 1252 equity applications pending. During the year this was reduced to 227 not including about 200 which were claims against the Reich and which were deliberately left inactive since pending legislation is expected to provide the claimants with the right to file new claims under the law. Up to 1 November 1954, 280 new equity claims were received. Many of these could be promptly settled, but on 1 October there were still 412 equity claims requiring active attention. Some of these claims had been pending for two or more years but the files could not be closed because the claimants, through no fault of their own, were unable within that time to procure the complicated legal documents establishing their right of inheritance.

In almost all equity cases the JRSO had long ago settled or sold the claim. Cash payments to the claimants were therefore required and an amount of over 2 million DM was paid out in this manner since the last report. It is estimated that the value of properties and claims turned over to equity claimants during that period totals over half a million marks more.

Despite the support of leading welfare organizations in the United States, Israel and England, which were called upon to certify the financial condition of the claimants, very few of those who applied were ruled ineligible, and the likelihood appears that, as long as the JRSO continues to accept such claims, it will require reserve funds of close to 3 million DM per annum to meet such demands. How long this equity door will continue to be kept open is a recurring policy problem for the JRSO Board.

5) Monetary Claims against the Reich

During the past year the JRSO entered into active negotiations with representatives of the German Federal Government for the bulk settlement of JRSO's claims against the Reich. In these proceedings the JRSO sought monetary compensation for the theft of heirless Jewish bank accounts, securities and jewelry which could no longer be located. Bearing in mind that the total Federal liability for such obligations of the Reich had been limited to 1.5 billion DM by agreement with the Allied Governments, the three successor organizations agreed to limit their combined demands to a total of 150 million DM, half of which would be waived if the Bund paid out the maximum of 1.5 billion to the victims of persecution. In July representatives of the Federal Finance Ministry promised to make a written offer to the organizations which would substantially meet the organizational demands. Despite persistent reminders, as of this writing the promised offer has not been received. The indications are that the Bund is considering offering the successor organizations 10 million DM per annum for five years, and an additional sum thereafter, with the total limited to 10% of the amount paid to all persecutees. The anticipated Federal Law, which would permit payments of such obligations, is still in draft stage and no payments may be awaited before the legislation is enacted. In view of the total inadequacy of the present draft and of the many complications inherent in the law it cannot be anticipated that the bill will receive final ratification before the latter part of 1955.

While these negotiations were pending it was necessary to retain a staff to prepare each case for court action since in many cases the Restitution Agencies insisted upon having the case heard, despite JRSO's request for delay pending the discussions with the Bund. Should the overall settlement be delayed by the unfulfilled promises of the German Government it is not unlikely that the German agencies will continue to insist upon the further harassment of the successor organizations by trying to discard the claims in the courts.

II. Problems of the Jewish Communities in Germany.

During the year an agreement for the division of former Gemeinde and organizational property was reached with the Jewish community of Frankfurt. According to its terms the Frankfurt Jewish community would receive properties having an estimated value of over 1½ million DM, whereas the JRSO would retain properties with an estimated value of over 3 million DM. With the conclusion of this agreement the only communities in the U.S. Zone which had not reached agreement with the JRSO were the three Bavarian towns of Augsburg, Nuernberg and Fuerth. In the case of Nuernberg and Fuerth agreements had long ago been drafted by mutual consent, but the communities had refused to sign when they realized that Augsburg had won the legal title to all community property by virtue of victories in the German lower and appellate courts. The JRSO was forced to appeal the Augsburg decision to the American Court of Restitution Appeals. On 29 October the court rendered its decision, fully supporting the position of the JRSO and reversing all the decisions of the lower courts. The highest appellate court stated that the JRSO was the instrument established "to accomplish the greatest good for the greatest number of victims". The court declared that the JRSO was in the nature of a trustee, responsible for using its assets for the general benefit of all Jewish survivors of Nazi persecution, and after examining the settlements made by the JRSO the court concluded that "in a large measure that trust has been faithfully carried out".

Following the Augsburg decision the three communities in Bavaria indicated their preparedness to reach settlements, and negotiations have been resumed. It may be anticipated therefore that, as a result of the CORA decision, the agreements already reached by the JRSO with the other Communities will retain their binding effect and that agreements with all of the Bavarian Communities will be satisfactorily completed in the near future.

The Zentralwohlfahrtsstelle (Central Welfare Office) supported by the Zentralrat (Central Organization of Jews in Germany), has however come forward with an additional claim against the JRSO, based upon its allegation that it is entitled to a share of the former organizational property. Despite JRSO's conviction that such a claim is totally without legal foundation, negotiations with the Zentralwohlfahrtsstelle and the Zentralrat have been in progress in an attempt to reach an overall agreement which would, once and for all, lay to rest any claims which the Jews now living in Germany might have for additional funds from the JRSO. Contributions by the Claims Conference for the support of the Jewish communities and the Zentralwohlfahrtsstelle in Germany have lessened both the need and the urgency of the demand. Despite several negotiations, as of this writing no agreement on this problem has yet been possible and discussions are continuing.

III. Unsettled Business

The JRSO is legally entitled to prosecute claims against the German State Governments for compensation for the destruction of Jewish synagogues and cultural objects. Under the indemnification laws these claims have lowest priority and therefore the Laender have thus far not been prepared to give any serious consideration to making an early payment. The Federal Government, which at one point indicated an interest in a bulk settlement of such claims has also withdrawn from the picture since the Federal Indemnification law placed the liability on the State Governments. In several of the agreements with the Jewish communities the division of proceeds from such claims was left open or fixed in a given ratio. The Gemeinde agreements therefore cannot be fully concluded until the indemnification complex is also settled. During the year additional information in support of the JRSO claims was assembled but, except for Berlin as noted hereafter, no progress could be made in obtaining compensation as a result thereof.

The problem concerning the permanent care and maintenance of Jewish cemeteries also remains unsettled. Although the Federal and State Governments have been prepared to make contributions for the restoration of Jewish cemeteries neither has indicated a willingness to assume responsibility for the perpetual maintenance of the graves. Throughout Western Germany there are 1650 closed Jewish cemeteries, of which 600 are in the US Zone. The maintenance cost for these cemeteries is estimated at 1 million DM per annum. Negotiations on behalf of all successor organizations have been conducted with the Federal Government which has thus far limited to expressions of sympathy and has sought refuge in legal technicalities. On a limited scale the JRSO has been taking care of the cemeteries which it recovered, but some means must be found for settling this problem on an overall and permanent basis. One of the questions which the Board must face is whether, and to what extent, JRSO or other public Jewish funds can or should be used to help solve this problem. In the meanwhile attempts are continuing to have the German Government recognize and accept its moral obligation in this regard.

IV. Administration

In discharging the responsibilities briefly described above it has been necessary to retain a rather sizeable JRSO staff for the residual activities. A mass of detailed work of little financial significance requires constant attention for the simple reason that it cannot be indiscriminately cast aside. On 1 November 1953 the JRSO local staff, excluding Berlin, numbered 68 people. By 1 November 1954 this had been reduced to 42, and plans were initiated to further reduce this number to 30 by 1 February 1955. Steps were taken to consolidate JRSO activities by moving JRSO Headquarters from Nuremberg to Frankfurt and by completely closing the Mannheim office at the beginning of 1955. JRSO managerial personnel were also being shared with the United Restitution Organization and the Claims Conference, thereby resulting in a substantial saving to the JRSO. The JRSO retained only three full time Jewish employees as supervisors for all of its residual activities in the Zone. One is responsible for accounting, one for the equity claims and the sale of property and the third concentrates on claims against the Reich, Gemeinde problems and all outstanding legal questions. Further reductions may be possible during 1955 as the JRSO moves ever closer to the complete discharge of all of its responsibilities.

V. Berlina) General

The Berlin restitution law went into effect almost two years after the law in the U.S. Zone. This factor, coupled with the adverse political and economic situation, has resulted in a significant lag in restitution. One-third of all the claims filed in Berlin are still pending.

The JRSO has tried to meet the Berlin problem in two ways: one, by employing a large staff with instructions to do everything possible to accelerate settlements, and two, by persistent efforts to reach a global agreement with the municipality.

In Berlin the JRSO acts as agent for the Jewish Trust Corporation and the French Branch, which are responsible for the British and French sectors.

