

CONFIDENTIAL

M I N U T E S

JRSO EXECUTIVE COMMITTEE MEETING

July 9, 1959

MMA

Test.
Just
minutes

- Present: Mr. Monroe Goldwater, presiding
- Mr. Maurice M. Boukstein
- Mr. David Glickman
- Mr. Moses A. Leavitt
- Dr. Hermann Simon
- Dr. Kurt Hertz
- Mr. Saul Kagan
- Mr. Ernest H. Weismann

I. Status of Pending JRSO Claims in Germany

Mr. Kagan reported on his recent meeting in Germany with the Executive staff of the JRSO and the other successor organizations. There had been a number of recent developments in Germany which would enable the Executive Committee to make some definite commitments on future allocations. The two major sources of funds which are still outstanding are: 1) indemnification claims to be settled in Hesse and Bavaria and 2) the proceeds from Ministerial Accounts. The theoretical value of the claims in Hesse is about DM 30 million and in Bavaria DM 40 million. The precise valuation of the claims is still in the process of being ascertained. The JRSO will endeavor to arrive at lump sum settlements with Hesse and Bavaria rather than proceed on a claim by claim basis. It is expected that the Laender will accept this method of settlement following the precedent established by a number of state governments in the former British zone of Germany. Since the examination of the claims in preparation of lump sum settlements will be very time consuming, the JRSO will approach the two states involved in an effort to obtain advance payments. This approach is being made with the consent of the associations of the Jewish communities in the former American zone and the Zentralrat in view of the basic understanding that the proceeds from the indemnification settlements will be shared on a fifty-fifty basis with the Jewish communities in that area.

Hesse has been approached and negotiations are based on an advance payment of DM 15 million. The official of the Hesse Ministry responsible for this matter was not surprised by the amount involved. He conceded that at least that much money would have to be paid for the claims and he will recommend to the Minister of Interior that such an advance be granted. The situation in Bavaria is much more difficult. It is hoped, nevertheless, that DM 10 million will be advanced by Bavaria on account of JRSO indemnification claims.

As far as the Ministerial Accounts are concerned, Mr. Kagan reported on a number of favorable developments which occurred in the past few months. Mr. Kagan recalled that last year it was doubtful that the successor organizations would obtain most of the funds arising from Ministerial Accounts because the entitlement of the successor organizations was contested by the German Federal Ministry of Finance. Dr. Tuch, who heads the JRSO office in Berlin, was successful in obtaining from the highest court in Berlin a favorable

decision on a test case involving a similar issue. The official in charge of the Federal Ministry of Finance recognized that the legal issue was resolved in favor of the successor organizations. In the discussions which followed, the Federal Ministry of Finance expressed the wish that the successor organizations should undertake the responsibility of meeting such individual claims which may have been filed under the Military Government Restitution Laws and the German Federal Restitution Law (BRUEG) involving securities which may have found their way into the so-called Ministerial Accounts. Mr. Kagan reported that during the recent meeting of the successor organizations in Frankfurt, it was decided that a way must be found to free the successor organizations from any new protracted equity procedures and the inevitable necessity to freeze substantial sums until the claims filed under the Federal Restitution Law will have been processed. The representatives of the successor organizations at the meeting agreed to explore the possibility of securing the unconditional turnover of the securities or their equivalent against a renunciation of claims involving accrued interest and dividends. Mr. Kagan reported that he had received a cable from Dr. Katzenstein on a meeting held in the Federal Ministry of Finance on July 7th, at which the official in charge agreed to recommend the above proposal to the Minister of Finance. It is estimated that approximately DM 14 million are involved in the Ministerial Accounts of which the

the JRSO would receive	50.65%
the JTC " "	41.85%
the French Branch of the JTC	7.5%

II. Distribution of JRSO Funds

On the basis of the anticipated income from the settlement of JRSO indemnification claims of the Ministerial Accounts, the Executive Committee decided that an additional DM 20 million should be committed for distribution if, as and when funds become available. This commitment will bring the total allocated by the JRSO from the beginning of its operations to DM 121 million.

The Executive Committee decided that the DM 20 million will be distributed following the current pattern of distribution as follows:

1. Jewish Agency	DM 11,390,000
2. AJDC	DM 5,610,000
3. Council of Jews from Germany	DM 2,200,000
4. Religious Projects in Israel	DM 800,000

Mr. Kagan reported that a review of the cash position of the JRSO in Germany and the assets and liabilities would make it possible to distribute at this point DM 2 million in cash on account of the above commitments.

III. Applications received from Organizations since the Last Meeting of the Executive Committee

The Executive Committee reviewed the attached memorandum dated June 25, 1959, summarizing the pending applications and accepted the recommendations contained

therein with the following modification. The Executive Committee decided to increase the allocation to the Building Loan Fund for Yeshivoth (item 9 of enclosure 1) from IL 26,000 to IL 76,000 on the understanding that IL 50,000 of that sum will become payable only after the JRSO will receive sufficient funds to cover all other allocations for religious projects in Israel as specified in the attached memorandum (enclosure 1).

IV. Council of Jews from Germany

A. United Help, Inc.

The Executive Committee reviewed the attached memorandum (enclosure 2) presented by United Help, requesting decisions of the JRSO Executive Committee on the projects specified therein, it being understood that the funds required will come out of the JRSO allocations for projects sponsored by the Council of Jews from Germany.

Various members of the Executive Committee inquired whether United Help had obtained assurance that the combined intensive employment and sheltered workshop project (page 1, enclosure 2) will continue after the \$30,000 from United Help had been exhausted and inquired as to the period of time which this amount would cover. Dr. Hertz pointed out that the United Help expects written assurances that once the funds which cover approximately 15 months of operation had been exhausted, the Federation would continue this project. United Help has stipulated that the \$30,000 be used exclusively for services to Nazi victims. The Executive Committee approved this project on condition that a letter to the effect that the project will be carried on after United Help funds have been exhausted will be sent to United Help by the Federation Employment and Guidance Service.

Mr. Leavitt wondered whether the program for older adults in the Washington Heights area (page 2, enclosure 2) would continue after the funds from United Help had been exhausted. Dr. Hertz explained that United Help had previously allocated an amount of \$6,000 to the Congregation Habonim. The present program is designed to increase the number of participants by including other congregations in this area. The organizations involved have been notified that the allocation by United Help constitutes a one-time grant and that they must find means to continue the program after the two years covered by this grant expire. The \$25,000 allocated over a period of two years includes the acquisition of equipment.

Mr. Leavitt felt that the small group residence in Baltimore (page 3, enclosure 2) which would accommodate only 7 individuals did not warrant an allocation of \$50,000. He stated that sheltered workshops are indeed excellent projects but the Baltimore project was too costly for the limited funds at the disposal of United Help. After full discussion of this matter, the Executive Committee did not approve an allocation for this project.

The Executive Committee decided to table the cancellation of a grant of \$25,000 for a residence club in Seattle, pending a final determination by the Board of United Help whether the local organizations will raise the amount required to match the allocation of the JRSO.

Following the discussion of the projects and information contained in the United Help memorandum, the Executive Committee approved the following

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grants:

1. Los Angeles - Jewish Club of 1933 and Jewish Home for Aged \$ 80,000
2. New York City - Federation Employment and Guidance Service \$ 30,000
3. New York City - Recreation Program for older adults in Upper Manhattan \$ 25,000
4. United Help Operating Budget through June 30, 1960 \$ 40,000

B. Leo Baeck Institute

Dr. Simon reported that the Council of Jews from Germany had a meeting in October and decided on a new allocation in the total amount of DM 690,000 to the three Leo Baeck Institutes in London, New York and Israel. The previous allocation from the JRSO for the work of the Leo Baeck Institute was DM 570,000. Dr. Simon requested that the JRSO agree to make available DM 390,000 for the needs of the Leo Baeck Institutes. It is clearly understood that the DM 390,000 will come from the funds which are reserved by the JRSO for projects sponsored by the Council of Jews from Germany. It is envisaged that the larger part of DM 390,000 will be required for the support of the Leo Baeck Institute in Israel for which the JRSO has previously approved allocations. The annual requirements of the Leo Baeck Institute in Israel are IL 70,000 and it is expected that the last two years' requirements will have to come from the DM 390,000. The balance is intended for development of the Leo Baeck Institute in New York in order to insure broader support for its activities. After an intensive discussion of the work of the Leo Baeck Institutes, the Executive Committee agreed to the allocation of DM 390,000 for the requirements of the Leo Baeck Institutes on the understanding that this will cover two years of the requirements of the Leo Baeck Institute in Israel and that the balance will be used exclusively for development and promotional activities of the Leo Baeck Institute in New York and, to some extent, in London. The Executive Committee stipulated that the funds which will be made available to the Leo Baeck Institutes in New York and London may not be used for the actual research programs conducted by these Institutes.

V. Agreement with Jewish Communities

Mr. Kagan reported on meetings with representatives of the associations of the Jewish communities of the former American Zone and the Zentralrat concerning an overall settlement with the JRSO. Intensive negotiations were carried on during the past year by Messrs. Jacobson, Katzenstein and Rosenthal on behalf of the JRSO with Dr. Van Dam, Secretary General of the Zentralrat. Mr. Kagan was pleased to report that at the meetings held in Duesseldorf on June 21 and 22, with the representatives of the associations of the Jewish communities of Hesse, Bavaria and Wuerttemberg-Baden, special agreements were signed providing for the transfer of title to 370 cemeteries and a small number of former synagogue buildings from the JRSO to the Jewish communities. These agreements also cleared the way for the start of

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negotiations with Hesse and Bavaria for the indemnification claims of successor organizations. What is still needed and is now being drafted is the ultimate agreement between all of the associations of Jewish communities of the American Zone and the JRSO, which would provide for the establishment of a Trust Fund for the needs of the Jewish communities in that area. Fifty per cent of the proceeds from the settlement of the indemnification claims would go into the Trust Fund minus such amounts which will be due to individual communities or particular associations of communities on the basis of prior agreements with the JRSO. The JRSO will be represented on the Board of this Trust Fund by three out of eight Trustees.

VI. Status of Heirless Property Legislation in the United States

Mr. Goldwater reported on his efforts to enlist the cooperation of Senator Javits, Congressman Dollinger and other individuals in support of a bulk settlement of the JRSO claims for heirless property in the United States. The bill, which is presently pending in Congress, was introduced by Representative Dollinger and calls for a payment of \$500,000.

Mr. Kagan conveyed Mr. Rubin's apology for his inability to personally report to the Executive Committee on the status of this bill. He stated that Congressman Dollinger is confident that the Interstate and Foreign Commerce Committee will render a favorable report on the bill. It will then be necessary to obtain the cooperation of the House majority leader to assure timely consideration of this bill. On the Senate side, a provision to effect a bulk settlement of the JRSO claims on the same basis was made part of a bill involving the full return of German assets or the payment of war claims to American citizens. Mr. Goldwater wrote to Senator Johnston, Chairman of the Committee concerning this legislation, and requested that the JRSO provision be dealt with separately as no issues of principle or general policy are involved. Mr. Rubin will suggest to Senator Javits, who personally testified before the Committee in favor of the JRSO bulk settlement, to appeal to Senator Johnston to single out the JRSO section for separate action. If this should prove impossible, Senator Javits will be requested to introduce the section as a separate bill.

Mr. Goldwater stressed that in view of the limited time remaining for this session of Congress, very intensive efforts will be necessary and that he will undertake various steps in this direction.

VII. Other Business

Mr. Kagan reported that the B'nai B'rith has reached a direct settlement with the German authorities and that no further involvement of the JRSO will be necessary.

Mr. Kagan then reported on a few Board of Equity cases who have approached the JRSO for reconsideration of earlier decision. Previous negative decisions had been based on the fact that no hardship prevailed. In some of these cases, especially one in which the individual is 80 years old, the financial situation has deteriorated and the claimants are therefore asking reconsideration on the basis of present hardship. Mr. Kagan recommended that in cases of genuine hardship a limited amount be granted.

Mr. Goldwater suggested that in special hardship cases involving payments

up to \$1,000, Mr. Kagan be authorized to take the necessary action. Should such cases become too numerous, they should be presented to the Executive Committee. The Executive Committee approved Mr. Goldwater's proposal. Mr. Kagan also briefly reported on a request by an equity claimant whose claim the JRSO withdrew by mistake. This case had previously been considered by the Executive Committee and it was then concluded that in the case where a person failed to bring forth a timely claim, the JRSO is not liable towards a potential equity claimant for an administrative error. The Executive Committee was requested by the person concerned to reconsider its earlier decision. The Executive Committee has also taken note of the fact that no real hardship is present and decided to reaffirm its previous decision. Dr. Simon did not think that the JRSO has any legal obligation in this case.

MINUTES

JASO EXECUTIVE COMMITTEE MEETING

June 23, 1958

Present: Dr. Israel Goldstein, presiding
Mr. Maurice M. Boukstein
Mr. Benjamin B. Ferencz
Mr. David Glickman
Dr. Kurt Herz
Dr. Eugene Hevesi
Mr. Saul Kagan
Mr. Moses A. Leavitt
Dr. Nehemiah Robinson
Mr. Seymour Rubin
Dr. Hermann Simon

I. Extension of Equity Hardship Fund

Mr. Kagan explained that the three successor organizations have set up a Trust Fund in London for which DM 2 million was provided to deal with equity claims received by the successor organizations after January 1, 1956. The Equity Hardship Fund handled 400 claims which were received within the deadline established by the Fund. One hundred twenty-five requests were received after the deadline. The DM 2 million provided for this fund will not be fully required. Under the agreement with the Trust, any unused funds revert back to the successor organizations. In this connection, the question arose as to whether any action is to be taken with respect to applications received after the deadline either by the Equity Hardship Fund or, only in special cases, by the successor organizations themselves. Mr. Kagan pointed out that the only special cases known to him are a few originating from individuals who formerly resided in Poland and could, for that reason, not meet the established deadlines.

The Jewish Trust Corporation has authorized the chairman to contact the other organizations to determine whether they agree to the extension of the responsibilities of the Trust Fund to deal with such cases. The French Branch of the Jewish Trust Corporation expressed itself against the provision of funds in excess of those already committed for the Hardship Fund, should the successor organizations decide to deal with these additional cases.