During the period of this report the JRSO settled or withdrew almost 17,000 claims. On November 11, 1954, the organization still had pending almost 3000 active claims for real estate, almost 800 claims for mortgages, nearly 7000 for businesses and about 8000 claims for existing bank accounts. The investigation, preparation and settlement of these claims engrossed a staff of 86 people including 22 local lawyers. Their efforts during the year produced a total cash income of 1,506,164 DM for the JRSO, and 790,778 DM for the JTC. Additional sums are forthcoming as instalment payments. In addition the office recovered over a hundred pieces of real estate with an estimated value of over 3 million DM.

b) Bulk Settlement

Following the death of Mayor Ernst Reuter and the ensuing set-back to JRSO bulk settlement negotiations, some time had to elapse before JRSO's efforts could be renewed. Negotiations were undertaken with the new Buergermeister Dr. Schreiber and his Finance Senator Dr. Haas. The Berlin Senate appointed a committee to meet regularly with the JRSO and to evaluate the JRSO claims. After lengthy and numerous negotiations, a point was reached where settlement looked imminent. The JRSO had summoned the assistance of the Israel Mission which was making purchases in Berlin, and as an added incentive the Mission agreed to increase its purchases in Berlin by a fixed amount if settlement with the JRSO could be reached. The U.S. High Commissioner repeatedly expressed to the Berlin authorities his interest in a quick settlement and the British Foreign Office conveyed similar views. JRSO indicated its willingness to accept a minimal settlement of 25 million DM, and Dr. Nahum Goldmann, together with Dr. Shinnar, Head of the Israel Mission, joined the JRSO in what appeared to be final negotiations with the Finance Senator of Berlin. The Senator, who had been one of the principal stumbling blocks, finally agreed to support the proposal and to place the matter before the Senate for quick ratification. His promise was never kept. By dilatory tactics, which gave the impression of a deliberate attempt to evade the issue, the Berlin representatives succeeded in forestalling any action pending the Berlin elections of December 5, 1954.

Despite these set-backs, the JRSO has not surrendered its objectives and will resume negotiations with the new Berlin Government early in 1955.

c) Indemnification Claims

In 1952 the Berlin authorities offered to pay the JRSO 8 million DM for its claims for the destruction of Jewish synagogues in Berlin. This offer, which had many strings attached, was rejected. The JRSO felt that 12 million DM would be an appropriate sum. Negotiations on these claims continued. In July 1954 an agreement was finally reached according to which the City offered to pay to the Successor Organizations the sum of 9.6 million DM and in addition to waive a claim for 1.4 million DM which it had against the Jewish Community of Berlin for the repayment of loans made by the City. A precondition for the settlement, however, was that the Berlin Community would receive a share of the funds and that the Community would have to consent to the final agreement. The successor organizations agreed that the proposal represented a fair offer.

- 6 -

Despite the fact that the Community already had legally binding agreements with the successor organizations it insisted that it was entitled to a greater share than had previously been agreed upon. Its target this time was primarily the Jewish Trust Corporation. The British Sector contained most of the community property and therefore the percentage which the JTC had allocated to the community was less than the 40% which the JRSO had surrendered. The community insisted upon 40% throughout, and a minimum guarantee of 3 million DM plus ownership of the large Jewish Hospital in the French Zone. After much negotiation, the successor organizations agreed to accept those terms and a draft of the agreement was presented to the community for ratification by the membership. As of this writing the agreement has not yet been ratified. There appears in Berlin, therefore, the unfortunate spectacle of the City Government prepared to make a substantial grant for the destruction of synagogues but payment being impossible because of the inability of the Jewish community to conclude an agreement with the successor organizations.

VI. Finance

Please see chart on next page

- 7 -

326466

Finance

The following represents the receipts and disbursements of the organization during the period of the report:

	<u>Excluding Berlin. DM</u>	<u>Berlin DM</u>	
<u>Receipts:</u>			
Settlements and Sales	2,523,000	2,396,000	
BoE-fees from assignment of claims	380,000	40,000	
Global Settlements	1,275,000	-	
Interest on bank accounts	44,000	1,000	
Others	180,000	117,000	
	<u>4,402,000</u>	<u>2,554,000</u>	
Total Receipts:			6,956,000

<u>Disbursements:</u>			
BoE-Claimants	2,145,000	394,000	
Consideration repaid to restitutors	22,000	159,000	
German Jewish Communities Administration	369,000	-	
Jewish Trust Corporation	673,000	149,000 *	
Branche Francaise	-	518,000	
Expenses for property recovered	-	50,000	
B'nai B'rith expenses	167,100	39,000	
Repayment to Bremen and Hesse	-	16,500	
	18,400	-	
	<u>3,394,500</u>	<u>1,325,500</u>	
			4,720,000

<u>Further Disbursements:</u>			
Operating Agents	594,000		
Help and Reconstruction	840,000		
Conversion of DM into U.S. Dollars	200,000		1,634,000
Total Disbursements:			6,354,000

* Total 619,000 - less 470,000 - received from J.T.C.

- 8 -

Finance continued.

In addition to the funds which the JRSO Board had allocated to the operating agents during previous years the Executive Committee made a further appropriation out of the next 20 million DM which the JRSO would receive. Of 3 million agreed to be set aside, 2,200,000 DM would go to the Council of Jews from Germany. During the course of the year the Council withdrew as a member of the JRSO but rejoined on November 3, following a reconciliation of outstanding differences. 800,000 DM would be divided, in a ratio to be agreed upon, among the Agudas Israel World Organization, the Rabbinical College "Kol Tora" in Jerusalem, the Zentralwohlfahrtsstelle in Germany, the K'hall Adath Jeshurun, New York, the Board of Governors of the General Jewish Hospital, Shaare Zedek, Jerusalem, and the Vaad Hatzala Rehabilitation Committee.

In view of the continuing drain on JRSO funds by the pending and anticipated equity claimants the JRSO must keep in reserve all of its income from normal business in order to discharge its equity applications. The only major source of revenue can be the bulk settlement of claims against the Reich, a bulk settlement of indemnification claims, a bulk settlement of claims in Berlin, and payments by the City of Berlin for the destruction of synagogues. Until at least some of these funds are realized no distribution by the JRSO in accordance with the foregoing commitments may be anticipated.

VII. Conclusion

It should be apparent from the foregoing that the JRSO has two distinct spheres of activity. The one concerning operations in the US Zone of Germany is, with the exception of a few major problems, very close to completion. In addition, a number of minor and unavoidable details continue to harrass the organization and absorb the time and energies of a number of people. The other sphere concerns Berlin which is still in the thick of the normal restitution activities.

The old JRSO stand-by's of patience and perseverance continue to guide the JRSO actions. Whatever shortcuts are possible are being tried with persistence and vigor. The urgency of the demand, however, is not particularly apparent to the German Governments concerned, and persuasion remains the only tool available to the organization.

The Paris agreements between the Allied Powers and Germany have left the restitution question substantially unaffected. After many years of futile efforts by the Jewish organizations, the Congress finally enacted legislation which enabled the successor organizations to claim up to \$ 3 million worth of heirless Jewish property vested by the Alien Property Custodian in the U.S. The JRSO has made application for designation as the organization authorized to claim such assets. This new law has been a further indication of official acceptance of the doctrine that representative Jewish organizations should recover heirless Jewish property for purposes of relief and rehabilitation of survivors of persecutees. This principle has been carried out with substantial success by the JRSO under the restitution program in the American Zone of Germany. Retrenchment has been the order of the day for 1954 and successful conclusion may be the target for 1955.

JEWISH RESTITUTION SUCCESSOR ORGANIZATION
GERMANY AND NEW YORK
CONSOLIDATED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
JANUARY 1 - OCTOBER 31, 1954

CURRENCY: U. S. DOLLARS

Receipts

December 1953 remittance from N.Y. headquarters	8,000.00	
Jewish Agency for Palestine	29,049.28	(A)
Conference on Jewish Material Claims against Germany- refund of 1953 expenses	20,000.00	
For Help and Reconstruction	200,000.00	
Proceeds from conversion (DM 200,000)	47,340.00	
Legacy fund, cash and dividends on stock	1,038.40	
Proceeds from sale of car	350.00	
Receipts for overseas employees	5,003.58	
Refund of administration expenses	209.99	
Legal Aid Department	<u>5,200.00</u>	
<u>Total receipts</u>		<u>316,191.25</u>

Disbursements

American Joint Distribution Committee for JRSO 1953 administration expenses	7,260.24	
Creditors	4,900.57	
Sundry advances (net)	3,892.78	
<u>Payments on behalf of</u>		
Conference on Jewish Material Claims against Germany	363.69	
Committee for Jewish Claims on Austria	324.20	
United Restitution Organization	278.67	
Administration expenses	86,950.70	
Legal Aid Department	<u>7,373.86</u>	
<u>Total disbursements</u>		<u>111,344.71</u>

Excess of receipts over disbursements	204,846.54
Bank balance - December 31, 1953	<u>16,355.03</u>
cash	
Cash balance - October 31, 1954 (to meet liability to Help and Reconstruction, other, and for current administration expenses)	<u>221,201.57</u>

(A) This includes \$13,400 refundable by JRSO to the Committee for Jewish Claims on Austria.