In the discussion that followed, Dr. Robinson felt that whatever cases came in after June 30, 1957 should be dealt with out of the unspent funds. Mr. Leavitt suggested that the deadline should not be officially extended but that it be internally agreed upon to wind up the operations of the Equity Hardship Fund at the end of the year. Dr. Goldstein felt that no difficulties would arise if the extension of the deadline would not be publicized. Mr. Kagan explained that the individuals who had applied after June 30, 1957 had been informed that their claims had arrived too late; and it would, therefore, be necessary to inform these individuals that the Hardship Fund is ready to deal with their applications. Dr. Simon expected that some difficulties would arise from the fact that certain individuals had been told by their lawyers not to file claims with the Equity Hardship Fund after the expiration of the deadline. Mr. Boukstein was of the opinion that the deadline should be extended only internally and that individuals

(over)

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who were really interested in pursuing these claims have undoubtedly contacted the successor organizations or the Equity Hardship Fund.

The Executive Committee decided that the Equity Hardship Fund be requested to deal with the requests received between June 30, 1957 and December 31, 1958 and that this should constitute the final cut of date, the deadline of December 31, 1958 to be considered for internal purposes only.

II. Status of Heirless Property Legislation in the United States

Mr. Rubin stated that a bill which is principally designed for the bulk settlement of heirless property claims filed by the JRSO is still before the Interstate and Foreign Commerce Committee in the House. The Committee had scheduled meetings several times, at which this bill was to have been considered; but these meetings did not take place because of the Goldfine matter. Mr. Rubin was hopeful that the matter would be taken care of in the near future. Mr. McCormack indicated his readiness to support the passage of the bill after it reaches the House. Senator Javits will support the bill in the Senate.

Mr. Rubin anticipated that if difficulties arise, they would relate to a) the general tendency not to enact any legislation affecting the Trading with the Enemy Act and b) the \$1 million figure which is considered too high by the officials of the administration. More active support by the agencies of the executive branch of the government would be available for a lesser sum. Mr. Kagan pointed out that 10 per cent of the funds received under this bill would be earmarked for organizations aiding non-Jewish victims of Nazi persecution.

III. Projects sponsored by the Council of Jews from Germany

A. Wiener Library, London

Dr. Simon asked that the application submitted by the Council for the Wiener Library be tabled. He requested that the Executive Committee approve IL 65,000 required for the next year towards the program of the Leo Baeck Institute in Israel. This amount is identical with the sum which the Executive Committee approved for the previous year and will be charged against the balance of DM 570,000 reserved for cultural projects of the Council. The Executive Committee approved the allocation of IL 65,000.

B. United Help

The Executive Committee reviewed the memorandum previously circulated, concerning the projects for small group residences for aged, homes for aged, older adult projects, and sheltered workshops submitted by United Help. Considerable discussion developed around the request by United Help for an allocation of \$50,000 for the construction of a small group residence for older people in Baltimore, which is expected to accommodate 25-30 individuals. As indicated in the request, fifteen but in no case less than one-third of the residents will be Nazi victims at the time of opening. The total cost of the project is estimated at \$150,000, \$100,000 of which would be provided by the Associated Jewish Charities and the Levindale Home for the Aged.

Mr. Leavitt felt that the cost on a per capita basis was far too high. He further felt that this type of expenditure would require a large portion of United Help funds providing help for a relatively small number of aged Nazi

victims. Dr. Herz stated that this group residence is to provide housing for people who are not in need of institutional care. He pointed out that though the cost of the project may seem high, the ultimate investment per person would be relatively low in view of the considerable turnover which must be expected. Expenses in connection with medical care and administration would be carried by the Levindale Home. Dr. Herz further stated that this project had been thoroughly discussed with the local agencies in Baltimore, which concluded that this project cannot be carried out in rented premises.

Upon Dr. Goldstein's question about the average age of the group, Dr. Herz explained that the individuals involved are over 65 years old. Dr. Hevesi inquired about the title to the project. Dr. Simon explained that United Help's right will consist of recommending that a group of Nazi victims have preferential rights. Dr. Robinson did not feel that it was fair to give a few selected individuals preferential treatment. Mr. Boukstein did not feel that capital expenditures of such dimensions would be justified in a community like Baltimore. Mr. Glickman thought that one must assume that projects of the same nature will be submitted to the JRSO to meet similar needs in other localities, which would represent considerable demands on the funds. Dr. Simon stated that by now, United Help has a fairly good idea of the needs of Nazi victims in this country and the recommendation with respect to the project in Baltimore is fully related to it.

Mr. Glickman proposed that a subcommittee be designated to meet with representatives of United Help to discuss this entire question which involves a basic issue of the allocation policy of the JRSO. The Executive Committee approved the designation of a subcommittee with Mr. Glickman as chairman and Messrs. Boukstein, Robinson and Simon as members.

The Executive Committee approved the following grants for

Small Group Residences for Aged

A. Boston--Immigrants Mutual Aid Society (IMAS) \$ 15,000

Homes for the Aged

A. Newark House \$ 14,000

Older Adult Projects

A. Tucson--Jewish Community Council \$ 5,000

B. Cleveland--Montefiore Home \$ 10,000

C. New York--Selfhelp of Emigres from Central Europe \$ 10,000

D. Berkeley--Jewish Community Center \$ 10,000

Sheltered Workshops

A. Chicago--Jewish Vocational Service \$ 12,800

B. Milwaukee--Jewish Welfare Fund and Jewish Vocational Service \$ 5,000

The Executive Committee further approved \$36,257 towards the operating expenses of United Help through June 30, 1959.

IV. Status of Overall Agreement with the Jewish Communities in Germany

Mr. Kagan reported that very active discussions are in progress, concerning the final text of an overall agreement with the Jewish communities in Germany. He stated that the Executive Committee previously agreed that a Trust Fund be established for the needs of the Jewish communities in the American Zone in Germany. This Trust Fund would receive 1) DM 1.5 million from the JRSO directly in cash and 2) 50 per cent of the net value of the settlements which will be concluded by the JRSO for indemnification claims in the former American Zone, omitting from payment the total value of such settlements for which definite distribution agreements have been made with particular communities.

Mr. Kagan alerted the Executive Committee to the complications which are likely to arise from the fact that there exists a special agreement with the Jewish Community of Munich involving the distribution of future proceeds from indemnification claims. The Jewish Community of Munich is at present administered by an unreliable group which is not recognized by the Zentralrat. It was the consensus of opinion of the Executive Committee that there can be no automatic payment until the question of legitimate leadership of the Munich Community is satisfactorily clarified.

As part of the overall agreement with the Jewish communities in Germany, it was suggested that the Landesverbaende be requested to take over title not only to unused cemeteries but also to a small number of synagogue buildings which are either of historical value or located in places where Jewish communities were established only recently. In reply to inquiries, Mr. Kagan indicated that the Landesverbaende will be fully advised of the reasons which made it necessary for the JRSO to retain title to the former synagogue buildings and request them to give due consideration to their proper handling.

V. Central Archives of Successor Organization Records on Reich Claims

Mr. Kagan pointed out that the successor organizations have accumulated a great number of records pertaining to the claims against the Reich. These records are extremely valuable in connection with individual claims and it was, therefore, proposed that these records be assembled and that their availability be made known. Following discussions by the Jewish Trust Corporation and the URO, it was suggested that central archives be set up in Frankfurt which will be maintained by the JRSO, JTC and the URO. The Executive Committee approved this arrangement.

VI. BOE Cases

Mr. Kagan stated that there are a few BOE cases which involve policy questions. He referred specifically to one case whose initial application was rejected in the absence of financial hardship but whose circumstances have, in the meantime, changed drastically. The question arose whether the JRSO would deal with these exceptional cases as long as it is in existence. The Executive Committee decided that a subcommittee consisting of Dr. Robinson and Dr. Simon should examine these cases.

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JEWISH CULTURAL RECONSTRUCTION, INC.
1841 Broadway, New York 23, N. Y.

REPORT OF ACTIVITIES FOR THE YEAR
Oct. 1, 1949 - Sept. 30, 1950

A. Activities in Germany

1. Processing and Distribution, Wiesbaden Depot

Approximately 100,000 books were processed during the period under review. They fall into the following categories:

- 49,000 books, which constitute the remnants of German Jewish institutional libraries (approximate);
- 45,000 - 50,000 books marked with the names of individual owners;
- 1,000 rare books (approximate).

We received title to the German Jewish institutional collections and the rare books. These were shipped during the period under review to the following countries:

Israel	158	Cases	
Switzerland	73	"	
Great Britain	16	"	
France	4	"	
Sweden	7	"	
Morocco	3	"	
South Africa	1	"	
United States	53	"	
Berlin	<u>4</u>	"	319 Cases
Latin America			
Argentina	34	"	
Bolivia	3	"	
Chile	5	"	
Costa Rica	3	"	
Ecuador	1	"	
Mexico	6	"	
Uruguay	5	"	
Brazil	18	"	
Peru	<u>4</u>	"	<u>79 Cases</u> Total 398 Cases

There are still left in Wiesbaden approximately 3,000 books.

We did not as yet but expect to receive title to the individually owned books by the end of this month.

All books which belong to individual owners of six or more books were segregated and set aside for eventual restitution. There are approximately 16,500 such books

belonging to 830 individual owners. The remainder will be distributed as usual. Everything is ready for shipment and all shipments will be completed by the end of the year.

2. Newly Recovered Material

During the first nine months of this year JCR discovered and took possession of the following items:

About 10 cases of odd archival material
165 ceremonial objects
58 Torah Scrolls, and

more than 50,000 books in the following categories:

150 rare books, several hundred stray volumes and approximately 50,000 unidentifiable heirless books which had been turned over to the German authorities and which we succeeded in recovering. Only about 10% of this material is Judaica.

3. The More Important Pending Claims

The following items are either claimed through JRSO or being negotiated for by JCR directly:

- a. 18 cases with approximately 500 ceremonial objects, the remnants of the Jewish Frankfurter Museum collection.
- b. The Jewish community archives of Bavaria, now held by German state or municipal archives in Bavaria
- c. Several thousand Judaica, now held by the municipal authorities in Munich.
- d. 3,000 Judaica and Hebraica originating from the library of the Munich Reichsinstitut zur Erforschung der Judenfrage, now held by the Jewish Zentralkomitee in Munich.
- e. Several thousand books and a considerable amount of stray archival material, now held by the Jewish community in Berlin.
- f. An as yet undefined number of Torah Scrolls also held by the Jewish community in Berlin.

4. Investigations

During the period under review, JCR made a special effort to ascertain the amount of Jewish cultural property which has survived in the three Western zones of Germany--in addition to the material collected in the Offenbach depot--and in Austria,

and to take the necessary steps for its recovery in the American zone of Germany. (Detailed reports on these activities, actual findings as well as negotiations with German officials, which have led to the recovery and the claims of Jewish cultural property mentioned above, are available in the office of JCR and have been circulated among its members of the Board of Directors and the Advisory Committee.)

B. Processing and Distribution of Jewish Cultural Property in New York

1. Books

During the period under review books were distributed to institutions in the United States and Canada only. Allocation to Latin American countries was made directly from Wiesbaden (see above) in order to reduce the freight charges.

A total of 51,427 books were distributed from the New York depot, as follows:

37,244 to 37 libraries in the United States
9,812 to 45 Yeshivoth in the United States
1,500 to Canada
2,871 periodicals were set aside for later shipment to HUL

2. Ceremonial Objects

3,815 Ceremonial objects were listed and catalogued. 1,782 of these were classified as museum objects and were allocated as follows:

1,054 objects were distributed to eleven museums and institutions of higher learning in the United States.

728 objects were allocated to countries abroad which had not yet received their share of these objects.

247 to England
150 to South Africa
151 to Canada
150 to Argentina
30 to Curacao

Distribution to Latin American countries has not yet been completed. The remainder of the objects will be distributed during the next few months to congregations in the United States.

Oct. 17, 1950

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GEN. & EMERG

MINUTES

JRSO EXECUTIVE COMMITTEE MEETING

July 7th, 1950

Present were: Dr. Israel Goldstein, JAFF - Presiding
Mr. Maurice M. Boukstein, JAFF
Mr. Moses A. Leavitt, JDC
Dr. Isaac Lewin, Agudas
Dr. Nehemiah Robinson, WJC
Mr. Eli Rock, Secretary

Also attending: Dr. Eugene Hevesi, AJC
Mr. Herman Muller, Council of German Jews

Mr. Rock began the meeting by reporting to the Committee on a number of events which had recently taken place. They were as follows:

a) Passage is expected shortly of an amendment to Section 32 of the Trading with the Enemy Act in the U.S. This law was previously passed by the Senate and has now been reported out by the House Interstate Commerce Committee. The next step involves passage by the House, whereupon the differences between the House and the Senate versions of the bill will have to be reconciled. As soon as the bill is finally passed, the JRSO will want to apply for designation as a Jewish successor organization under that bill. The Committee authorized the filing of such an application when it becomes timely.

b) Mr. Rock reported that JRSO has been designated as successor organization in the French Sector of Berlin and an implementing regulation would be issued. A problem has arisen in Berlin stemming from the fact that the British and the French seem inclined to give Directive 50 precedence over the restitution law. This is currently being discussed and the staff is attempting to achieve a solution favorable to the JRSO.

c) A license for URO to operate under the General Claims Law is shortly expected to be issued.

d) The French are definitely committed to a revision of their restitution law to make a provision for a Jewish successor organization. It is legally impossible to have a French-based organization for these purposes, and affiliation was therefore considered with the JRSO or the JTC. For political reasons, the French organizations and French authorities preferred affiliation with the JTC, and steps have been taken to effect this. Dr. Robinson pointed out that it would be much better and more efficient to have the French organization affiliated with JRSO instead of JTC and he suggested that one more attempt be made to effect this. It was the decision of the Committee that, if still possible, one more attempt be made by the people in Europe to bring about affiliation with

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JRSO, if they felt that this could in fact be achieved. In connection with the general JTC question, Mr. Boukstein pointed out that it had been decided in Jerusalem that policy questions with regard to JTC would be decided by the Agency in New York, rather than in Jerusalem.

Upon Rabbi Lewin's inquiry, it was reported that no significant progress had been recently made in the bulk settlement discussions. It was suggested that Mr. Ferencz keep Mr. McCloy informed of the progress or lack of progress in these matters, and that subsequently the possibility of an approach through the State Department here be explored.

One of the questions before the Committee involved the problem posed by the interpretation of Article 56(4). Mr. Ferencz had originally been instructed by the Committee to request a ruling on this section from the Court of Restitution Appeals. In the meantime, however, the Office of General Counsel of HICOG had prepared a legal opinion supporting the JRSO position on this article, and the question arose whether under the circumstances JRSO should actively intervene in requesting an opinion from the Court or whether it should allow HICOG to elicit such an opinion. It was the feeling of the Committee, as expressed by Mr. Leavitt, that under the circumstances it would be preferable not to have JRSO participate actively in this matter, but that Mr. Ferencz should remain entirely free to do so if he felt it to be necessary. The question was also raised of possible amendment of Law 59, so as to clarify this point. Dr. Robinson felt that this would be dangerous, since it would give the appearance that the individual claimants had in fact had certain rights prior to the amendment of the law; it was his strong suggestion that the matter should therefore be handled through an interpreting regulation, several of which had already been issued under Law 59. It was the sense of the meeting that all of these comments should be called to Mr. Ferencz's attention, leaving to his discretion the choice of future steps in the matter.

The next question before the Board was the selection of members of a Board of Equity. In view of the fact that JRSO would probably be making no approach to the Court of Appeals in Germany for the time being, it was felt that there was no longer the same urgency about setting up a Board of Equity made up of prominent individuals, and the Committee therefore decided to defer the matter until September. On the question itself, Dr. Lewin pointed out that in his opinion it was of greatest importance to include among the members of the Board of Equity a number of experts on Jewish law. This consideration was to be discussed in September, when the entire question would again come up.

The last item on the agenda involved the problem posed by the behavior of Dr. Auerbach in Germany. Dr. Auerbach has continually and publicly attacked the JRSO and generally engaged in damaging actions, from the JRSO and overall Jewish viewpoint. Mr. Ferencz had therefore raised the question of possible action by the Executive Committee or the Board of Directors in the matter. It was the decision of the Committee that the Secretary should send a letter to Dr. Auerbach, stating that his frequent and derogatory attacks on the JRSO had been called to the attention of the Executive Committee, that in the opinion of the

latter these were entirely inconsistent with his role as a member of the JRSO Board of Directors and that unless he desisted in future from such actions and submitted any grievance he might have to the Executive Committee instead of to outsiders, serious question would arise as to the propriety of his remaining on the Board of Directors of JRSO.

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M I N U T E S

JEWISH RESTITUTION SUCCESSOR ORGANIZATION

ANNUAL MEETING OF THE BOARD OF DIRECTORS

December 16, 1959

Dr. Israel Goldstein acted as Chairman of the meeting. The Chairman declared the presence of a quorum.

Upon motion duly made, seconded and carried, the minutes of the last Board of Directors meeting were approved.

Upon motion duly made, seconded and carried, it was

RESOLVED that the following officers of the Corporation be and they hereby are elected:

- | | |
|--------------------------------|--|
| President | Dr. Israel Goldstein |
| Vice-Presidents | Mr. Jacob Blaustein
Dr. Nahum Goldmann
Dr. Nehemiah Robinson
Mr. Hermann Simon
Mr. Edward M.M. Warburg |
| Chairman - Executive Committee | Mr. Monroe Goldwater |
| Co-Treasurers | Mr. David Glickman
Mr. Shad Polier |
| Secretary | Mr. Saul Kagan |

Upon motion duly made, seconded and carried, it was

RESOLVED that the Executive Committee shall continue to function as hitherto constituted.

I. Pending Problems

a) Indemnification claims for destroyed Jewish Communal Property

Dr. Katzenstein, Director of the JRSO in Germany, reported on the negotiations with the Laender Bavaria and Hesse on the claims of the JRSO for destroyed cultural, communal and organizational property. He pointed out that the claims of the Successor Organizations were limited by law to DM 75,000 per object and explained that damages exceeding this amount could be claimed by the existing Jewish communities as, what the German Indemnification Law calls "Ueberhang". Dr. Katzenstein emphasized that the figures in connection with these negotiations revolve mainly around the question of replacement value. The replacement value is based on the so-called building index which is in dispute between the

JRSO and the German State Governments. The JRSO has done a great deal to substantiate these claims and has succeeded in receiving detailed information about the extent of the destruction of communal property. The goal of the JRSO is to reach global settlements with the two laender, but the JRSO must be prepared that the claims will not be compensated for in full. Dr. Katzenstein expressed the hope that the JRSO will receive, in the near future, from Land Hesse an advance of DM 15,000,000 and that the global settlement with the Land Bavaria will be concluded during 1960.

b) Ministerial Accounts

The second issue on which Dr. Katzenstein reported concerned claims of the JRSO for Ministerial Accounts, i.e. accounts which were originally owned by Jews and which were taken over by Ministries of the Third Reich. For a considerable period of time, the German Federal Government which acts as the successor of the Reich for these assets, has taken the view that the JRSO would not be entitled to claim these accounts as successor to the original owners. This question was argued in a test case before the Supreme Restitution Court, which issued a judgement in favor of the JRSO. Dr. Tuch, the Director of the Berlin office of the JRSO, was highly instrumental in bringing about this favorable decision. Dr. Katzenstein reported that the JRSO, which is sharing these accounts with the two other Successor Organizations, is trying to convince the German Government that the stocks and bonds deposited in the Ministerial Accounts should be sold and an equitable distribution of the proceeds to be agreed upon between the German Government and the Successor Organizations. The magnitude of these accounts is considerable and income for the Successor Organizations upon sale of the Ministerial Accounts may exceed DM 15,000,000.

c) Hypothekengewinnabgabe

Dr. Katzenstein reported that the JRSO may be burdened with payment of mortgage tax arising from the conversion of Reichsmark mortgages into Deutsche marks. The potential JRSO liability amounts to approximately DM 400,000. The JRSO maintains that based on Article 5 of the Contractual Agreement, it is exempt from such taxation. The JRSO is trying to solve this problem through negotiations with the German Finance Ministry, which promised to ask the highest Tax Court for an opinion.

II. Ratification of the Agreement between the JRSO and the Jewish Communities in Germany

a) American Zone

The protracted negotiations between the JRSO and the Jewish Communities in the American Zone of Germany came to a final conclusion. The Jewish Communities have already ratified the Agreement, which sets forth once and for all the relationship between the JRSO and the Jewish Communities in Germany. The basic idea which is contained in the Agreement, is that the proceeds from Indemnification Claims in connection with cultural, communal and organizational property will be shared by the JRSO and the Jewish Communities in the American Zone. Funds which

will remain after payment to individual communities, based on previous agreements, will go into a Trust Fund, which will deal with requests for the needs of these communities. The JRSO will be represented on the Board of Directors of this Trust by three members. The JRSO undertook the obligation to assure that the Trust Fund has at its disposal DM 4,000,000. This could entail a liability for the JRSO of DM 1,000,000. In the event that an advance from Land Hesse will be received, the JRSO would be able to provide the Trust Fund with the full amount and an advance payment of DM 1,000,000 would not be necessary. The only actual payment which the JRSO will have to make to the Trust Fund is an amount of DM 500,000 out of a fund which the JRSO has obtained from claims against the German Reich. The JRSO will turn over to the Trust Fund its titles to the cemeteries and the responsibility for maintenance will be shifted to the communities as well. The question was raised as to whether or not provision was made for the subsequent replacement of representatives on the Board of the Trust Fund, should the JRSO wind up its functions. It was the consensus of the meeting that provision for this should be incorporated in the Agreement. Further questions were raised in connection with the interpretation of the maximum amount which the Trust Fund was supposed to have received. The Executive Committee ratified the Agreement.

b) Adjustment in the Agreement with the Berlin Community

In 1955 the Successor Organizations concluded an agreement with the Berlin Jewish Community whereby the Successor Organizations agreed to provide 40% of the proceeds from Indemnification Claims against Berlin, for the needs of the Berlin Jewish Community. The Berlin Jewish Community has now approached the Successor Organizations with a kind of equity request based on the consideration that the Berlin Jewish Community should be placed in the same position with respect to its share from the proceeds of Indemnification Claims as the Jewish Communities in the American Zone of Germany. The difference between the sum received by the Berlin Community and the 50% required, was in excess of DM 500,000. It was suggested that a payment of DM 500,000 be made, the largest portion of which to be borne by the Jewish Trust Corporation, which was the principal beneficiary of the original settlement. The share of the JRSO will amount to 26%. The Executive Committee approved this adjustment.

III. Heirless Property

With reference to the problem of the settlement of heirless property claims in the United States, Mr. Kagan reported that the JRSO agreed to accept a settlement in the amount of \$500,000. Legislation to this effect was introduced by Congressman Dollinger and Senator Javits. In the closing days of the last session of Congress, the matter was taken up by the House Interstate and Foreign Commerce Committee, which voted favorably on the Bill. Since there was considerable dissent in the Committee, difficulties must still be expected when the House reconvenes in January 1960. As far as the Senate is concerned, the Bill is still in the Subcommittee on the Trading with the Enemy Act, The Chairman expressed appreciation for the efforts of Mr. Rubin in connection with the heirless property problem.

In closing, the Chairman conveyed appreciation of the JRSO to all members of the staff in Germany and New York for their devoted services.

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Cite: Stanford University
Special Collection
Papers of Salo W. Baron
Box 44,
Folder 2

JEWISH RESTITUTION SUCCESSOR ORGANIZATION

ANNUAL REPORT

November 1, 1955 - October 31, 1956

INTRODUCTION

During the past year the JRSO concentrated its efforts on the solution of the following problems:

- 1) Disposition through bulk settlements of the major categories of claims.
- 2) Continued windup of operations.

The JRSO was successful in arriving, together with the other successor organizations, at bulk settlement agreements with the German Federal Government of the Monetary Claims against the former German Reich. It was further successful in reaching a bulk settlement with the Berlin Government of heirless claims in Berlin. It was not possible to arrive at a lump sum settlement of JRSO's claims under the United States heirless property legislation.

The past year brought a major development in assuring the care and maintenance of unused Jewish cemeteries by the assumption of that responsibility by the German Federal Government and States. The JRSO intensively continued in its endeavors to dispose of as many of its residual problems as possible. It is clear that the JRSO will face a very difficult and complex task in connection with the disposition of all problems which have arisen during eight years of intensive operations of the JRSO, involving over 160,000 claims.

The past year also marked the last year of association with the JRSO of Mr. Benjamin B. Ferencz as Director General. Mr. Ferencz has directed the operations of the JRSO from its first days in Germany and has seen it through until the conclusion of the last bulk settlement. His initiative and guiding spirit have contributed immensely to the success of the JRSO in its efforts to provide maximum support for needy victims of Nazi persecution. During that year the JRSO also lost the services of Dr. Georg Weis who was with the organization from its inception and in the last few years directed the Berlin operation. Dr. Ernst Katzenstein, who served as Director of the Plans and Operations Board of the JRSO since 1949, has assumed the responsibilities as Director of the JRSO in the U.S. Zone and Dr. Hans Tuch, Deputy Director of the Berlin Office, succeeded Dr. Georg Weis as Director of the Berlin Office.

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I. The Bulk Settlement of the Monetary Claims against the Reich.

The final settlement of the monetary claims of the three successor organizations against the Deutsche Reich arising from the confiscation of Jewish securities, bank accounts, jewels, furnishings, and similar items which are no longer in existence was signed on March 16, 1956. The agreement provided unconditional payment to the three successor organizations of 75 million DM in three equal installments within approximately one year from the date of the agreement instead of three years as originally envisaged. After the discharge of the third installment which falls due on April 1st, 1957 the successor organizations will have to implement the contract by withdrawing their claims. This will be done by way of a simplified procedure to be worked out in concurrence with the restitution agencies in the various Laender.

In so far as the JRSO had already transferred to the Laender of the U.S. Zone part of its monetary claims against the Deutsche Reich under various global agreements, the Federal Republic will make refunds to those Laender concerning those assignments. The extent of these refunds is a matter of dispute between the Federal Government and the Laender, both of which have asked the JRSO to assist in the settlement of the dispute.

The signing of this bulk settlement agreement cleared the road for the introduction by the Federal Government of a bill for discharge of monetary claims against the Reich (Bundesrueckerstattungsgesetz). This statute which just had its first reading in the Western German Parliament provides for a new filing period for those original owners and their heirs who have missed the filing deadlines under the various restitution laws. If everything goes according to plan, the Bundestag will pass the statute in the beginning of next year. The promulgation of the Bundesrueckerstattungsgesetz, with the Allied Governments' consent required, could then be effected around Easter 1957.

A total of 1.5 billion DM has been allocated to meet all monetary claims against the Deutsche Reich under the projected law. In the event that individual claimants do not use up fully the 1.5 billion DM, the bulk settlement agreement provides for a possible supplementary payment to the successor organizations of up to 50 million DM, in addition to the unconditional payment of 75 million DM.

II. The Berlin Bulk Settlement

Long and difficult negotiations with the City of Berlin were concluded on 21 December 1955. According to the bulk settlement agreement Berlin had to pay DM 13.5 million. The agreement provides for reduction in payment if claims transferred to Berlin should prove invalid for certain specific reasons, such as:

- (a) the discovery of timely individual claims in conflict with successor organization claims.

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- (b) the determination that properties claimed by the Jewish successor organizations were owned by non-professing Jews.
- (c) the determination that properties which were considered to have been confiscated by the Reich were, in fact, not seized by the authorities of the Reich.

Soon after the conclusion of the agreement there arose disputes on the amount of these reductions as well as on the interpretation of other terms of the agreement. The Berlin officials charged that the implementation of the bulk settlement agreement insisted upon a determination of disputes through arbitration. They claim that the deductions to be made, in accordance with their interpretation of the bulk settlement agreement, would involve around DM 4.7 million as of March 31, 1956. The successor organizations were contesting about DM 1.9 million of the items included in the statement of the Berlin officials. After additional negotiations, a supplemental agreement was reached whereby the mutual financial claims of the two parties would be waived. The City of Berlin paid DM 10 million of which DM 1 million was made available for the needs of the Berlin Jewish community. The remaining DM 9 million were placed at the disposal of the Israel Purchasing Mission for placement of orders with Berlin industrial firms. The Israel Purchasing Mission undertook to repay DM 9 million to the successor organizations by July, 1957. In view of the narrow approach by the Berlin officials to the implementation of the agreement additional difficulties must still be anticipated.