326469

Jewish Restitution Successor Organization

270 MADISON AVENUE

New York 16, N. Y.

December 15, 1954

To: Mr. Moses A. Leavitt

From: Saul Kagan

In connection with our meeting in Washington, on Thursday, December 16, enclosed please find:

- 1) Copy of the Bill - S 2420 as passed by the House of Representatives on August 9, 1954 Amending Sections 32 and 33 of the Trading With the Enemy Act.
- 2) Copy of the J.R.S.O. Application for Designation as Successor Organization under the Bill

Sincerely yours.

Saul Kagan

encls.

326470

MEMBER ORGANIZATIONS

AMERICAN JEWISH COMMITTEE • AGUDAS ISRAEL WORLD ORGANIZATION • WORLD JEWISH CONGRESS • COUNCIL FOR THE PROTECTION OF THE RIGHTS AND INTERESTS OF JEWS FROM GERMANY • BOARD OF DEPUTIES OF BRITISH JEWS • CONSEIL REPRESENTATIF DES JUIFS DE FRANCE • CENTRAL BRITISH FUND • JEWISH AGENCY FOR PALESTINE • AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC. • JEWISH CULTURAL RECONSTRUCTION, INC. • INTERESSENVERTRETUNG ISRAELITISCHER KULTUSGEMEINDEN IN THE U. S. ZONE OF GERMANY • ANGLO-JEWISH ASSOCIATION

OPERATING AGENTS

JEWISH AGENCY FOR PALESTINE • AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC. • JEWISH CULTURAL RECONSTRUCTION, INC.

August 11, 1954

S. 2420 AS PASSED BY THE HOUSE OF REPRESENTATIVES ON AUGUST 9, 1954
AMENDING SECTIONS 32 AND 33 OF THE TRADING WITH
THE ENEMY ACT

That section 32 of the Trading With the Enemy Act of October 6, 1917 (40 Stat. 411), as amended, is hereby further amended by adding at the end thereof the following subsection:

"(h) The President may designate one or more organizations as successors in interest to deceased persons who, if alive, would be eligible to receive returns under the provisos of subdivision (C) or (D) of subsection (a) (2) thereof. An organization so designated shall be deemed a successor in interest by operation of law for the purpose of subsection (a) (1) hereof. Return may be made, to an organization so designated, (a) before the expiration of two years from the vesting of the property or interest in question, if the President or such officer or agency as he may designate determines from all relevant facts of which he is then advised that there is no basis for reasonable doubt that the former owner is dead and is survived by no person eligible under section 32 to claim as successor in interest by inheritance, devise, or bequest; and (b) after the expiration of such time, if no claim for the return of the property or interest is pending. Total returns pursuant to this subsection shall not exceed \$3,000,000.

"No return may be made to an organization so designated unless it files notice of claim before the expiration of one year from the effective date of this Act and unless it gives firm and responsible assurance approved by the President that (i) the property or interest returned to it or the proceeds of any such property or interest will be used on the basis of need in the rehabilitation and settlement of persons in the United States who suffered substantial deprivation of liberty or failed to enjoy the full rights of

(over)

326471

-2-

citizenship within the meaning of subdivisions (C) and (D) of subsection (a) (2) hereof; (ii) it will transfer, at any time within two years from the time that return is made, such property or interest or the equivalent value thereof to any person whom the President or such officer or agency shall determine to be eligible under section 32 to claim as owner or successor in interest to such owner, by inheritance, devise, or bequest; (iii) it will make to the President, with a copy to be furnished to the Congress, such reports (including a detailed annual report on the use of the property or interest returned to it or the proceeds of any such property or interest) and permit such examination of its books as the President or such officer or agency may from time to time require; and (iv) will not use such property or interest or the proceeds of such property or interest for legal fees, salaries, or any other administrative expenses connected with the filing of claims for or the recovery of such property or interest.

"The filing of notice of claim by an organization so designated shall not bar the payment of debt claims under section 34 of this Act.

"As used in this subsection, 'organization' means only a nonprofit charitable corporation incorporated on or before January 1, 1950, under the laws of any State of the United States or of the District of Columbia with the power to sue and be sued."

SEC. 2. The first sentence of section 33 of the Trading With the Enemy Act of October 6, 1917 (40 Stat. 411), as amended, is hereby amended by striking out the period at the end of such sentence, and inserting in lieu thereof a semicolon and the following: "except that return may be made to successor organizations designated pursuant to section 32 (h) hereof if notice of claim is filed before the expiration of one year from the effective date of this Act."

326472

Application for Designation as Successor Organization

Pursuant to the terms of Public Law 626, 83rd Congress, the Jewish Restitution Successor Organization hereby applies for designation by the President as a successor organization for heirless and unclaimed property of persons as hereinafter described who would be eligible to receive returns under the provisos of subdivision (C) or (D) of subsection (a) (2) of section 32 of the Trading with the Enemy Act, as amended.

1. Nature and Background of Jewish Restitution Successor Organization

The Jewish Restitution Successor Organization is a charitable membership organization, incorporated under the laws of the State of New York. The Jewish Restitution Successor Organization was incorporated, under the name of the Jewish Restitution Commission, pursuant to certificate of incorporation filed in the office of the Secretary of State of New York on the 15th day of May 1947. Its name was changed to the Jewish Restitution Successor Organization pursuant to certificate executed on the 29th day of July 1948.

Attached hereto are copies of the certificate of incorporation of the Jewish Restitution Commission and of a certificate of change of name.

As stated in the certificate of incorporation, the Jewish Restitution Successor Organization was founded primarily "To assist, aid, help, act for and on behalf of, and as successor to, Jewish persons, organizations, cultural and charitable funds and foundations, and communities, which were victims of Nazi or Fascist persecution and discrimination, in all matters relating to claims for the restitution of property and property rights of every nature and description, and for compensation and indemnification arising out of loss or damage suffered by them in consequence of such persecution and discrimination, and in connection with the foregoing to discover, claim, acquire, receive, hold, maintain, manage, administer, hire, liquidate, and otherwise dispose of property and property rights of every nature and description for the benefit of victims of Nazi or Fascist persecution or discrimination, and to apply the income therefrom, the increments thereto, and the proceeds thereof for the relief, rehabilitation, reestablishment, resettlement and immigration of such victims, all in accordance with the laws and policies established by the Governments or authorities in control of the countries, or areas, where any or all of the foregoing activities may be carried on". The Jewish Restitution Successor Organization (hereinafter referred to as JRSO) has so acted since the date of its incorporation.

2. Persons to Whom JRSO Seeks to Act as Successor

The JRSO requests that it be designated as successor to any persons, eligible for return of their property pursuant to section (a)(2)(C) or (D) of the Trading with the Enemy Act, as amended, who were persecuted as Jews on grounds of race or religion.

-2-

The role of the JRSO has been officially recognized, in connection with consideration of S. 2420, the bill which became Public Law 626. In Report No. 2451, 83rd Congress, 2nd session, the House Interstate and Foreign Commerce Committee stated that: ". . . Approximately 90 percent of the heirless property which is likely to be turned over to charitable organizations to be used for resettlement and rehabilitation purposes, as provided for in the proposed legislation, is of Jewish origin. An organization which plans to apply to the President for designation as successor in interest is the Jewish Restitution Successor Organization which is a charitable organization incorporated under the laws of the State of New York. This organization was appointed by General Clay, pursuant to Military Government Law No. 59, as the successor organization authorized to claim Jewish property in Germany." A similar statement is found in the Report of the House Interstate and Foreign Commerce Committee in the 81st Congress (Report No. 2338, 81st Congress, 2nd session, to accompany S. 603).

In the discussion of S. 2420 on the floor of the House of Representatives, on August 5, 1954, Mr. Klein stated (Congressional Record, page 12829): "Incidentally, may I point out that the military government law in Germany today, which was administered by General Clay, has a similar law which states that such money should be turned over to an organization which will use it for the benefit of persecutees of similar religions or similar political groups, which is all we are trying to do here. The organization which was set up at that time in Germany by the administration, and approved by General Clay, is a similar organization; in fact, the same organization as I believe will be selected by the President." (emphasis added)

The role of the JRSO as a successor in interest to heirless and unclaimed property in the United States has also been judicially established. See In the Matter of Henry Ollesheimer, Deceased, Surrogate's Court, New York, decree of 16 November, 1953.