III. Maintenance of Jewish Cemeteries

Substantial progress has at last been made towards settling the problem concerning the care and maintenance of approximately 1,700 abandoned Jewish cemeteries in the territory of the Western German Republic.

On the eve of Rosh Hashonoh 5717, the Federal Minister of the Interior on behalf of the German Federal Government solemnly undertook, together with the Laender, to care for and maintain those Jewish resting places.

The implementation of this undertaking will be worked out between the Federal Government and the Laender in concurrence with representatives of the interested Jewish organizations.

IV. Disposition of Equity Claims

During the past year the JRSO continued to deal with the thousands of claims by persons who failed to file claims within the deadlines established by the restitution laws in the U.S. Zone and Berlin.

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The activities of the JRSO were concentrated upon the disposition of all equity claims received by December 31, 1955. All cases received after that date will be handled by a special equity hardship fund set up by all successor organizations.

a. Equity Claims in the U. S. Zone

A brief survey of J.R.S.O. activity in this field will give indication of the magnitude of the equity program. Altogether 5,042 applications were filed by late claimants from the start of our equity program until December 31, 1955. Only in 46 cases the JRSO had not filed a restitution claim.

Under the future law for the discharge of the monetary claims against the Reich these applicants will become vested with legal rights so that there is no need to take recourse to the equity procedure.

The following table shows the disposition of all equity applications received in the American Zone.

Cumulative Report on Disposition of BoE-Cases
From the beginning up to Nov. 1st, 1956

S E T T L E D B Y :							
Year	No. of Applic.	Monetary Claims				Returned down	Balance per Nov. 1st, 1956
		Assign- Payments	Trans- fers of title	Trans- fer of title	against the Deut- sche Reich reserve		
1950	2100	805	1262	5	-	19	9 (246,065.--)
1951	589	313	106	3	-	165	2 (16,634.70)
1952	953	521	129	-	57	238	8 (48,138.45)
1953	380	146	14	-	63	148	9 (51,812.75)
1954	490	158	38	-	112	159	23 (143,290.10)
1955	484	141	4	1	64	212	62 (328,668.10)
Total	4996	2084	1553	9	296	941	113 (834,609.10)
Appli- cations in cases of resti- tutors' failure to re- port	46	-	34	-	-	8	4
Total	5042	2084	1587	9	296	949	117

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The payments made in 2084 cases amounted to DM^{10,292,383.65}1,292,383.65 altogether, whereas the assignments effected in 1587 cases represented a value of DM 12,696,000. Property regarding which title had been transferred in 9 cases was worth DM 450,000. Thus in the American Zone alone the JRSO made available over \$5½ million of assets to equity claimants.

In 949 cases BoE applications had to be rejected. The grounds of rejection mainly consisted in the inability of the applicant to establish his right of title, as a claimant under equity cannot have more rights than he would have had, had he submitted a restitution claim within the filing deadline.

At the date of the last annual report the number of pending cases was 335. During the period from November 1, 1955 to October 31, 1956, 218 cases were disposed of:

- a) 204 by payments of proceeds in the total amount of DM 1,275,773.25
- b) 13 by assignment of the JRSO claims involving DM 104,000
- c) 1 by transfer of title constituting a value of DM 58,300

It is invariably the absence of certificates of either inheritance or indigency that has so far prevented a disposition of the equity application.

b. Equity Claims in Berlin

1345 applications by late claimants concerning real estate, mortgages, businesses, furniture and valuables were received until December 31, 1955. 1076 concerned assets outside of the British sector of Berlin. 515 cases were settled by assignment of the claims, proceeds from settlement or the property. The values involved in the assets thus turned over to late claimants aggregate DM 8,360,053. 358 applications were rejected. 203 applications in this category are still pending.

As agent for the Jewish Trust Corporation, the JRSO in Berlin handled 269 equity applications relating to real estate and mortgages in the British sector, of which 148 cases were settled by assignment of claims or turnover of proceeds, with an aggregate value of DM 4,791,804. 22 applications were rejected. 99 cases are pending.

The JRSO has also turned over 2,361 claims relating to securities and banking accounts. Many individuals failed to file claims for these assets under the restitutions laws on the basis of erroneous interpretation that such claims fall under Indemnification rather than Restitution. In view of this fact claims of such nature were turned over without usual procedure for the handling of late claims and therefore have not been included in the figures analyzed above.

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The disposition of equity claims in Berlin is much more cumbersome than in the Zone by virtue of the fact that the Berlin authorities insisted upon special legislation setting forth the procedure for the assignment of claims to previous owners or their successors in title. Furthermore, special difficulties arise from the fact that a number of equity claims relate to partnerships or large groups of heirs requiring inordinate time for the procurement by late claimants of proper certificates of inheritance. Until the assignments are actually legally completed the JRSO must continue handling the restitution claims against the present German owners.

c. Establishment of Equity Hardship Fund

The task of the successor organizations operating in Germany under the restitution laws in the 3 Western Zones and the Western sectors of Berlin is nearing completion. The Board of Directors of the JRSO has, therefore, in concurrence with the Jewish Trust Corporation and the French Branch of the Trust Corporation decided to set up a Trust Fund to assist victims of Nazism who failed to lodge their restitution claims and also omitted by December 31, 1955, to avail themselves of the established Equity procedure. This fund which is called the Equity Hardship Fund has been established under a Trust Deed in London and is administered by five Trustees who are prominent personalities in Jewish communal life in Britain. They will consider applications for ex gratia payments to persons who would have qualified for payment under the Equity procedure of the successor organizations and who are in need of assistance. The final date for submission of such application will be June 30, 1957.

The three successor organizations are to contribute a total of 2 million DM for the purpose of the Equity Hardship Fund. The JRSO contribution will amount to DM 925,000 to the Trust Fund and DM 115,625 towards the costs of Management.

Having regard to the heavy expenditure incurred by the successor organizations in recovering property and settling claims, successful applicants will receive 70% of the proceeds or value of the asset. No applicant is to receive more than DM 50,000 (approximately \$12,000.)

In general, no payment will be made until all applications have been investigated though the Trustees will be entitled to make interim payments if they deem proper to do so. If the Fund should prove insufficient to meet all requirements proportional payments will be effected.

From January 1, 1956 until October 31, 1956, 170 equity applications have been filed with the JRSO in the American Zone and 38 in Berlin. These applications will be transferred to the Equity Hardship Fund in London for disposition.

The JRSO may consider with satisfaction the results of its extensive equity program. It was only due to the efforts of the successor organizations that thousands of individuals have received millions of dollars which they would have otherwise not been able to receive by virtue of the filing deadlines in the restitution laws.

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V. Current Operations

The day to day activities of the JRSO office are concentrated in Frankfurt and Berlin. They are principally concerned with settling residual claims excluded from bulk settlements, disposing of real estate on hand and collecting outstanding accounts.

1. U. S. Zone

- a) A limited number of restitution claims for former community property which were excluded from the bulk settlements with the various Laender still requires the attention of JRSO lawyers. From the date of the last annual report to October 1, 1956, 22 such settlements were made involving cash receipts of DM 382,642.21. In addition, 5 pieces of property with an estimated value of DM 176,988 were recovered.

Difficult restitution proceedings with the city of Frankfurt and the former Deutsche Reich as restitutors are pending in the Frankfurt and Munich courts. The JRSO was able to establish through a decision of the Frankfurt Appellate Court that the confiscation of the Frankfurt former Jewish communal property was an act of aggravated confiscation. It was on the basis of this decision that the Jewish community of Frankfurt was able to obtain an amount of 3.2 million DM from the city of Frankfurt in settlement of claims for those pieces of real estate which under the JRSO agreement with the Frankfurt Jewish community had been transferred to that community. The city of Frankfurt, however, is still contesting the claims filed by the JRSO for properties which it is under an obligation to restitute. It has even attempted to resort to condemnation procedures under the municipal building and rezoning program. Proceedings arising out of these expropriations are pending before the courts.

- b) Of the 37 pieces of real estate which the JRSO in the U.S. Zone had on hand at the date of the last annual report, 12 were since sold for an amount of over DM 900,000.
- c) On July 1, 1956, the Administration of Property Department of the JRSO was merged with the Property Administration of the United Restitution Organization. Administrative costs have thereby been reduced. During the last year, the gross income flowing from the administration of JRSO property was DM 78,763.56.
- d) The JRSO holds title to 341 cemeteries in places where no Jewish communities now exist. The JRSO is planning to turn over title to these cemeteries to the state associations of Jewish communities as soon as the undertaking of the German Government to care for and maintain the Jewish cemeteries solemnly proclaimed on the eve of Rosh Hashonoh 5717 will be implemented.

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2. Berlin

During the year the Berlin office was largely preoccupied with the preparation of the bulk settlement and the problems arising from the disputes with the Berlin Government in the period which followed. The uncertainties surrounding the interpretation of the bulk settlement agreement also hampered the disposition of pending claims and real estate on hand. Approximately DM 400,000 was realized from property sales. JRSO still holds title to 64 pieces of real estate with an estimated value of DM 2 million. Most of it, however, is expected to be turned over to equity claimants.

In the course of the year the Berlin office continued to handle claims excluded from the bulk settlement. These include claims for small banking and security accounts (average value about DM 300 per account) which are still in the name of the Third Reich. Over 300 claims were settled with approximately 2200 claims in this category still pending. Efforts are in progress to expedite the settlement of these claims.

Furthermore, court tests were instituted in cases relating to 52 properties in West Berlin which were seized from Jews of Polish nationality. Our claims were contested by the Polish Government which asserted that it is the legal successor to these properties. In addition, legal issues were raised by the German authorities whether seizure of assets belonging to non-German nationals can be considered a confiscation within the meaning of the restitution laws. The successor organizations were successful in defeating the claims of the Polish Government and the issue posed by the German authorities is before the Berlin Appellate Court.

The JRSO is pursuing a number of cases relating to the properties formerly owned by dissolved Jewish organizations and foundations not affiliated with the Jewish community.

3. Offices and Staff

The number of staff members and offices was drastically reduced during the past year. All JRSO activity in the former U.S. Zone of Germany is now concentrated in one small office in Frankfurt with seven German employees, one full-time Allied accountant, and two part-time Allied supervisors. The small remaining staff has been reduced by more than 50% since the date of the last annual report. The situation in Berlin requires still a staff of five lawyers and twenty-three other employees; a very sizeable drop from the sixty employees one year ago.

VI. Major Problems Still Unsettled in Germany

1. Overall agreement with Jewish communities in Germany

As reported in the previous annual report negotiations with the leadership of the central bodies of the Jewish communities resulted in the formulation of agreements aimed at a final settlement between the communities and the successor organizations. During the year the agreement was formally ratified by the State Associations of Jewish communities of the British Zone and the Jewish Trust Corporation.

The agreement for the U.S. Zone has not as yet been accepted by all community associations involved. It is expected that a formal agreement will be reached during 1957. In substance, JRSO will be expected to turn over to a Fund, managed by independent trustees, DM 1.5 million and 50% of the proceeds from the settlement of indemnification claims for the destruction of communal property in the U.S. Zone to be utilized for the benefit of these communities. Certain modifications of the agreement will be necessary due to the limitation imposed upon the successor organizations under the revised Federal Indemnification Law enacted in June, 1956.

The draft agreement, in its final form, will also have to dispose of some unsettled problems with various Landesverbaende and reconstituted communities such as registration of title to synagogues and cemeteries, control by the Landesverbaende over the proper implementation of the German Government's undertaking to care for and maintain the closed Jewish cemeteries, as well as the elimination of future disputes with reconstituted communities by virtue of an overall settlement.

In Baden-Wuerttemberg the JRSO indemnification claims for damage to former communal and organizational property had in November 1951 already been assigned to the Land against payment of DM 1.5 million. The Landesverbaende of that area have now come forward with the request for a 50 per cent share, i.e. for payment of DM 750,000. Under two agreements with them of 1950 and 1951 respectively the JRSO is bound to give them a fair share of the DM 1.5 million. The final amount will have to be related to the payment actually received for destruction of communal property and previous payments made by the Land to the Jewish communities there.

2. Indemnification Claims for Destruction of Jewish Communal and Organizational Properties

The new indemnification law enacted in 1956 limited the amount of compensation which the successor organizations might receive on indemnification claims to DM 75,000 per object, thereby limiting the total recoverable value of 475 JRSO claims filed for destruction of former communal and organizational property in Hesse, Bavaria, and Bremen to about DM 20 million. Of the 475 JRSO claims, 295 concern properties located in Hesse, 178 in Bavaria, and 2 in Bremen. 121 of those claims - 64 in Hesse, 55 in Bavaria, and 2 in Bremen - were claims involving over DM 75,000 per object.

It will be necessary to press for lump sum settlements of these claims in negotiations with the State governments concerned. One must anticipate numerous difficulties arising from certain ambiguities of the Law and the general reluctance of the States to increase their expenditures for indemnification.

3. Taxation under Equalization of War Burdens Legislation

The Contractual Agreement provides for the exemption of the successor organizations from special taxation designed to deal with the consequences of war. The successor organizations were released from

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payments of a property levy which constitutes the principal measure under the Law for equalization of Germany's war burdens. The German authorities insist, however, on the application of a levy equal to 9/10 of the value of mortgages resting upon JRSO properties on the date of German currency conversion (June 21, 1948). The proceeds from this levy (Hypothekengewinnabgabe) are also intended for the Equalization of War Burdens Fund. The JRSO protested against it on the basic premise that heirless Jewish property should not be depleted to alleviate the consequences of the Nazi war upon Germany. The matter has been referred by the Federal Finance Ministry for a ruling to the Federal Tax Court. The decision in this matter is of considerable financial importance to the JRSO as it could not sell properties for an adequate price without assuming a contingent liability to free the purchaser from the mortgage levy.

4. Exclusion of JRSO from War Damage and Bank Account

Conversion Benefits - Under the relevant German statutes legal entities cannot be claimants for war damage. The request of the JRSO to be vested with those claims at least in cases where the successor organization stands in the shoes of former individual owners is under renewed consideration by the German authorities.

A similar problem exists with regard to rather substantial claims under the legislation which allows a rate of conversion on pre-war individual bank accounts more favorable than the rate established by the Currency Reform legislation of 1948 (Altsparengesetz).

5. Special Claims Against the Reich

JRSO has filed claims for certain security and banking accounts of considerable value confiscated by the Third Reich in occupied German territory regarding which the German government have so far denied the right of title to JRSO. A compromise is aimed at in the negotiations pending with the Federal Ministry of Finance so that protracted court proceedings be avoided in this very complex issue.

VII. Jewish Heirless Property in the United States

By August 23, 1955, the filing deadline under Public Law 626, the JRSO had filed in excess of 8,000 claims. After careful examination of the claims filed, and the consolidation of duplicatory claims, this number was reduced to 6,683 claims, which were officially registered with the Office of Alien Property.

The JRSO was next confronted with the problem of proving its title to the various claims, by establishing that the former owners had been Jewish and ^{heirs} were not surviving, as well as to determine the value of the various claims filed. Unfortunately, it was not possible, prior to the expiration of the filing deadline, to obtain from the O.A.P. permission to examine O.A.P. files and records in order to select accounts of undisputed Jewish ownership.

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It is most regrettable that OAP interpreted the intent of Congress and the President in a narrow fashion and made the filing of claims dependent simply upon an informed guess as to the presumed origin of an account holder whose name appeared on the index of the OAP. It has subsequently turned out that notwithstanding earlier advice from the OAP that there were no claims in conflict with thousands filed by the JRSO, a large percentage of the 6,683 JRSO claims was in fact nullified because there was either a conflicting claim or it was known that an heir survived. The OAP selected for special analysis a number of claims involving assets of \$500 each and over. It reported that it was prepared to recognize only 15 claims as affirmatively involving heirless Jewish property. In another 793 cases there was no information concerning the persons whose property was vested. In all but these two categories of 808 cases favorable action on the JRSO claims appeared completely ruled out by the OAP. The 808 cases involved assets worth approximately \$866,000.

The OAP thereupon referred the list of 808 cases to its overseas section in Germany with instructions to attempt to determine whether the owners could be traced, and if so, whether they were persecutees. About half of these cases originated in Western Germany and an investigation with regard to 300 of them have been completed. In the case of about 200 accounts the former owner or his heir were found alive.

The JRSO itself at one time attempted through its office in Germany to obtain information on the Jewishness of a number of the claimants. The results were largely negative, largely because of the special difficulties arising from the destruction records in Germany.

It should be pointed out, however, that the 808 cases mentioned above do not by any means constitute the only assets in which the JRSO may have an interest. There are a number of specialized problems which require special handling. This includes such matters as the so-called "omnibus claims", which are collective accounts in the names of various European banks which in fact concealed the identity of the actual owners. This was a practice not uncommon in Europe just before the war, and it is known that many Jews utilized this channel to save their assets from seizure by the Nazis. Many of them have not survived and the JRSO would be entitled to such assets. Moreover, in an unknown number of claims where there may be a conflicting claim, resolution of the conflict may well be in favor of the JRSO. This, for example, applies to such claims as those where the State of California is officially the claimant. Another special case involves assets in the so-called "von Clemm" case. Here the JRSO claims over 300 thousand dollars which are the proceeds from the sale of diamonds originally vested by the OAP on the grounds that Mr. von Clemm, who imported the stones into the United States, was an agent of Nazi Germany. An examination of the record of the OAP hearings in this case indicates that the diamonds in question had been confiscated from Jewish owners, removed from their original setting and transferred for sale to the United States. The JRSO has filed briefs claiming as successor to the Jewish victims.

All of the above has further emphasized the need to effect a bulk settlement of these claims, if the JRSO is to make any meaningful recoveries in this connection. Appropriate legislation, authorizing the conclusion of such a bulk settlement, was introduced in the last session

of Congress, but was not passed before the adjournment. Steps will be taken as soon as Congress reconvenes in January to bring about the passage of such legislation as quickly as possible.

VIII. ALLOCATION AND UTILIZATION OF JRSO FUNDS

1. Schedule of Allocations

Since funds first became available for distribution, early in 1951, the JRSO has allocated or committed a total of DM 95,840,000 (\$22,819,000). Against these allocations, the sum of DM 80,431,397.27 was paid out by September 30, 1956. The first DM 55 million which became available were allocated to the Jewish Agency for Palestine and the American Joint Distribution Committee, in the ratio of 67% for the Jewish Agency and 33% to the AJDC, towards their programs for the benefit of victims of Nazi persecution.

In 1955 the JRSO Executive Committee committed for distribution an additional DM 20 million for the following programs on behalf of Nazi victims.

- a) DM 17,000,000 to the Jewish Agency and the AJDC, in the same ratio as heretofore.
- b) DM 2.2 million for projects sponsored by the Council of Jews from Germany.
- c) DM 800,000 for religious projects in Israel.

In June 1956 the JRSO Executive Committee committed for distribution an additional DM 20 million which are expected to become available during the second half of 1956 and 1957. The basic formula for distribution outlined above was retained.

In addition to the basic commitments described above, the JRSO approved in October 1953 a special allocation of \$200,000 towards programs for the aged carried on by Help and Reconstruction in New York City.

2. Utilization of Funds

Attached to this report are detailed statements by the Jewish Agency and the American Joint Distribution Committee on the utilization of the funds received by them from the JRSO during the years 1949 - 1955.

Special projects for assistance to Nazi victims are being developed by agencies associated with the Council of Jews from Germany. Thus far the following funds were released for projects presented by the Council of Jews from Germany.

- a) DM 263,000 (\$62,619) for special grants to needy Nazi victims in the United States. These funds have been utilized for assistance to ambulatory aged refugees.

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- b) DM 50,000 for individual relief grants to needy refugees from Germany and Austria residing in Israel.

Additional projects by the Council are currently under consideration.

The following allocations were made for religious projects in Israel.

- a) Building Loan Fund for Yeshivot DM 231,000 (IL 99,000)

This allocation has been utilized to extend 34 loans to Yeshivoth to complete building programs or major repairs. This Fund is administered by a special committee with the participation of the principal associations of Yeshivoth which evaluates the applications from individual institutions and determines the priorities. The fund received applications from 67 Yeshivoth requesting loans in excess of IL 750,000.

- b) Convalescent home sponsored by the Vaad Hayeshivot DM 200,000 (IL 85,714)

This allocation was made towards the construction of a new wing to the existing convalescent home, which would memorialize the former Frankfurt Religionsgesellschaft. This home is available to students from all Yeshivoth in Israel. Developments with regard to this project are proceeding rather slowly. A sum of IL 25,000 was made available on account of this allocation to enable the Vaad Hayeshivot to purchase the required land. Plans for construction are now being worked out and funds will be released as they are required.

- c) Convalescent home for teachers and student-teachers of the Beth Jacob School System DM 150,000 (IL 64,286)

This grant was intended as a contribution towards the purchase of a building with some grounds, and towards the relocation of the present tenants of the building. The JRSO has made available to the Beth Jacob a sum of IL 25,000 on account of its allocation. As far as various projects of reconstruction and enlargement of the premises are concerned, the Beth Jacob has now submitted a more detailed and more extensive project for which funds are requested from the JRSO over and above the present allocation. This project is still in the discussion stage.

- d) Special Fund for the establishment of synagogues in new settlements DM 219,000 (IL 93,857)

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d) continued

Under the terms of an agreement between the JRSO and the Ministry of Religious Affairs a special fund for provision of facilities for worship in Israel settlements was established as a separate legal entity. The Fund is administered by a special committee under the chairmanship of the Chief Rabbis of Israel. The JRSO agreed to contribute DM 219,000 (IL 93,857) to this fund on the understanding that an equal amount would be contributed by the Ministry of Religious Affairs. As of July 31, 1956 the committee had approved applications for loans from synagogues in new settlements totaling IL 75,500 against the funds being received from the JRSO. At the same time loans in excess of IL 93,857 were approved out of the funds made available by the Ministry. The funds of the JRSO are used for settlements in which reside substantial numbers of Nazi victims. The committee reports that it has received many applications for loans far in excess of the resources of the Fund.

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JEWISH RESTITUTION SUCCESSOR ORGANIZATION

CUMULATIVE STATEMENT OF RECEIPTS AND DISBURSEMENTS

FROM INCEPTION, AUGUST 1, 1947 TO SEPTEMBER 30, 1956

CURRENCY: DEUTSCHE MARKS

Receipts

Global Settlements

Hesse	17,351,606.50	
Bremen	1,248,261.14	
Baden-Wurttemberg	9,570,200.00	
Bavaria	15,174,200.00	
Berlin	4,895,279.16	
Reichs Claims	25,585,000.00	
Indemnification Claims (Berlin)	<u>1,507,144.00</u>	75,331,690.80

Individual settlements

Sales of Property Restituted		11,590,336.48
Settlements with Restitutors		21,189,551.87

Other Settlements

Reichsverwaltung Berlin		582,828.86
Ministerienkonten		318,495.68

Income From Fees

Board of Equity Claimants	1,462,469.48	
In accordance with B'nai B'rith agreement	<u>26,695.60</u>	1,489,165.08
Fund Held in Trust for Jewish Trust Corporation and Jewish Trust Corporation Branch Francaise		386,752.60
Funds Held in Trust for B'nai B'rith		55,054.88
Income from Administration of Recovered Property		<u>218,706.93</u>

Total Receipts

111,162,583.18

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JEWISH RESTITUTION SUCCESSOR ORGANIZATION

CUMULATIVE STATEMENT OF RECEIPTS AND DISBURSEMENTS

FROM INCEPTION, AUGUST 1, 1947 TO SEPTEMBER 30, 1956

CURRENCY: DEUTSCHE MARKS

Total Receipts 111,162,583.18

Disbursements

Transfers to Board of Equity Claimants	10,292,365.65
Transfers to Administration Fund	6,535,968.03
Advances to Israel Purchasing Mission, Cologne of Funds Received from Berlin Global Settlement	4,410,000.00
Consideration Paid Upon Acquisition of Property	1,032,587.58
Advances to Operating Agents	600,000.00
United Restitution Organization (Legal Aid Department)	147,400.00
German Jewish Communities	1,366,163.11
Transfer to Equity Hardship Fund, London	14,453.12
Jewish Agency for Palestine	52,711,575.00
American Joint Distribution Committee	25,957,254.08
The Council For the Protection of the Rights and Interests of Jews From Germany	
- Payments Effected	270,418.75
- In Trust for Help and Reconstruction N. Y. Organizations in Israel	<u>839,690.00</u> 1,110,108.75
	<u>652,149.44</u>

Total Disbursements 104,830,024.76

Cash Balance - September 30, 1956

6,332,558.42

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Stanford
Solo Baron Papers
 From here on - statements
 all annual only - but
 gives you
 idea of
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 Folder 2

JEWISH RESTITUTION SUCCESSOR ORGANIZATION

NEW YORK AND FRANKFURT/MAIN, GERMANY

CONSOLIDATED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1955

AS PER AUDITORS' REPORT FOR THE YEAR 1955

CURRENCY: U. S. DOLLARS

Receipts

Proceeds from conversion of Deutsche Marks for J.R.S.O. - New York: for adminis- tration (DM 200,000)	\$46,680.00
Collection of Advances	52,964.38
Settlement of Special Claim	2,582.83
Proceeds of sale of shares and dividends re- ceived (Ollesheimer Estate)	1,798.12
Sundry Refunds	<u>1,827.36</u>

Total Receipts

\$105,852.69

Disbursements

Administrative and General Expenses	\$84,701.32
Remittances to cooperating organizations	<u>10,773.63</u>
	<u>95,474.95</u>

Excess of receipts over disbursements

\$ 10,377.74

Cash Balances - January 1, 1955 (New York and
Frankfurt/Main)

224,777.96

Cash Balances - December 31, 1955 (New York and
Frankfurt/Main)

\$235,155.70

For Help and Reconstruction	\$200,000.00
For current administrative expenses	<u>35,155.70</u>

\$235,155.70

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Bern 44/2

JEWISH RESTITUTION SUCCESSOR ORGANIZATION

GERMANY

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1955

AS PER AUDITORS' REPORT FOR THE YEAR 1955

CURRENCY: DEUTSCHE MARKS

Receipts

Settlement and Claims	12,403,044.12
Other functional receipts	896,119.77
Other receipts	<u>113,610.81</u>

Total Receipts 13,412,774.70

Disbursements

Remittances to organizations	10,281,029.31
Payments to Board of Equity applicants	1,355,705.79
Repayments re: Globul settlements (Hesse and Bavaria)	344,885.33
Expenses relating to property recovered	538,869.30
Loan to Israel Mission - Cologne	1,000,000.00
Various Advances and Repayments	8,755.49
Administrative expenses	<u>1,108,718.33</u>

Total Disbursements 14,637,963.55

Excess of disbursements over receipts 1,225,188.85

Cash balances - January 1, 1955 2,650,225.42

Cash balances - December 31, 1955 1,425,036.57

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Baron 44/2

JEWISH RESTITUTION SUCCESSOR ORGANIZATION
GERMANY AND NEW YORK
CONSOLIDATED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JANUARY 1 - SEPTEMBER 30, 1956
CURRENCY: U. S. DOLLARS
(SUBJECT TO AUDIT)

Receipts

Proceeds from conversion of DM 200,000	\$47,675.00	
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Refunds

United Restitution Organization	4,073.25	
Conference on Jewish Material Claims against Germany, Inc.	500.01	
Individual	<u>137.96</u>	4,711.22
Board of Equity Fee		280.76
Miscellaneous		<u>8.90</u>

<u>Total Receipts</u>		52,675.88
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Disbursements

Repayment of liabilities to various creditors	2,443.71	
Settlement of Board of Equity Claim	2,000.00	
Advances to Conference on Jewish Material Claims against Germany, Inc.	1,583.33	
Administrations Expenses	<u>47,051.19</u>	

<u>Total Disbursements</u>		<u>53,078.23</u>
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<u>Excess of Disbursements over Receipts</u>		402.35
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Cash Balances - December 31, 1955		<u>235,155.70</u>
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Cash Balance - September 31, 1956		<u><u>234,753.35</u></u>
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For Help and Reconstruction	200,000.00	
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For Current Administration Expenses	<u>34,753.35</u>	
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Person 44/2