3. The JRSO's application is supported by the following American organizations, all of which are members of the JRSO:

Agudas Israel World Organization
 American Jewish Committee
 American Jewish Joint Distribution Committee, Inc.
 Jewish Agency for Palestine
 Jewish Cultural Reconstruction, Inc.
 World Jewish Congress

4. The JRSO should be designated as the sole organization authorized to act as a successor to property of persons who were persecuted as Jews on religious or racial grounds. It would not be administratively feasible for more than one organization to act as a successor to a particular category of heirless or unclaimed property. The task of tracing such property and of filing appropriate claims for it, within the rather brief statutory period, is one of

326474

-3-

considerable magnitude and of great complexity. The nature of the task is such that it must be done as a unity, by a single organization, which will be able to claim all property falling within the specified category.

At the same time, it should be recognized that the JRSO is not itself a relief operating agency. It will discharge its responsibilities by distribution of such funds as may accrue to it, for purposes specified by the statute, to cooperating relief agencies. These latter relief agencies need not be, and indeed in many cases will not be, members of the JRSO itself. Designation of the JRSO as the sole successor organization with respect to Jewish property, therefore, would in no way prejudice, and will in fact maximize, the utilization of the claimed property for the specified purposes.

5. The application of the JRSO limits its request for designation to designation as a successor to Jewish property and specifies the use of the property or its proceeds for Jewish relief purposes. It is felt that other organizations can more appropriately discharge responsibilities with respect to non-Jewish properties and persecutees, since the JRSO has from the outset operated in, and is consequently expert in, only the field of Jewish claims and Jewish relief needs. Nevertheless, the JRSO proposes to take whatever steps are feasible to furnish information with respect to possible non-Jewish claims to other appropriate organizations, and to cooperate fully with such other interested organizations. As stated in the Report of the House Committee on Interstate and Foreign Commerce, the great bulk of the property involved, and of the persecutees involved, are Jewish. In the course of the work preparatory to filing claims for this property, information relating to non-Jewish properties may well be developed. This information will, of course, be available to such organizations as may be designated in the non-Jewish field, which should greatly reduce or eliminate administrative costs for such organizations.

In this latter connection, it may be pointed out that the provisions of Public Law 626 require that administrative expenses and similar charges connected with the filing of claims for or the recovery of properties or interests not be charged against the properties or interests recovered. These funds will be provided the JRSO from sources other than assets falling within the scope of Public Law 626.

6. The appropriate officials of the JRSO are at any moment prepared to consult with such officer or agency as the President may designate on any matters connected with the application to which this memorandum is attached.

326475

Memorandum in Support of Application of Jewish Restitution Successor
Organization for Designation as Successor Organization
Pursuant to Public Law 626, 83rd Congress

JDC Archives AR45/64
#4261

The Jewish Restitution Successor Organization, a membership organization incorporated under the laws of the State of New York, has applied for designation as a successor organization under the terms of Public Law 626, 83rd Congress, approved August 23, 1954. The following is set forth in support of the application of the Jewish Restitution Successor Organization, hereinafter referred to as the JRSO.

1. The JRSO was first incorporated under the name of the Jewish Restitution Commission in 1947. (The name was subsequently, in 1948, as is set forth in the application, changed to the Jewish Restitution Successor Organization, for the reason that the latter name more accurately described the functions of the organization.) It was set up, however, from the outset for the specific purpose of acting as a successor organization, under legislation similar to and identical in purpose with Public Law 626. It was anticipated in 1947, when the JRSO was first set up (the term JRSO is used equally to refer to the Jewish Restitution Commission), that provision would be made in various laws for successorship to so-called heirless and unclaimed property. Long before the capitulation of Germany, the Allied powers had considered measures to assure that those persons who acquired property by force and duress would not be allowed the peaceful possession of their ill-gotten wealth. The London Declaration of 1943, for example, declared that transfers under duress would not be countenanced. Pursuant to these general policies, the United States Government, at the end of 1947, enacted Military Government Law 59, which was a law for the restitution of identifiable property in the American zone of Germany. This law contemplated the designation of an organization which would act as a successor to heirless or unclaimed property of persons who suffered persecution under the Nazi regime.

In June 1948, the United States authorities in Germany designated the JRSO, which had been set up in anticipation of these events, as "the successor organization authorized to claim Jewish property, as hereinafter defined, pursuant to the terms of Military Law 59". This designation was incorporated in Regulation No. 3, a copy of which is attached hereto as Exhibit 1 to this memorandum.

Other articles of Regulation No. 3 defined Jewish property and specified the status, powers and obligations of the JRSO.

2. Since its designation in June 1948, the JRSO has carried on an intensive program for the benefit of surviving Jewish persecutees and has acted in its stated capacity of a successor organization. It has discharged its duties to the satisfaction of the American authorities and has fulfilled its function both of claiming heirless and unclaimed property and applying the proceeds thereof for its stated purposes, and of assisting individual persecutees and claimants in connection with their own claims.

326476

3. Purposes for which Returned Property or Proceeds
Will Be Used

In accordance with its Charter, the JRSO proposes to use all property or proceeds returned to it, in accordance with the statute, for the rehabilitation and settlement of persons who have been persecuted on said religious or racial grounds.

4. Assurances Required by Statute

The JRSO hereby gives firm assurance that:

(i) The property or interest returned to the JRSO, or the proceeds of any such property or interest, will be used on the basis of need in the rehabilitation and settlement of Jewish persons in the United States who suffered substantial deprivation of liberty or failed to enjoy the full rights of citizenship within the meaning of subdivision (C) or (D) of section 32 (a)(2) of the Trading with the Enemy Act, as amended:

(ii) The JRSO will transfer, at any time within two years from the time that return is made, such property or interest or the equivalent value thereof to any persons whom the President or such officer or agency as may act for him within the terms of the Trading with the Enemy Act shall determine to be eligible under section 32 to claim as owner or successor in interest to such owner by inheritance, devise or bequest;

(iii) The JRSO will make to the President, with a copy to be furnished to the Congress, such reports (including a detailed annual report on the use of the property or interest returned to the JRSO or the proceeds of any such property or interest) and permit such examination of its books as the President or such officer or agency may from time to time require; and

(iv) The JRSO will not use such property or interest or the proceeds of such property or interest for legal fees, salaries, or any other administrative expenses connected with the filing of claims for or the recovery of such property or interest.

5. The filing of this application for designation as a successor organization pursuant to Public Law 626, 83rd Congress, has been expressly authorized and approved by the Executive Committee of the Board of Directors of the JRSO, which is empowered so to act.

Respectfully submitted:

Monroe Goldwater, President

Saul Kagan, Secretary

September 21, 1954

326477

Application for Designation as Successor Organization

Pursuant to the terms of Public Law 626, 83rd Congress, the Jewish Restitution Successor Organization hereby applies for designation by the President as a successor organization for heirless and unclaimed property of persons as hereinafter described who would be eligible to receive returns under the provisos of subdivision (C) or (D) of subsection (a) (2) of section 32 of the Trading with the Enemy Act, as amended.

1. Nature and Background of Jewish Restitution Successor Organization

The Jewish Restitution Successor Organization is a charitable membership organization, incorporated under the laws of the State of New York. The Jewish Restitution Successor Organization was incorporated, under the name of the Jewish Restitution Commission, pursuant to certificate of incorporation filed in the office of the Secretary of State of New York on the 15th day of May 1947. Its name was changed to the Jewish Restitution Successor Organization pursuant to certificate executed on the 29th day of July 1948.

Attached hereto are copies of the certificate of incorporation of the Jewish Restitution Commission and of a certificate of change of name.

As stated in the certificate of incorporation, the Jewish Restitution Successor Organization was founded primarily "To assist, aid, help, act for and on behalf of, and as successor to, Jewish persons, organizations, cultural and charitable funds and foundations, and communities, which were victims of Nazi or Fascist persecution and discrimination, in all matters relating to claims for the restitution of property and property rights of every nature and description, and for compensation and indemnification arising out of loss or damage suffered by them in consequence of such persecution and discrimination, and in connection with the foregoing to discover, claim, acquire, receive, hold, maintain, manage, administer, hire, liquidate, and otherwise dispose of property and property rights of every nature and description for the benefit of victims of Nazi or Fascist persecution or discrimination, and to apply the income therefrom, the increments thereto, and the proceeds thereof for the relief, rehabilitation, reestablishment, resettlement and immigration of such victims, all in accordance with the laws and policies established by the Governments or authorities in control of the countries, or areas, where any or all of the foregoing activities may be carried on". The Jewish Restitution Successor Organization (hereinafter referred to as JRSO) has so acted since the date of its incorporation.