JOINT RESTITUTION SUCCESSOR ORGANIZATION
GERMANY AND NEW YORK
CONSOLIDATED ADMINISTRATION EXPENSES
FOR THE PERIOD JANUARY 1 - SEPTEMBER 30, 1956
CURRENCY: U. S. DOLLARS
(SUBJECT TO AUDIT)

Salaries - New York	7,624.98	
- Frankfurt	<u>27,208.73</u>	34,833.71
Social Security Taxes		243.05
Legal Fees		1,450.00
Cables, postage, telephone		783.71
Board of Equity		643.32
Insurance		256.72
Travel		156.69
Home Transportation		418.03
Stationery, printing, office supplies		100.03
Representation		98.09
Motor Pool		248.95
Miscellaneous		<u>161.60</u>
		39,393.90
	<u>Public Law 626</u>	
	Salaries and Social Security	6,945.22
	Rent	550.00
	Cables, postage, telephone	120.17
	Stationery, office supplies	<u>41.90</u>
		<u>7,657.29</u>
		47,051.19
Total Administration Expenses		<u><u>47,051.19</u></u>

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Baron 44/2

JEWISH RESTITUTION SUCCESSOR ORGANIZATION
GERMANY
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JANUARY 1, - SEPTEMBER 30, 1956
CURRENCY: DEUTSCHE MARKS
(SUBJECT TO AUDIT)

Receipts

From global settlements

Reichs claims	25,585,000.00	
Baden-Wuerttemberg	80,000.00	25,665,000.00
From individual settlements		2,068,920.91

Income from fees

Board of Equity claimants	216,123.17	
B'nai B'rith agreement	1,427.00	217,550.17

Realization of securities from

Reichsvereinigung Berlin		178,367.34
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Receipts in trust for B'nai B'rith

408,067.48

Refund of administration expenses

From Jewish Trust Corporation	292,702.32	
From United Restitution Organization	39,180.93	331,883.25
Administration of recovered property		146,195.35
Interest on bank balances		129,888.25
Refund of loans		1,800,000.00
Miscellaneous receipts		9,704.40

Total Receipts

30,955,577.15

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JEWISH RESTITUTION SUCCESSOR ORGANIZATION
GERMANY
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JANUARY 1, - SEPTEMBER 30, 1956
CURRENCY: DEUTSCHE MARKS
(SUBJECT TO AUDIT)

Total Receipts (carried forward) 30,955,577.15

Disbursements

<u>Remittances to organizations</u>		
Jewish Agency for Palestine	14,575,825.00	
American Joint Distribution Committee	7,176,592.50	
Religious Organizations in Israel	511,699.75	
Council for the Protection of the Rights and Interests of the Jews from Germany	250,000.00	
Jewish Trust Corporation	393,339.14	
Jewish Trust Corporation - French Branch	134,020.88	
B'nai B'rith Trust account	427,218.16	
German Jewish Communities	120,000.00	
Transfer to JRSO N. Y. - (for current administration expenses)	<u>200,000.00</u>	23,788,695.43
Payments to Board of Equity claimants		941,192.98
Repayment on account of global settlements		13,855.85
<u>Expenses relating to property recovered</u>		
Consideration paid	274,394.67	
Cost of administration	<u>134,543.84</u>	408,938.51
Management expenses - Equity Hardship Fund, London		14,453.12
Loan - American Joint Distribution Committee		400,000.00
Other payments		7,000.00
Administration and general expenses		<u>390,343.42</u>

Total Disbursements 25,964,479.30

Excess of receipts over disbursements 4,991,097.85

Cash balance - December 31, 1955 1,425,036.57

Cash balance - September 30, 1956 6,416,134.42

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Salomon Baron Papers
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JEWISH RESTITUTION SUCCESSOR ORGANIZATION

GERMANY

Administration Expenses

for the period January 1, to September 30, 1956

Currency: Deutsche Marks

(Subject to Audit)

Legal and professional services	296,040.97
Employee's and dependant's transportation	19,021.59
Travel expenses	15,961.19
Telephone, telegraph, postage	15,364.73
Rent and household expenses	14,582.97
Stationery, printing, office supplies	8,577.22
Motor pool expenses	3,008.54
Insurance	1,857.00
Miscellaneous	<u>15,929.21</u>
Total administration expenses	<u>390,343.42</u>

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OFFICE OF THE U.S. HIGH COMMISSIONER FOR GERMANY

PRESS RELEASE

ISSUED BY

PUBLIC RELATIONS DIVISION
OFFICE OF PUBLIC AFFAIRS

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Salesperson papers
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Press Release No. 510
(Smartt, Tel.: 8691)

Frankfurt/Main
27 October 1950

For Immediate Release Compensation and Restitution Awards
To Persecutees Total 550 Million DM

The total amount of property returned under the Restitution Law and compensation paid under General Claims legislation to victims of Nazi oppression in the U.S. Zone of Germany has now reached the value of more than 550 million Deutsche Marks; according to an announcement today by the Office of Economic Affairs, HICOG.

Approximately 100 million DM has been paid out as compensation to persecutees under General Claims legislation enacted by the Laender of the U.S. Zone, and property with an estimated value of more than 450 million DM has been returned to its former owners under U.S. Military Government Law No. 59 (Restitution of Identifiable Property).

A spokesman for the Office of Economic Affairs said that the policy of the Office of the U.S. High Commissioner for Germany with respect to the internal restitution program remains unchanged and requires full adherence to the substantive provisions of Law No. 59 as it now stands, and to the basic principles which prompted its enactment.

Over 20,000, or approximately one third, of all claims filed by individual claimants under Law No. 59 have been finally disposed of, most of them as a result of amicable settlements between the parties concerned. The Restitution Agencies (German), which initially process the claims, have settled 90% of the cases thus far disposed of, and are scheduled to complete their phase of the program by the end of 1951. Parties to restitution proceedings are advised to comply promptly with the formalities required by the law when so requested by the restitution authorities.

Real estate was the largest single item restored to persecutees under the Restitution Law. The total value of such real estate is estimated at 216 million DM. Money payments totalling 103 million DM comprise the second largest category of restituted property. Most of these payments were made in lieu of property originally claimed.

The largest share of restitution awards, valued at 212 million DM, went to nationals or residents of the United States. The next largest share, totalling 87 million DM, went to nationals or residents of Germany, including religious groups, political parties, trade unions and other democratic organizations. Israeli claimants received property in restitution with an estimated value of 18 million DM.

(end)

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*revised (in original)
a German translation follows*

JEWISH RESTITUTION SUCCESSOR ORGANIZATION

*Stanford
Salomon Papers
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ANNUAL REPORT -- 1950

October 1, 1949 - September 30, 1950

I. Introduction

The officers of the JRSO, together with the Jewish Agency for Palestine and the American Jewish Joint Distribution Committee as the JRSO's operating agents, are pleased to submit herewith the 1950 Annual Report of the Corporation. The Report covers the period since October 1949, which is the date when the Corporation's last Annual Report was submitted. In addition, the officers submit herewith a report prepared by Jewish Cultural Reconstruction, Inc., which is the JRSO's operating agent in charge of cultural properties, covering a similar period of activities.

When the last report was prepared in October 1949 the recovery of property by JRSO was just beginning. Many of the problems then faced have now been overcome, yet new obstructions have appeared to take their place. Both the achievements and the remaining difficulties are here briefly outlined.

II. Operation of Military Government Law 59

German opposition to the restitution program has been steadily mounting. There has been a persistent failure by the German governments, political parties, or restitutors to recognize moral or legal liabilities with respect to former Jewish property. Under the deceptive banner of "Association for Loyal Restitution" aryanizers of Jewish property have joined to defeat and destroy the Military Government restitution laws. This association has launched an active campaign through its permanent legal staff, its highly circulated periodical, its mass meetings, and its professional lobbyists in Washington and other allied capitals which is designed to insure for restitution the fate of denazification. Attacks against Law 59 have been increasing in the German press and legal publications and many of the German courts have rendered decisions showing a total disregard and disrespect for the Allied goals in this field. Fortunately the U.S. Court of Restitution Appeals has been in a position to review and reverse these judgments but German accusations against the court and defiance of the court orders have also begun. A recent motion by the Christian Social Union, the leading political party in Bavaria, pledged that group to an attempt to have restitution surrendered completely to German hands. At the same time the CSU openly advocated the destruction of the most basic principles underlying the law. Similar motions have been made in Bonn by other political parties.

The vigilance of the US authorities, although already impaired by the loss of supervisory personnel, has enabled the restitution program to move forward. Less than 70% of the claims filed by former Jewish owners still remain for disposition and about 25% of the total sum was completed in the past year.

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HICOG is undertaking legislative and administrative measures to insure acceleration in the completion of cases. If this progress could continue unabated it would be possible to substantially complete the program within the next two years.

Despite the fact that the goal has finally been sighted, there is considerable danger that these hopes will yet be frustrated. Germany has recently acquired a new role in world affairs and the importance of restitution as an occupation objective is increasingly being viewed in an inverted perspective. The retention of Allied control for any considerable period may therefore be seriously jeopardized, even though interests of allied nationals are predominantly affected. Although the United States is eager to see the program through to successful completion, it appears necessary to persuade the other Allied powers that their pledges to Jewish persecutees are not inconsistent with the present objectives in Germany and that these promises cannot and should not now be abandoned. It is in this context of opposition and uncertainty that the JRSO seeks to carry out its mission.

III. The Operation of the JRSO in Germany.

1. Organization and Administration

At the end of March 1950 the JRSO was advised that German funds could no longer be appropriated by the occupation authorities to help cover the JRSO expenses involved in retrieving confiscated Jewish property. After much dispute this decision was modified and the vital assistance was promised for another year on condition that the JRSO promptly reimburse the amounts involved. The position taken by the JRSO was that such expenses were a legitimate mandatory charge against those responsible, yet if full restitution was made these relatively small costs could be shouldered by the JRSO. In the event substantial restitution is not made before next March there will undoubtedly be heated controversy over the question of whether the German economy may demand a prior right to JRSO assets over the urgent relief needs of persecutees.

At the end of June the JRSO was advised that its use of Army requisitioned facilities and other privileges was being curtailed. Representations in Washington were necessary before it was agreed that JRSO would not be treated as a private commercial firm or as a charitable agency voluntarily in Germany to serve the Germans, and would therefore continue receiving its previous logistic support. This aid too was limited to March 1951 at which time the entire matter of funding and facilities will have to be debated.

The 11 JRSO offices spread throughout the US Zone, in Berlin and in New York with a total staff of 250 Germans and 22 Allied Jewish supervisors have continued to function as a coordinated and effective team. Additional lawyers have been recruited from Israel so that there would be no slackening in the drive for restitution. Despite the increase in the number of offices and Allied personnel savings have been effected elsewhere so that the dollar expenditures have remained well within the approved budget.

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In addition to previous funds, the Jewish Agency for Palestine and the Joint Distribution Committee have appropriated a total of \$144,860 for the year 1950 to cover the JRSO's and JCR's ^{dollar} requirements. In addition, Deutschmark borrowings have been made by the corporation in Germany, which are being currently repaid.

2. Functional

The JRSO is about a year behind the progress shown by private restitution claimants, since it could only proceed after being certain that no other claim had been lodged. Nevertheless over 2,000 cases have already been amicably settled providing the JRSO with assets worth over 7 3/4 million marks (about \$1,850,000). Of this amount over 4 million marks has been received in cash with the balance divided between amounts receivable and real estate actually returned. Over 3 million marks in cash have been advanced to the American Joint Distribution Committee and the Jewish Agency for Palestine, to be used in the relief and rehabilitation programs of those organizations, including the shipment of pre-fabricated houses to Israel.

Of the approximately 15,000 petitions for real estate (which are the core of JRSO's assets) it has been found that the vast majority concern small or heavily encumbered houses or plots which require lengthy and meticulous handling if the maximum values are to be extracted. This tedious process coupled with the already existent time lag and the general trend of events in Germany has impelled the JRSO to seek some new means for the hasty completion of its operations and for expediting the entire restitution program.

The JRSO has offered to assign all of its undisputed claims (saving religious, cultural properties, and its claims against the German Reich) to the Laender governments in return for a fair payment. The bulk of the restitution claims would thereby become a matter between the Laender governments and their own citizens. The US High Commissioner has actively supported this effort by urging the Ministers-President in the U.S. Zone to demonstrate to the world their willingness to help correct some of the Nazi wrongs. Thus far the Laender governments have paid only lip service to this suggestion. Extensive negotiations have been conducted with the Finance Ministers and the JRSO has made available all of the files and records from which a fair offer could be deduced. The negotiations are continuing unabated in the JRSO's determination to do everything possible to persuade the German officials that it is in the mutual interest to have a speedy, fair and friendly "bulk settlement". Preparations are also being made for the assertion of claims against the Reich which are now unenforceable since the designation of a legal successor for Reich liabilities will await a Peace Treaty with Germany.

The JRSO is moving out of the phase of attempting amicable settlements with restitutors and over a hundred JRSO disputes are now pending before the tribunals of second instance. The Court of Restitution Appeals has rendered a

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number of decisions supporting the position of the JRSO and other Jewish claimants. Among the most important was the decision requiring that only 1 DM need be repaid for every 10 Reichsmarks which the Jewish owner received for his property, the decision requiring the German municipalities to make good the Nazi confiscation of jewels and precious metals which was aided by the municipal pawnshops, and the opinion assuring the JRSO that those who failed to file their claims before the deadline set by the law could not subsequently divest the JRSO of its acquired legal rights.

It is felt that 1951 will be the year of decision for the JRSO and all energies are being directed toward the realization of the most important assets before or during that time.

IV. Special Problems.

1. Jewish Communities in Germany.

When the report of last October was written all the Jewish Gemeinden in the US Zone challenged the right of the JRSO to dispose of former Jewish communal property. Since that time complete agreement has been reached with all of the communities in Land Wuerttemberg-Baden and with Darmstadt in Hesse. The Berlin Gemeinde entered into a signed agreement with the JRSO and subsequently went back on this contract. With much difficulty and with much patience negotiations with the other communities are still continuing rather than taking the issue before the German courts.