2. Persons to Whom JRSO Seeks to Act as Successor

The JRSO requests that it be designated as successor to any persons, eligible for return of their property pursuant to section (a)(2)(C) or (D) of the Trading with the Enemy Act, as amended, who were persecuted as Jews on grounds of race or religion.

C O P Y

HEADQUARTERS
JEWISH RESTITUTION SUCCESSOR ORGANIZATION
APO 696 A U. S. ARMY
PALACE OF JUSTICE, NURNBERG

An alle
JRSO Regional Offices

1. November 1954
Dr. K/i/f

Von: Dr. Katzenstein

Re: The CORA decision on the Augsburg case.

JRSO is entitled to the restitution claim, and not the present community. Ruling by the Bavarian Ministry of Education and Culture to the effect that a Jewish Community that had been "incorporated" into the Reich Association of Jews was not dissolved, and recognizing the present Community as the original, is not binding on the court.

I. The CORA-decision.

On 29.10.1954 CORA handed down a 19 pages' opinion # 442 (in case # 1237 of JRSO vs. Israelitische Kultusgemeinde Augsburg).

Granting the petition for review filed by JRSO as an intervenor, CORA has disapproved and set aside the judgments of the Augsburg Restitution Chamber of 9.2.1953 and of the Munich Oberlandesgericht of 29.6.1953, and has remanded the case to the chamber with instructions to enter an appropriate order consolidating the instant proceedings with those initiated by JRSO for the restitution of the property involved, and proceed to a final adjudication of the issues in both matters in conformity with the CORA judgment.

II. The issue.

After a review of the history of the case and a reference to the relevant provisions of the restitution law and to the 10th Implementing Regulation and its official interpretation by the Reichsminister of Justice in 1942 (Deutsche Justiz 1942, page 85), and after a survey of CORA opinions # 217, (JRSO./ Scholl) 240, (JRSO ./ Mies) as well as the opinion of the General Committee in Celle for carrying out Control Council Directive # 50 of 24.4.1951 (Minna-James-Heinemann Stiftung ./ JTC), and the decisions of the BOR 51/199 (Juedische Gemeinde Rheda and JTC), BOR 52/391 (Juedische Synagogen-Gemeinde Emden), CORA has formulated the issue as follows: (page 9 of the judgment)

"If, in fact and in law, that community continued to exist, then the claim of JRSO must fail, because the latter is only entitled to acquire the legal position that would have appertained to an association that was dissolved or forced to dissolve for any of the reasons set forth in Art. 1 of Law 59. If, on the other hand, the community was "dissolved" within the meaning of Art.8, JRSO must prevail notwithstanding the existence of a new community.

(over)

326479

It is therefore necessary to determine whether or not the Jewish Community of Augsburg was dissolved."

III. The determination of the issue.

In this respect CORA has stated:

"It is clear from the above language (the language of Art.8 ML 59) that whenever a successor organization has been appointed by Military Government, no other organization will be deemed a successor in respect of the same property. In such a case neither the restitution authorities nor any State Ministry is empowered to deviate from the clear terms of the quoted article.

The case for the present community is predicated, however, upon the contention that it is not a successor to the old community, but it is the old community. This position has been ably stated by the learned counsel for the appellee some of whose arguments, as incorporated in his brief, are reproduced below."

"It is our conclusion, however, that the present community is not identical with the old one. Nothing that has been argued by the appellee or presented by the courts below has convinced us that the foregoing earlier views of this court ought to be modified. Opinions expressed on the subject, including those contemporaneous with the creation of the Reich Association, and those of appellate courts dealing with the subject under the restitution laws, confirm the view that the act of being "incorporated" into the Reich Association of Jews meant the total factual and legal destruction of the incorporated body. That act completely destroyed the legal capacity of the victim to act for itself. It had the effect of subordinating all of its interests, objectives and desires to the purposes of the Reich Association. Its intent was completely and effectively ended. Its assets were used to promote the "emigration of the Jews". Its separate autonomous existence terminated with the act of incorporation.

These facts were known to the legislative authorities at the time that the restitution law was enacted, and we are obliged to assume that the law was promulgated with a view to bringing about some measures of retribution for the wrongs suffered. It was, we think, also known to the drafters of the law that immediately upon the end of hostilities small groups of Jewish survivors attempted to rehabilitate local religious communities.

With these facts present, the law seems to us to have been clearly worded so as to place in the hands of a representative successor organization, pledged to use its assets for the general benefit of the group, whose interest it succeeded, identifiable property previously owned by Jewish communities and similar associations, rather than have it go back to a handful of persons who may have been members of the original community."

IV. On the special functions of Restitution and JRSO.

On restitution as an unprecedented remedy necessitated by the commission of unprecedented wrongs, and on the function of the JRSO, CORA (on page 15 ff) has to say the following:

"Restitution in the form provided by the present legislation is a departure from previous principles of the Civil Law. It is an unprecedented remedy necessitated by the commission of unprecedented wrongs. The authority that enacted the legislation and saw fit to make sweeping exceptions from the usual measures of legal redress, was equally competent to restrict from restitution of property in cases, such as we have before us, to successor organizations approved by it, in order to accomplish the greatest good for the greatest number of victims. That policy was clearly expressed in 1950 by the Chief of the Property Division, HICOG, when the same issue with which we are presently concerned was put to him.

We think that a fair interpretation of Law 59 requires the conclusion that the successor organization presently before us, is entitled to exercise the rights that otherwise have been possessed by the original community which was incorporated into the Reich Association. The ruling of the Bavarian Ministry for Education and Culture to the contrary is not controlling. Such a ruling, of course, should be and has been considered with respectful interest and has been examined in the light of the events that gave rise to it. In the final analysis, however, it is the court that must determine legal questions, and the legal effect of admitted circumstances. Since it is our determination that dissolution in fact and in law, actually occurred in the case of the Jewish community of Augsburg when it was incorporated into the Reich Association of Jews, we are constrained to hold that the ruling by the Bavarian Ministry to the opposite effect is without legal significance ..."

"The certificate of incorporation of JRSO indicates that it was formed in order "to acquire, receive, hold, maintain and distribute for purposes of Jewish relief, rehabilitation, reconstruction, resettlement and emigration, the property of Jews, Jewish organizations, cultural and charitable funds and foundation, and communities, which were victims of Nazi and Fascist persecution ..." (underscoring added).

"These circumstances were known to Military Government at the time of its designating of JRSO as a successor organization for property of Jewish communities and they give added credence to the conclusion that it was the intention of Military Government that the successor organizations, and not the newly established communities, be entitled to restitution."

V. Faithful discharge of JRSO-trust.

"It is a measure of justice and equity that steps be taken to preserve for all surviving victims of Nazi persecution such property as can now be recovered, rather than to hand over to a few survivors in particular localities former community property which should serve broader interests. In a sentence JRSO must be considered a

(over)

326481

trustee, charged with using its assets for the relief of Jewish survivors, whether they are inside or outside of Germany. The newly established communities are entitled to their share as beneficiaries, but it is appropriate that their share be fixed in accordance with their needs and in accordance with the assets available. Treating JRSO as we do in the nature of a trustee responsible for using its assets for the general benefit of all Jewish survivors of Nazi persecution, it is of interest to examine the method by which it has carried out the trust in so far as community property is concerned. We have examined its report of settlements heretofore made with Jewish communities" "and have concluded that, in a large measure, that trust has been faithfully carried out. The annex to this opinion showing the various settlements entered into by JRSO with respect to community property indicates that a fair division of assets between the new communities and JRSO was accomplished. We have been impressed with the urgent pleas of the members of the present communities, and have moved slowly and carefully to a decision in this case. But, however meritorious the various arguments advanced by the present community may be, it seems to us that the matter can only be decided according to the clear legislative intent of the framers of Law 59. It has been eloquently argued that no measure of Nazi persecution and no single event that has occurred, destroyed the religious community that existed prior to its incorporation into Reich Association. It is argued that the conclusion we reach now fails to give a correct conception to the nature of a religious community which is a "living organism" that cannot be done away with."

VI. JRSO as proper instrument to carry out the objectives of the law.

"We agree in principle that the spirit which gave rise to the original organization has not been destroyed, but we are not here dealing with intangible qualities, however noble they may be; we are dealing with legal conceptions, capable of being regulated by legislative fiat. The legislative organs of the Nazi state were capable of destroying such conceptions and, we believe, did so in this case. On March 20, 1938, legislation was enacted that took away from such communities the status of a corporation under public law and placed them under the terms of the Civil Law. Then followed the incorporation into Reich Association. It cannot be argued now that these events never happened. They did and with crushing effect. Law 59 seeks to undo these effects, but in the process it has secured for the undoing, it chooses its own methods and instruments."