2. Restitution Law for Berlin.

The JRSO has been designated the successor organization in the US and French Sectors of Berlin. An agreement is being concluded with the successor organization in the British Zone (The Jewish Trust Corporation) according to which the JRSO will act as their agent in the British Sector. This will eliminate legal and jurisdictional problems and it will assure uniformity and economy in action and administration. The claims for real estate have been completed in all three sectors and the preparation of documents necessary to substantiate each case is in progress. The initial indications are that the number of properties left unclaimed in Berlin will be proportionally fewer than in the Zones but they are properties of greater value. The shortage of funds in Berlin and its unfavorable strategic location will be factors mitigating against large or speedy receipts by the JRSO.

3. Restitution Law for the British Zone.

The Jewish Trust Corporation has been recognized and has begun functioning as the successor organization in the British Zone. The JRSO has extended full cooperation to the JTC and is working in close collaboration with them in order that the experience gained in the US Zone may be used to advantage.

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4. The General Claims Law.

Recovery for Nazi inflicted damages to property has low priority under the General Claims Law and the JRSO has not yet received any compensation as a result of such claims. The JRSO has been instrumental in obtaining a HICOG license for the United Restitution Office to establish offices in the US Zone and to assist needy claimants under the General Claims Law. This aid is now proceeding in a reliable and organized manner.

5. The Legal Aid Department

The Legal Aid Department of the JRSO now represents about 3,000 indigent claimants in seeking to recover their property under the restitution law. The department has recovered for its clients assets worth almost $5\frac{1}{2}$ million marks, of which $1\frac{1}{2}$ millions have been settlements for DM payments. The collection of modest service charges from successful claimants has begun to return to the JRSO some of the expenses incurred in making this type of legal assistance available.

6. Administration and Sale of JRSO Properties.

With the rise in political tensions it has been increasingly difficult to sell properties of substantial value. Administration of small parcels in scattered localities has proved an uneconomic undertaking and efforts are therefore being made through an established network of brokers to find buyers before there is a formal restitution of the property. A separate department of the JRSO now supervises the administration and sale of more than 200 pieces of real estate.

In addition over 150 former Jewish cemeteries have been returned to the JRSO. These have been placed in a special category so that their sanctity might be preserved. In July the JRSO met with representatives of all the Jewish communities in the US Zone, the Central Committee of Liberated Jews, the Israeli Consul, the JAFF, the AJDC, the World Jewish Congress, and the American Jewish Committee in order to formulate a program which would insure the restoration and respectable maintenance under Jewish supervision of all former Jewish burial grounds. It was agreed that supervisory responsibility would rest with the Landesverbaende of the communities, but efforts should be made to have the German governments assume the expenses involved. A committee was appointed to carry out these plans and efforts to bring them to practical realization are still in progress.

7. The Safe-Keeping, Investment and Transfer of JRSO Funds.

There has been no problem concerning the transfer of JRSO funds since all available amounts have been promptly transferred to the operating agents for their programs.

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When a private bank called the Jewish Restitution Bank was established in Frankfurt the JRSO refused to have any dealings with them and went to great lengths to publicly disassociate itself from this institution. As a result of this action the good name of the JRSO was not tarnished in official circles when the restitution bank was ordered closed and several of its officials were arrested or fled in connection with charges of illegal transfers and embezzlement of Jewish funds. The JRSO has been endeavoring to procure the establishment of an agency of unquestionable integrity to deal with the investment and transfer problems faced by Jewish restitution and indemnification claimants. With the support of the operating agents the International Trust Corporation was recently created for this purpose. This organization has not yet begun functioning but it is anticipated that they will soon be in operation to provide a means for rendering this financial assistance in a reliable manner.

8. Board of Equity

Almost a thousand persons have thus far informed the JRSO that although they failed to file their restitution claims on time they demand the delivery of the assets acquired by the JRSO as a result of their inaction. This has raised several problems of principle and public relations and efforts are being made to arrive at an equitable procedure which will insure a just handling of every individual claim.

The JRSO has requested HICOG for a general license to assign its rights in such cases where the JRSO feels the demand to be exceptional and meritorious.

An amendment to the restitution law has also been requested so that no German transfer or gift taxes would apply to such an assignment. Since this essential authorization and the amendment are still outstanding, indecision by the JRSO has not been prejudicial to any of the late claimants.

V. Summary and Conclusion

World political developments have had repercussions affecting the restitution program. The many trials of the past year have been successfully overcome. There have been substantial achievements in recovery of assets, sale of properties, conquering legal obstacles, settling differences with the Gemeinden, offering aid to needy claimants, preparation of cases, and administration of offices and personnel. The fulfillment of the restitution objectives grows increasingly difficult and the JRSO is pursuing its efforts to reach a speedy global settlement with the German Laender. There can however be no relaxation of the drive for restitution and the determination and vigilance of the interested organizations.

* * * *

326581

*Stanford
Salo Baron Papers
Box 44
Folder 2*

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

20 September 1950

Mr. Eli Rock
Jewish Restitution Successor Organization
270 Madison Avenue
New York 16, N. Y.

Strictly Confidential

Hq. JRSO New York Letter #570

Dear Eli,

There have been some recent developments in connection with our global settlement aspirations which may require early action by our operating agents. Our Frankfurt Office has been in daily contact with the Hessian Finance Ministry officials doing the technical studies for the Hessian Minister of Finance, Dr. Hilpert. We have just received a report that as a result of these examinations Dr. Hilpert was advised by his own officials that 25 million marks would be involved in a settlement between Land Hesse and the JRSO. Dr. Hilpert is reported to have replied "I think I can present that to my colleagues".

We have been advised that before the end of the month we will receive information from Dr. Hilpert which will be tantamount to an offer or we will have another conference to go over the problem personally. In the meanwhile Dr. Hilpert will have to discuss the matter with the Hessian Cabinet to obtain their views. It is possible that any final action will have to be approved by the Hessian Landtag although it is conceivable that Dr. Hilpert could treat this as an "advance" rather than a "payment" and thereby avoid the necessity for taking it to the Landtag.

You will recall that our original request to Hesse was for 53 million marks. Their long memorandum prepared by their auditing office sought to destroy our evaluation on two principal points. They took the Einheitswert (tax assessment value) as indicative of the real value instead of our yardstick, the Brandkassenwert (the fire insurance assessment). They also pointed out that individual settlements were being made at 30% of the Einheitswert and therefore we should not receive more. Our reply pointed out the fallacies of their reasoning. Our principal point was that JRSO settlements had been made at about 70% and not 30% of the Einheitswert and furthermore in certain types of property such as former public property (Gemeinden and dissolved associations) our settlements had been considerably higher than the Einheitswert. It had therefore been agreed that various categories would have to be established and different rates applied to the different categories.

Our figures which are practically identical to their figures now show the following:

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- 1) The Einheitswert of JRSO-claimed property formerly owned by private Jewish individuals is approximately DM 30,000,000.
Our analysis of settlements also shows that we have settled these cases at about 70% of the Einheitswert or a total of DM 21,000,000.
We know that we have been taking our best cases first and that the 70% figure is therefore probably not a true reflection of our future possibilities. To determine our fair expectation it would be more reasonable to take 50% or a total of DM 15,000,000.
- 2) The Einheitswert of JRSO-claimed property formerly belonging to individuals and now in the hands of the Land as the recipient of Reich-held properties is approximately IM 2,400,000.
Here there is no risk concerning recovery by the Land or the JRSO and we may therefore expect to receive the full value of IM 2,400,000.
- 3) The Einheitswert of JRSO-claimed public property which is now held by Land Hesse is approximately DM 250,000.
There is no risk connected with the recovery of this property for the Land and therefore its value must be taken as a full DM 250,000.
- 4) The Einheitswert of JRSO-claimed public property now held by individual German restitutors is approximately DM 1,750,000.
Since our recoveries in these cases have exceeded the Einheitswert, we estimate that we might expect to recover as much as IM 2,400,000.
- 5) The Einheitswert of JRSO-claimed cases involving properties transferred before 15 September 1935 is approximately DM 9,000,000.
In these cases the law does not provide for an automatic power of avoidance and the presumption of confiscation can be rebutted by showing

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that the transferrer was paid a fair purchase price at his free disposal. The courts have favored the restitutors unless there was a very large discrepancy between the Einheitswert and the price paid. In short, it is exceedingly difficult for the JRSO to win such cases. The 9 million marks figure also includes cases where the property was sold in an auction resulting from a bankruptcy proceeding before 1933. In these cases the argument is made that the property was not sold as a result of duress and therefore is not restitutable. You will recognize that these are also very weak cases. We therefore cannot fairly assess the value of these cases at more than

DM 500,000.

6) The Einheitswert of JRSO-owned property on hand in Hesse amounts to Our sales experience indicates that we cannot generally expect to receive more and therefore this figure must also be taken at

DM 400,000.

DM 400,000

7) In addition to the above figures which cover only real estate we must add the value of JRSO claims for other properties, such as businesses, securities, mortgages, bank accounts, furniture, jewellery, etc. Since we have given priority to our real estate cases which we felt represented our basic asset we are now unable to make any exact determination of the value of these movables. Detailed investigations have not been carried out but it is generally felt that these properties represent only a fraction of the value of the real estate. The JRSO cannot be expected to seek the restitution of businesses which it is unable to run and it may fairly be anticipated that items of large value have been claimed by the former owner or some relative. We therefore appraise or rather guess the value of these properties to be about 10% of the value of the immovable property. The two really bear no relation

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and this fact should be recognized.
In the case of Hesse our guess is
that these assets may be fairly
evaluated at about

DM 2,000,000.

Excluded from our settlement and from the figures given above are all properties claimed by the Gemeinden, all cemeteries, synagogues of historical value, cultural property and monetary claims against the Reich. By adding the figures in the seven paragraphs above you arrive at a fairly reasonable appraisal of the value of JRSO claims in Hesse. These amount to DM 22,950,000.-.

There is still some room for expansion in item 7 but these figures must be viewed in the light of the rate of our recoveries in Hesse. We have up to now been able to acquire about 3 million marks worth of assets in Hesse (about $1\frac{1}{2}$ million in cash, 1 million in receivables, and $\frac{1}{2}$ million in properties on hand.). This represents the results of one full year of active settlement work and may be considered as representative of what may be anticipated in the future. Although our operations have recently accelerated, any anticipated gain may be offset by the fact that we have already exploited our best cases and opposition is increasing. We must also take into account the operating expenses connected with the Hessian offices.

When all of the foregoing is considered it should be apparent to reasonable men that any offer from Land Hesse exceeding 20 million marks should be accepted. That is the unanimous opinion of the Nuernberg Headquarters. If we can obtain such an offer and can receive payment within a reasonable time (less than 3 years) we would like to close the deal as quickly as possible. We therefore require the consent of the operating agents to proceed along the lines indicated. It would be appreciated if we could receive cable confirmation from Paris and New York as quickly as possible so that we will be in a position to act decisively here and strike while the iron is hot.

It goes without saying that we will endeavour to increase the offer before it is formally made and we will also endeavour to make the terms of payment as short as possible. A word of caution is in order. We have already discovered that there is many a slip twixt the Deutschmark and the hanging tongue. Landtag approval, legal technicalities and financial barriers are yet to be overcome. Our global settlement negotiations are still more negotiations than settlements.

We are looking forward to your cable reply which should avoid mentioning figures.

Cordially yours,

BENJAMIN B. FERENCZ

cc. JJJ

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COPY

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

*Stanford
Salomon Bayon papers
Box 44
Folder 2*

22 June 1950

Mr. Eli Rock
Jewish Restitution Successor Organization
270 Madison Avenue
New York 16, N. Y.

Hq. JRSO New York Letter #449

Dear Eli,

While in Frankfurt recently I had occasion to discuss some of the JRSO problems with Mr. Robert Bowie who is the General Counsel in HICOG. Fortunately, as he informed me that he had been advised that I would be a good man to have on his staff, the reception I received was most cordial and I am confident that we will have pleasant working relations with the General Counsel's Office.

I discussed with him in particular our problems under Art. 56(4) and the need for a quick decision on the matter. He was aware of the fact that the ambiguities concerning the rights of late claimants were a stumbling block to bulk settlement and he stated that no obstacle should be allowed to stand in the way of a global deal with the Laender. A study by his office is now on his desk pointing out that the rights of individuals were extinguished on December 31, 1948 but that an advisory opinion of the Court of Restitution Appeals is essential to make that view binding. It was recommended that the High Commissioner promptly submit such a request to the court.

I am sure that when the request reaches the court, the views of the General Counsel's Office will be known to them and since the study is fairly complete and persuasive the question arises whether JRSO intervention is necessary or advisable. I think it would be much more graceful if we could receive an opinion in our favor without having to come in and argue a position against late individual claimants. The operating agents might have some views on that point which I would appreciate receiving.

Mr. Bowie recognized that there was no way of predicting what conclusion the court would reach and we had a brief discussion about the possibility of putting out an amendment to the law or a regulation removing any doubts. My own view was that such an amendment would be the safest approach but speed would be essential since such matters have an extraordinary way of being protracted.

We also discussed a license for the assignment of Board of Equity claims and a regulation which would avoid the necessity of paying transfer or gift taxes in connection with such an assignment. The papers dealing with these matters are presently in the Property Division and the individual handling it unfortunately has been ill so that there has been an understandable delay.

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Mr. Bowie, who came to HICOG from the peaceful confines of the Harvard Law School, is still overwhelmed with the velocity of HICOG activities. As soon as he has had a chance to get solidly established I am confident that we will have satisfactory dealings with him.

Cordially yours,

BENJAMIN B. FERENCZ

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MEMORANDUM

C O N F I D E N T I A L

*Stanford
S/O Baron papers
Box 44
Folder 3*

SUBJECT: Minutes of Meeting with the High Commissioner
Monday, April 10, 1950

Persons present:

John J. McCloy
US High Commissioner

Dr. Nahum Goldmann,
Chairman, American Section,
Jewish Agency for Palestine

Maurice Boukstein,
Counsel,
Jewish Agency for Palestine

Dr. Joseph Schwartz,
Director General,
American Joint Distribution Committee

Benjamin B. Ferencz,
Director General,
Jewish Restitution Successor Organization

John Rintels
Chief, Administration of Justice Division,
Office of General Counsel, HICOG

Frederic Hulse
Deputy Chief,
Administration of Justice Division, HICOG

Mr. McCloy welcomed the representatives at about 1120 hrs. and stated that he had read the memorandum on the global settlement of JRSO claims (mailed to him on March 20 by Dr. Goldmann and Mr. Edward M. M. Warburg) and was prepared to discuss the question.