"The conclusion we reached gave effect to those methods as well as recognition of the instrument, in this case, JRSO, selected to carry out the objectives of the law."

VII. The syllabus in the Augsburg Case.

The syllabus which CORA has formulated in this case reads as follows:

"1. RESTITUTION - (LAW 59) - SUCCESSOR ORGANIZATION:

Restitution in the form provided by the present legislation is a departure from previous principles of the Civil Law. It is an unprecedented remedy necessitated by the commission of unprecedented wrongs. The authority that enacted the legislation and saw fit to make sweeping exceptions from the usual measures of legal redress, was equally competent to restrict from restitution of property in cases, such as we have before us, to successor organizations, approved by it, in order to accomplish the greatest good for the greatest number of victims.

2. REPORT OF RULING OF STATE MINISTRY:

A ruling by the Bavarian Ministry of Education and Culture to the effect that a Jewish community that had been "incorporated" into the Reich Association of Jews was not dissolved, and recognizing the present community as the original, is not binding on the court, although such a ruling should be and is considered with respectful interest.

3. JEWISH SUCCESSOR ORGANIZATION - RIGHT TO PROPERTY OF JEWISH COMMUNITY:

JRSO is entitled to prosecute a claim for the restitution of property that had been owned by a Jewish religious community, which in 1941 had been "incorporated" into the Reich Association of Jews. Such an incorporation under the circumstances that then prevailed, was a "dissolution" within the meaning of Law 59, Art. 8 para 1."

The full wording of the decision will follow in about 10 days.

E. Katzenstein

326483

W

JEWISH RESTITUTION SUCCESSOR ORGANIZATION
270 Madison Avenue
New York 16, N.Y.

SEN. A. E. C. B. R. G.
Jewish Rest.

September 30, 1954

MEMORANDUM

To: Members of the Executive Committee

From: Saul Kagan

Enclosed you will find for your information copy of the application of the JRSO for designation as a successor organization under the U.S. heirless property bill.

Saul Kagan

Saul Kagan

Application for Designation as Successor Organization

Pursuant to the terms of Public Law 626, 83rd Congress, the Jewish Restitution Successor Organization hereby applies for designation by the President as a successor organization for heirless and unclaimed property of persons as hereinafter described who would be eligible to receive returns under the provisos of subdivision (C) or (D) of subsection (a) (2) of section 32 of the Trading with the Enemy Act, as amended.

1. Nature and Background of Jewish Restitution Successor Organization

The Jewish Restitution Successor Organization is a charitable membership organization, incorporated under the laws of the State of New York. The Jewish Restitution Successor Organization was incorporated, under the name of the Jewish Restitution Commission, pursuant to certificate of incorporation filed in the office of the Secretary of State of New York on the 15th day of May 1947. Its name was changed to the Jewish Restitution Successor Organization pursuant to certificate executed on the 29th day of July 1948.

Attached hereto are copies of the certificate of incorporation of the Jewish Restitution Commission and of a certificate of change of name.

As stated in the certificate of incorporation, the Jewish Restitution Successor Organization was founded primarily "To assist, aid, help, act for and on behalf of, and as successor to, Jewish persons, organizations, cultural and charitable funds and foundations, and communities, which were victims of Nazi or Fascist persecution and discrimination, in all matters relating to claims for the restitution of property and property rights of every nature and description, and for compensation and indemnification arising out of loss or damage suffered by them in consequence of such persecution and discrimination, and in connection with the foregoing to discover, claim, acquire, receive, hold, maintain, manage, administer, hire, liquidate, and otherwise dispose of property and property rights of every nature and description for the benefit of victims of Nazi or Fascist persecution or discrimination, and to apply the income therefrom, the increments thereto, and the proceeds thereof for the relief, rehabilitation, reestablishment, resettlement and immigration of such victims, all in accordance with the laws and policies established by the Governments or authorities in control of the countries, or areas, where any or all of the foregoing activities may be carried on". The Jewish Restitution Successor Organization (hereinafter referred to as JRSO) has so acted since the date of its incorporation.

2. Persons to Whom JRSO Seeks to Act as Successor

The JRSO requests that it be designated as successor to any persons, eligible for return of their property pursuant to section (a)(2)(C) or (D) of the Trading with the Enemy Act, as amended, who were persecuted as Jews on grounds of race or religion.

3. Purposes for which Returned Property or Proceeds Will Be Used

In accordance with its Charter, the JRSO proposes to use all property or proceeds returned to it, in accordance with the statute, for the rehabilitation and settlement of persons who have been persecuted on said religious or racial grounds.

4. Assurances Required by Statute

The JRSO hereby gives firm assurance that:

(i) The property or interest returned to the JRSO, or the proceeds of any such property or interest, will be used on the basis of need in the rehabilitation and settlement of Jewish persons in the United States who suffered substantial deprivation of liberty or failed to enjoy the full rights of citizenship within the meaning of subdivision (C) or (D) of section 32 (a)(2) of the Trading with the Enemy Act, as amended:

(ii) The JRSO will transfer, at any time within two years from the time that return is made, such property or interest or the equivalent value thereof to any persons whom the President or such officer or agency as may act for him within the terms of the Trading with the Enemy Act shall determine to be eligible under section 32 to claim as owner or successor in interest to such owner by inheritance, devise or bequest;

(iii) The JRSO will make to the President, with a copy to be furnished to the Congress, such reports (including a detailed annual report on the use of the property or interest returned to the JRSO or the proceeds of any such property or interest) and permit such examination of its books as the President or such officer or agency may from time to time require; and

(iv) The JRSO will not use such property or interest or the proceeds of such property or interest for legal fees, salaries, or any other administrative expenses connected with the filing of claims for or the recovery of such property or interest.

5. The filing of this application for designation as a successor organization pursuant to Public Law 626, 83rd Congress, has been expressly authorized and approved by the Executive Committee of the Board of Directors of the JRSO, which is empowered so to act.

Respectfully submitted:

Monroe Goldwater, President

Saul Kagan, Secretary

September 21, 1954

326486

Memorandum in Support of Application of Jewish Restitution Successor
Organization for Designation as Successor Organization
Pursuant to Public Law 626, 83rd Congress

The Jewish Restitution Successor Organization, a membership organization incorporated under the laws of the State of New York, has applied for designation as a successor organization under the terms of Public Law 626, 83rd Congress, approved August 23, 1954. The following is set forth in support of the application of the Jewish Restitution Successor Organization, hereinafter referred to as the JRSO.

1. The JRSO was first incorporated under the name of the Jewish Restitution Commission in 1947. (The name was subsequently, in 1948, as is set forth in the application, changed to the Jewish Restitution Successor Organization, for the reason that the latter name more accurately described the functions of the organization.) It was set up, however, from the outset for the specific purpose of acting as a successor organization, under legislation similar to and identical in purpose with Public Law 626. It was anticipated in 1947, when the JRSO was first set up (the term JRSO is used equally to refer to the Jewish Restitution Commission), that provision would be made in various laws for successorship to so-called heirless and unclaimed property. Long before the capitulation of Germany, the Allied powers had considered measures to assure that those persons who acquired property by force and duress would not be allowed the peaceful possession of their ill-gotten wealth. The London Declaration of 1943, for example, declared that transfers under duress would not be countenanced. Pursuant to these general policies, the United States Government, at the end of 1947, enacted Military Government Law 59, which was a law for the restitution of identifiable property in the American zone of Germany. This law contemplated the designation of an organization which would act as a successor to heirless or unclaimed property of persons who suffered persecution under the Nazi regime.

In June 1948, the United States authorities in Germany designated the JRSO, which had been set up in anticipation of these events, as "the successor organization authorized to claim Jewish property, as hereinafter defined, pursuant to the terms of Military Law 59". This designation was incorporated in Regulation No. 3, a copy of which is attached hereto as Exhibit 1 to this memorandum.

Other articles of Regulation No. 3 defined Jewish property and specified the status, powers and obligations of the JRSO.

2. Since its designation in June 1948, the JRSO has carried on an intensive program for the benefit of surviving Jewish persecutees and has acted in its stated capacity of a successor organization. It has discharged its duties to the satisfaction of the American authorities and has fulfilled its function both of claiming heirless and unclaimed property and applying the proceeds thereof for its stated purposes, and of assisting individual persecutees and claimants in connection with their own claims.

326487

-2-

The role of the JRSO has been officially recognized, in connection with consideration of S. 2420, the bill which became Public Law 626. In Report No. 2451, 83rd Congress, 2nd session, the House Interstate and Foreign Commerce Committee stated that: " . . . Approximately 90 percent of the heirless property which is likely to be turned over to charitable organizations to be used for resettlement and rehabilitation purposes, as provided for in the proposed legislation, is of Jewish origin. An organization which plans to apply to the President for designation as successor in interest is the Jewish Restitution Successor Organization which is a charitable organization incorporated under the laws of the State of New York. This organization was appointed by General Clay, pursuant to Military Government Law No. 59, as the successor organization authorized to claim Jewish property in Germany." A similar statement is found in the Report of the House Interstate and Foreign Commerce Committee in the 81st Congress (Report No. 2338, 81st Congress, 2nd session, to accompany S. 603).

In the discussion of S. 2420 on the floor of the House of Representatives, on August 5, 1954, Mr. Klein stated (Congressional Record, page 12829): "Incidentally, may I point out that the military government law in Germany today, which was administered by General Clay, has a similar law which states that such money should be turned over to an organization which will use it for the benefit of persecutees of similar religions or similar political groups, which is all we are trying to do here. The organization which was set up at that time in Germany by the administration, and approved by General Clay, is a similar organization; in fact, the same organization as I believe will be selected by the President." (emphasis added)

The role of the JRSO as a successor in interest to heirless and unclaimed property in the United States has also been judicially established. See In the Matter of Henry Ollesheimer, Deceased, Surrogate's Court, New York, decree of 16 November, 1953.

3. The JRSO's application is supported by the following American organizations, all of which are members of the JRSO:

Agudas Israel World Organization
 American Jewish Committee
 American Jewish Joint Distribution Committee, Inc.
 Jewish Agency for Palestine
 Jewish Cultural Reconstruction, Inc.
 World Jewish Congress

4. The JRSO should be designated as the sole organization authorized to act as a successor to property of persons who were persecuted as Jews on religious or racial grounds. It would not be administratively feasible for more than one organization to act as a successor to a particular category of heirless or unclaimed property. The task of tracing such property and of filing appropriate claims for it, within the rather brief statutory period, is one of

326488

considerable magnitude and of great complexity. The nature of the task is such that it must be done as a unity, by a single organization, which will be able to claim all property falling within the specified category.

At the same time, it should be recognized that the JRSO is not itself a relief operating agency. It will discharge its responsibilities by distribution of such funds as may accrue to it, for purposes specified by the statute, to cooperating relief agencies. These latter relief agencies need not be, and indeed in many cases will not be, members of the JRSO itself. Designation of the JRSO as the sole successor organization with respect to Jewish property, therefore, would in no way prejudice, and will in fact maximize, the utilization of the claimed property for the specified purposes.

5. The application of the JRSO limits its request for designation to designation as a successor to Jewish property and specifies the use of the property or its proceeds for Jewish relief purposes. It is felt that other organizations can more appropriately discharge responsibilities with respect to non-Jewish properties and persecutees, since the JRSO has from the outset operated in, and is consequently expert in, only the field of Jewish claims and Jewish relief needs. Nevertheless, the JRSO proposes to take whatever steps are feasible to furnish information with respect to possible non-Jewish claims to other appropriate organizations, and to cooperate fully with such other interested organizations. As stated in the Report of the House Committee on Interstate and Foreign Commerce, the great bulk of the property involved, and of the persecutees involved, are Jewish. In the course of the work preparatory to filing claims for this property, information relating to non-Jewish properties may well be developed. This information will, of course, be available to such organizations as may be designated in the non-Jewish field, which should greatly reduce or eliminate administrative costs for such organizations.

In this latter connection, it may be pointed out that the provisions of Public Law 626 require that administrative expenses and similar charges connected with the filing of claims for or the recovery of properties or interests not be charged against the properties or interests recovered. These funds will be provided the JRSO from sources other than assets falling within the scope of Public Law 626.

6. The appropriate officials of the JRSO are at any moment prepared to consult with such officer or agency as the President may designate on any matters connected with the application to which this memorandum is attached.

August 11, 1954

S. 2420 AS PASSED BY THE HOUSE OF REPRESENTATIVES ON AUGUST 9, 1954

AMENDING SECTIONS 32 AND 33 OF THE TRADING WITH

THE ENEMY ACT

That section 32 of the Trading With the Enemy Act of October 6, 1917 (40 Stat. 411), as amended, is hereby further amended by adding at the end thereof the following subsection:

"(h) The President may designate one or more organizations as successors in interest to deceased persons who, if alive, would be eligible to receive returns under the provisos of subdivision (C) or (D) of subsection (a) (2) thereof. An organization so designated shall be deemed a successor in interest by operation of law for the purpose of subsection (a) (1) hereof. Return may be made, to an organization so designated, (a) before the expiration of two years from the vesting of the property or interest in question, if the President or such officer or agency as he may designate determines from all relevant facts of which he is then advised that there is no basis for reasonable doubt that the former owner is dead and is survived by no person eligible under section 32 to claim as successor in interest by inheritance, devise, or bequest; and (b) after the expiration of such time, if no claim for the return of the property or interest is pending. Total returns pursuant to this subsection shall not exceed \$3,000,000.

"No return may be made to an organization so designated unless it files notice of claim before the expiration of one year from the effective date of this Act and unless it gives firm and responsible assurance approved by the President that (i) the property or interest returned to it or the proceeds of any such property or interest will be used on the basis of need in the rehabilitation and settlement of persons in the United States who suffered substantial deprivation of liberty or failed to enjoy the full rights of

(over)

326490

citizenship within the meaning of subdivisions (C) and (D) of subsection (a) (2) hereof; (ii) it will transfer, at any time within two years from the time that return is made, such property or interest or the equivalent value thereof to any person whom the President or such officer or agency shall determine to be eligible under section 32 to claim as owner or successor in interest to such owner, by inheritance, devise, or bequest; (iii) it will make to the President, with a copy to be furnished to the Congress, such reports (including a detailed annual report on the use of the property or interest returned to it or the proceeds of any such property or interest) and permit such examination of its books as the President or such officer or agency may from time to time require; and (iv) will not use such property or interest or the proceeds of such property or interest for legal fees, salaries, or any other administrative expenses connected with the filing of claims for or the recovery of such property or interest.

"The filing of notice of claim by an organization so designated shall not bar the payment of debt claims under section 34 of this Act.

"As used in this subsection, 'organization' means only a nonprofit charitable corporation incorporated on or before January 1, 1950, under the laws of any State of the United States or of the District of Columbia with the power to sue and be sued."

SEC. 2. The first sentence of section 33 of the Trading With the Enemy Act of October 6, 1917 (40 Stat.411), as amended, is hereby amended by striking out the period at the end of such sentence, and inserting in lieu thereof a semicolon and the following: "except that return may be made to successor organizations designated pursuant to section 32 (h) hereof if notice of claim is filed before the expiration of one year from the effective date of this Act."

326491

HQ JRSO Ltr # 1979

Grueneburgweg 119
July 9, 1954
1570C O N F I D E N T I A LMr. Saul Kagan
JRSO - New York

Dear Saul:

G. & EMERG.
Jerry
Reas

On July 2 there was a meeting in Bonn to discuss the bulk settlement of our Reich claims. Dr. Koppe and an Assistant were present from the Finance Ministry, and the Successor Organizations were represented by Dr. Lachs, Dr. Katzenstein, Dr. Schoenfeldt and myself.

We learned that all of the Länder are prepared to surrender their claims to the Bund for the same price which they paid to the JRSO. Hesse claims that since they had a loss on the real estate claims, they expect to get more from the Bund than the 2 million DM they paid to us for all of the immovables. All of the Länder are now asking between 22 and 25 million DM for surrender of the JRSO claims which they acquired. I would guess that a settlement in the neighbourhood of 20 million DM may be reached.

Koppe made a tentative offer to all successor organizations of 75 million DM minus the amount they have to pay to the Länder. This would be payable over a period of 5 years. The balance on our request for 150 million DM plus the Länder payments would only be paid if the total payments did not reach 1.5 billion and only up to a certain percentage of the amount actually paid. The percentage they had in mind was something less than 8% of the total. This would mean for example that if their total liability was only 1 billion DM, the successor organizations would receive 75 million minus 20 million payable to the Länder plus 5 million which would bring the successor organization's share up to 8% of the total bill. This proposal was promptly rejected.

We had a long debate about their method of computing the possible percentage of heirless claims. We argued that on the basis of his statistics (based upon HICOG reports), 8.5% of the real estate claims belonged to the successor organizations. It was, therefore, apparent on the basis of common knowledge and experience that the claims for bank accounts, securities, jewelry, etc. would be much more since the heir or even the owners no longer had any record or recollection upon which to base a claim. Koppe had told us that he assumed the Bund would pay out 1.2 billion. We argued, therefore, that our request for 150 million would only amount to 12.5% of the total and this was certainly a reasonable amount. How he settled with the Länder, was none of our concern and could not be computed in the payments to us. After much discussion, this argument eventually seemed to prevail and he promised to prepare a memorandum in which he would state that our request seemed reasonable and justified. This memorandum would be circulated internally and then they would make an offer to us. I estimate that it will at least take a month before we hear anything from them.

They also wanted to settle with the General Trust Corporation in the British Zone at the same time. Dr. Lachs assured them that the claims of that organization were very small, amounting to 2 - 3 million DM at most and that the main obstacles might prove to be formal and bureaucratic ones.

New comes the catch. None of the above is to be taken at face value. The Germans are dangling the carrot before our noses in order to whet our appetite. The price for the meal will undoubtedly be acceptance of their version of the new restitution law. In that law, they would like to include the claims of restitutors whose payments were made to blocked accounts, all of the claims in the French Zone which had previously come from the indemnification budgets, and all of the claims for special levies. By including these in the 1.5 billion

limit, they may save the German Treasury the money, cut down the size of all claims and have the debts discharged from the Jewish pot. Since the Allied Governments are likely to object to some or all of these maneuvers, the Germans will require the assistance of the Jewish organizations if they hope to get the law through in anything resembling its present draft form. For this help they now move forward with apparent willingness to reach a bulk settlement along our modest terms. They made it clear that their offer to us was conditional upon the Allies accepting the German draft. If the Allies reject the law because it violates the contractual agreement, then the Germans will play their trump card. They will argue that if the Allies do not permit the Germans to deviate from the contract in the manner the Germans propose, then the Germans will stick strictly to the letter of the contract. This would mean reserving the 1.5 billion only for those who had filed claims. No new filing period would be obtained and no bulk settlement with the successor organizations would be made.

We certainly did not indicate any willingness to support such a scheme. We implied that they could not expect to give a little and receive much more and that the decision of the Allies did not rest with us. There was no open discussion of their real plan but merely a few passing remarks from which their intentions became apparent.

We will soon be faced with a very difficult problem and somewhat with a dilemma. If the Germans can maintain their position, they would succeed in out-maneuvering us. I don't believe that the Bund can withstand the pressure for the re-opening of the filing deadline so that on this point I think they are bluffing. I think the Allies are inclined to accept only the reopening of the deadline and to exclude payments to restitutors from the 1.5 billion DM pot. Whether we can persuade them or should persuade them to change their position, I don't know. It depends upon how much is involved and at the moment we are still fishing for a best guess. If we hold out long enough, the German position will have to break down, but we must weigh the risk of increasing the claims which will have to divide the 1.5 billion. It's a very difficult question and I would welcome any views which may be helpful.

For the time being we must simply wait for the German draft law to be presented to the Allies and for the Germans to present an offer to us. By that time, we should have made up our minds about the direction in which we wish to go.

Cordially yours,

B. Ferencz
BENJAMIN B. FERENCZ

BBF/rm

- cc: Jacobson
- Kreutzberger
- Lachs
- Kapralik
- Goldschmidt
- Schoenfeldt
- Katzenstein
- Robinson
- Weiss

326493A

JEWISH RESTITUTION SUCCESSOR ORGANIZATION
270 Madison Avenue
New York, 16, N.Y.

June 25, 1954

MEMORANDUM

To: JRSO Executive Committee

From: Saul Kagan

I refer to the discussion at the Executive Committee Meeting of June 21st concerning the JRSO bulk settlement negotiations in Berlin. In this connection you will be interested in the attached translation of a letter which Dr. Goldmann has addressed to Mayor Schreiber on June 22, 1954.

Saul Kagan

SK:AUN

326493

TRANSLATION

Paris, June 22, 1954

Dr. Walter SCHREIBER
Mayor of West-Berlin
Rathaus Schoenberg
Rudolph Wilde Platz

Dear Mr. Mayor:

Upon my return from Israel I learned from my associates that the Commission to discuss the claims of the JRSO, which you had agreed to appoint shortly after our discussion of May 26th, has thus far not been appointed and therefore could not yet hold a meeting.

As you may recall, we had even envisaged in our discussions that this Commission would have completed its preparatory work by June 23, so that I might if necessary return to Berlin for another talk in order to attempt to work out a final settlement of this matter. You will appreciate that I am more than disappointed concerning this situation which I cannot explain in any way and which surely does not seem to indicate a true readiness for an early settlement of this question, which has now been negotiated with Berlin for many years. My associates advise me that they did not even receive a reply to their various inquiries concerning the Commission.

I therefore take the liberty of writing to you and requesting you to let me know whether you and your associates are really interested in an early start of discussions with a view to a speedy settlement of the outstanding questions, as I had hoped after our talk of several weeks ago.

I may also point out at this opportunity that we had agreed that the Commission to be appointed should consist of really high ranking members of the administration of the City of Berlin and not of subordinate officials who would be in no position to reach decisions.

I hope despite all understandable disappointment that the City of Berlin will make a serious attempt to settle the outstanding problems with the JRSO, and would like to ask you to let me know in any event whether such an authoritative Commission will now be appointed and commence to work, or whether we shall have to abandon the hope for an amicable settlement based on mutual good will.

My address in the next weeks is: Hotel Schweizerhof
Vulpera, Switzerland

In anticipation of your kind reply, I remain,

Respectfully yours,

Dr. Nahum Goldmann

326494

*copy for you
keep info*

JEWISH RESTITUTION SUCCESSOR ORGANIZATION
Frankfurt/Main
Headquarters

Uro
TO D/Soto
MF

HQ JRSO Ltr # 1965

June 14, 1954
1800/1560

Mr. Saul Kagan
JRSO - New York

Dear Saul:

I have your tearful letter of June 9 in which you report that under the original 55 million DM allocation the JRSO still owes the AJDC DM 768,320, and the Jewish Agency DM 31,789. You say this is very sad from the JRSO point of view. You are very right. It is even sader, however, from the point of view of the JDC, since they may have been encouraged to cherish the illusion that they will receive additional funds from us.

The following represents our priorities in the distribution of funds:

1. Our own administration.

Without funds to carry on our operations, nothing else is possible. We are cutting our administrative costs to the bone with most of our expenditure made in Berlin where half is chargeable against other organizations and a good percentage of our other costs being chargeable against Claims Conference and URO. Our administrative expenses will therefore be very sharply reduced.

2. Payments to the Equity claimants.

As you know, the last estimate submitted on May 4 indicated that our Board of Equity liabilities still outstanding and anticipated during the year 1954 will amount to 6.2 million DM. Our total estimated receipts and cash on hand during 1954 does not equal this amount. If we had to pay out these obligations during 1954, we would therefore be bankrupt. Fortunately, for us it would be a physical impossibility to grant all of these equity claims during this year and therefore the day of reckoning may be postponed. I can not know now what my receipts will be during 1954. I do know that today we have only three potential sources of income left:

- a. Berlin bulk settlement, which is highly speculative
- b. Reich claims bulk settlement which is highly speculative
- c. Indemnification claims which are more than highly speculative.

I do know that equity claims continue to come in at a rate of two or three a day and that there are ^{no} indications that this rate will decrease during 1954 or 1955. Under the circumstances, you will see that I am very much concerned about having adequate funds to meet the approved demands of equity claimants during the coming years.

3. Payment of the outstanding sums due to the operating agents under the 55 million DM allocation.

- 2 -

4. Payments to meet obligations to other organizations.

I can make no payments to 3 or 4 until I am sure that we have adequate funds on hand or known to be available in the future to meet the requirements under 1 and 2. Following my recent visit to Nuremberg, I have requested that a detailed and exact study be made of this problem so that we may plan our expenditures accordingly. It is not at all inconceivable that we will either have to refuse all equity claimants arriving after a fixed date in 1954 or the operating agents will have to return some of the money they have received. Until the results of my new study are known, all disbursements except for 1 and 2 above are being blocked.

I have received a note from Mr. Shargo, indicating that the JDC will require DM 250,000 in the very near future to supplement the advance of DM 300,000. I am sending him a copy of this letter so that he and you may know that the DM 300,000 was stipulated as a loan which will have to be repaid. A few weeks ago I discussed with Dr. Shinnar the problem of the Mission sending DM to the JDC and he assured me that this could now be done without difficulty. I, therefore, expect that the JDC will be able to draw from the Mission whatever funds are necessary to meet their operating expenses and to repay outstanding loans.

You may alert the Executive Committee to this development and I will try to get a more exact report ready to them in time for their next meeting.

Cordially yours,

B. Ferencz
BENJAMIN B. FERENCZ

BBF/rm
cc: Shargo
Jacobson
Kreutzberger
Rice
Elkan
Dallob
Katzenstein

326496