Dr. Goldmann began the discussion by outlining again the contents of the memorandum and pointing out that the restitution of heirless property was taking longer than expected, that the amounts involved were not as large as had been anticipated and that the interested organizations were trying to find a short-cut in order to actually achieve the relief function of the JRSO and at the same time remove a source of friction with the Germans in the US Zone. He stated that the money was needed now and not in 5 of 10 years and therefore a global settlement was being sought.

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Mr. McCloy said that the idea sounded attractive and asked whether the same could be done concerning all restitution claims (including the individual claims.) He digressed for a moment to cite a hypothetical case in which Blackacre was sold to A, a purchaser who acquired the property knowing it was sold under duress, and where then A sold the property to B, who had no such knowledge. Mr. McCloy asked whether B would be liable to reconstitute the property to the original owner.

Mr. Boukstein pointed out that he would be liable to restitution the property since the purchaser acquired no better title than one who bought stolen goods. Mr. Ferencz added that the restitutor would have a claim for damages against the person from whom he bought the property. Furthermore that in the sale of real estate there is practically no such thing as a bona fide purchaser under the prevailing circumstances since in the tracing of title it would have been apparent that the property had been acquired from a Jew.

Mr. McCloy said that he raised the matter because he had been receiving a large number of complaints about the operation of the restitution program and that Mrs. McCloy in particular had received a large number of letters from Germans on the subject and "there is a great deal of sand in the letters". He therefore thought it would be a fine thing if we could eliminate this type of "complaint".

Dr. Schwartz explained that the conference dealt only with JRSO property which was limited to the unclaimed and heirless properties and that the discussion did not concern the individual restitution claims.

Mr. Boukstein added that any settlement with the JRSO would be without prejudice to the question of individual claims.

Mr. McCloy wanted to know how much money was involved in the type of settlement contemplated.

Dr. Schwartz replied that it was still impossible to say with any real degree of accuracy but the figure would probably be around 100 million to 125 million DM more or less.

Mr. Rintels asked whether it was true that the JRSO claims represented about 75% of the cases, to which Mr. Ferencz replied that although the JRSO had claimed considerably more the actual number of valid claims remaining would probably be about 50% of the complete total filed.

Mr. McCloy began to compute aloud the possible totals in DM of both the JRSO and the individual claims and asked how much the grand total of both might involve.

Dr. Schwartz answered that although the JRSO had half of the total number of cases, the value of the individual claims would be greater, perhaps three or four times as much as the value of the JRSO claims.

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Mr. Ferencz added that disposing of the JRSO cases at one time would make it possible to finish half of the work and thereby clear the field for the remainder, but there was no way of knowing at this point how much was involved in the value of the individual claims.

Mr. McCloy repeated that it sounded like a good idea and asked how the thing could actually be worked out.

Dr. Goldmann replied that the JRSO claims would be sold to the Land governments and then it would be a matter between them and their own citizens.

Mr. Rintels added that it would be like the right of subrogation.

Mr. McCloy pointed out that one of the problems would be to keep the pressure on the German Laender to really follow through on his suggestion for a global settlement.

Mr. Rintels added that it was very important to let the Germans know that Law 59 would not be changed in any respect and that the United States would insist on carrying it out to the letter. He felt that this would serve as a sort of pressure on the German authorities.

Mr. Hulse stated that although he personally had been opposed to harmonization of Law 59 with the restitution laws in the other two zones he had apparently lost out on that point. He stated that the restitutors have been expecting a modification in the restitution law and therefore have been dragging their feet. He pointed to the fact that there had recently been a bottle-neck created by the "wait and see" attitude, and he feared that the efforts to achieve harmonization would bring about a recurrence of such delays.

Mr. McCloy stated that the United States was pledged to harmonization of all the laws and therefore he could not swear that there would be no change since there were two other partners sitting around the table.

Mr. Rintels stated that we were trying to ride two horses at the same time. One, for the strict adherence to Law 59 and the second for harmonization which might have to involve some modifications or concessions on our part. He thought the horses were going in different directions and could not be reconciled.

Dr. Goldmann indicated that the British law was not much different from the American law anyway and Mr. Ferencz explained that although the British law was very similar the French law was quite different and that the French authorities were most reluctant to bring about changes at this time which might involve the setting aside of many judgments already rendered in the French Zone. He said that the view might well be taken that restitution was a temporary measure which could be carried out in a short period of time and therefore did not fall within the category of those laws which we were committed to harmonize. As shown by the U.S. experience on Law 59, quadripartite and tripartite attempts at unification had dragged out for years and then had failed. He said that harmonization would indeed be difficult to achieve and might take a very long time.

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Mr. McCloy asked whether Mr. Ferencz thought the restitution program could be ended before harmonization could be realized, to which Mr. Ferencz replied that the disposal of half of the program by a bulk settlement with the JRSO would certainly sharply accelerate the entire matter. Mr. McCloy himself had given the Minister Presidents a deadline of December 1951 for the completion of the cases in the restitution agencies and even that figure might be advanced if the JRSO work load could be removed.

Dr. Schwartz added that once the JRSO matter was settled it might be possible to take up the question of a similar settlement on behalf of individual claimants. In the latter case however it was much more difficult since a power of attorney was lacking and the restitutors were not organized.

Dr. Goldmann pointed out that as far as the claimants from Israel were concerned they were very well organized and a bulk settlement of the individual claims of Israeli citizens would be easier to achieve than the claims of individuals in other parts of the world.

Mr. Boukstein added that the matter should be presented to the Minister Presidents in a form which would not encourage them to interfere with the amicable settlements of either the individual claimants or the JRSO and that this could be most effectively done by pointing out that the United States intends to carry the program through and that they favor doing so by lump sum payments. He pointed out that this was in line with Mr. McCloy's speech made shortly after his recent return from the United States.

Mr. McCloy said that he was prepared to suggest such a solution to the Minister Presidents.

Dr. Goldmann pointed out that if the Germans used the opportunity merely to further stall the restitution program it would be a bad result and Mr. McCloy acknowledged that the problem of pressuring the Germans would be a serious one.

Mr. Ferencz stated that if such discussions became public knowledge all settlements with the JRSO would cease and that if the negotiations for lump sum settlement would then break down without success the net result achieved would have been to defeat rather than carry out the U.S. policy on heirless assets. He suggested therefore that the discussion with the Minister Presidents be handled with caution.

Mr. Boukstein interjected "with firmness".

Mr. McCloy chided that either the organizations wanted the matter raised with the Minister Presidents or they did not and that the risks involved in such a discussion would have to be taken.

All present agreed that the matter should be raised with the Minister Presidents.

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Dr. Goldmann then went on to explain that the Jewish organizations were not interested in merely acquiring blocked DM in Germany. He wanted Mr. McCloy to be aware of the fact that the Jewish organizations had in mind the use of these funds for the purchase of commodities in Germany which might be exported to Israel or other places in order to grant the relief which was badly needed. The persecutees were not in Germany and the houses, medical supplies etc. could only be used elsewhere. He suggested that this method of achieving the objectives would at the same time give employment to Germans and would stimulate German production too, while at the same time not producing any serious loss to U.S. interests.

Mr. McCloy said that the entire idea sounded quite attractive and that he was prepared to raise the question at his meeting with the Minister Presidents on the following day. He promised to let the group know the results of his discussion.

Dr. Goldmann then raised an additional problem concerning the liability of the JRSO to certain German taxes. Mr. Ferencz explained it further by pointing out that under the Immediate Aid Ordinance the JRSO was faced with the possibility of being taxed as having been the owners of property before the currency reform since restitution gives use to the legal fiction that the loss of the property never occurred. At the same time the JRSO did not qualify for an exemption as a UN national since it was not actually in existence on 8 May 1945. The net consequence being that the JRSO is deemed to be in existence for purposes of being taxed but not for purposes of being exempt. This might result in a loss of anywhere from 25% to 40% of JRSO assets.

Mr. Boukstein added that "the power to tax is the power to destroy" and that the German officials should not be allowed to draw off the heirless assets for their own purposes.

Mr. McCloy replied that he had just completed his income tax return and was well aware of the fact that the power to tax was the power to destroy. He thought it was ridiculous to subject the JRSO to such a liability.

Mr. Ferencz asked whether he could quote Mr. McCloy to that effect on the next tax bill he received from the German officials, to which Mr. McCloy laughingly replied that he could try it and see what happens. He then added seriously that the matter was under consideration and that he believes he had a paper on his desk dealing with just that problem. He thought it could be worked out satisfactorily and asked whether it could be done unilaterally or whether the other powers had to join.

Mr. Ferencz stated that it could be worked simply since the law under which the JRSO had been appointed specifically provided that the status of the JRSO under German taxation would be defined by Military Government.

The conference ended at about 12 o'clock and Mr. McCloy again promised to notify the persons present of all developments.

326592

Stanford
Salo Baron Papers
Box 234
Files 2-3

C O P Y

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

14 December 1949 BBF/HW

Mr. Eli Rock
Jewish Restitution Successor Organization
270 Madison Avenue
New York 16, N.Y.

C o n f i d e n t i a l

Hq. JRSO N.Y. Letter #272

Dear Eli,

Your letter No. 3066 referring to our November conference in Paris again raises the basic problem of bulk settlement. On the basis of the initial comparison and elimination of claims filed by individuals it is our present belief that there are about 10,000 houses and 15,000 plots of land for which the JRSO is the sole claimant. We have not tabulated our claims for businesses, bank accounts, or movable items, since we believe that real estate represents our really basic asset and we are giving that top priority.

As often indicated there can be no fair estimate of the value of these claims until each file contains the original contract of sale and other significant documents, and a determination has been made concerning the present condition of the property, encumbrances, and ability or willingness of the restitutor to pay. If speculation is demanded, we still think in terms of 50 to 100 million marks.

It is impossible to say how much property we will recover in the near future. Up to now we have been trying to settle for cash rather than restitution in natura, since the restitutors are more apt to give us money than property, our sales are limited by price control, a purchaser must pay a sale's tax of $7\frac{1}{2}\%$ which would decrease our price, and the restitutor has a special interest in keeping the property for which we may get an added price from him.

There are about 500 houses which the State of Bavaria as the holder of Reich properties must retribute to the JRSO. In addition there are about 3,500 plots of land. Almost two months ago Mr. Ringelmann representing the Bavarian Ministry of Finance stated that he wanted to buy those properties from the JRSO rather than restituting them. We have not yet appraised each of the four thousand pieces, since Ringelmann was prepared to have that done at German expense in a manner to be agreed upon. However, it is our belief that these 4,000 properties which include ruins, mortgaged houses and small bits of garden are worth at least three million marks. In addition, Dr. Ringelmann indicated a willingness to buy from the JRSO any other properties which we might have restituted from German individuals. In Bavaria there may be an additional three and a half thousand houses and several thousand pieces of land. A third possibility would be to have him buy all of our claims, even before the property is restituted or the case settled.

I think the three possibilities must be examined separately:

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a. The cash settlement with Bavaria for the 4,000 properties which they must restitute or buy. -

Here Bavaria would be acting in the same manner as any individual restitutor, except that the number of properties involved is much greater. I do not think that the settlement of this "case" requires any approval from New York, but in any event I strongly recommend such a settlement with Bavaria as highly advantageous.

b. The sale to Bavaria of properties restituted by individual restitutors. This would mean that we would have a buyer for any property we had to take back from a German restitutor. The presence of such a buyer would be a strong weapon for us in our negotiations with the restitutor and would also be advantageous in that, we would not have to be concerned about property administration for a long term. If Bavaria is prepared to purchase our properties at a fair price as we acquired them, I would recommend that we sell to Bavaria.

c. The purchase by Land Bavaria of all our claims against Bavarian citizens. - This would mean that we would assign our claims to Bavaria and that Bavaria could then in the course of the next few years or so settle the matter with its own citizens. The obvious advantage to the JRSO would be that we could quickly dispose of a large portion of our program and, if the same arrangement could be reached in the other Laender, the JRSO could dissolve itself in about a year. Any of the three settlements suggested above would have to be contingent upon the right of the JRSO to spend the money in Germany for commodities which could be exported. The amount to be received for claims would have to be negotiated and a substantial discount given for the risks which the JRSO would otherwise entail in a court program.

The last possibility is the most attractive and yet, in my opinion, the most dangerous.

If it should be generally known to the German restitutors that the German Laender are considering buying the assignment of JRSO claims, they would be most unwise to settle any case with the JRSO, since they may fairly expect easier terms for themselves when they deal with their own Government. We already are faced with the rising danger of a "wait-and-see" attitude and should our negotiations for bulk assignment of claims be publicized and then fail, it is my opinion that we will have sustained tremendous damage. I do not trust the German officials and am not convinced that this damage to the JRSO is not their real objective. The conduct of Dr. Ringelmann thus far gives strength to my fear. I also am of the opinion that, unless the State of Bavaria is prepared to settle in one lump sum all the cases, where Bavaria appears as restitutor (see a. above), they will not seriously be prepared to make a deal with the JRSO under b. or c.. I therefore caution against having opened negotiations under c. until a. is successful concluded.

It is my recommendation that we try to conclude a. as quickly as possible, with Bavaria first and then with the other Laender. At the same time we should try to get a commitment from the Laender on b.. If we can arrange it, I think,

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it would be preferable to have c. proposed by the High Commissioner, since that would decrease the danger of having the Germans play games with the JRSO. If Mr. McCloy would propose it, the German officials would know that a rejection by them will mean increased pressure by the Occupation Authorities under their reserved powers to force the Germans to carry out the full letter and spirit of the Restitution Law. It was our strategy here to approach the problem through the High Commissioner at the appropriate time. In my opinion the most appropriate time will be, when the High Commissioner and his top advisers have a full understanding of the scope and problems involved in the restitution program which they have undertaken. The change over from Military Government to HICOG has postponed this understanding, but it is rapidly approaching. We have made preliminary studies for HICOG to show them the scope of the program and their own investigations are now being completed with the view to having a statement issued by Mr. McCloy giving them deadlines for the carrying out of Law 59. When the German officials complain that the administrative burdens of quickly carrying out the law are unbearable (as they may well be), that, in my opinion, is the correct moment for Mr. McCloy to come forward and urge them to reach a settlement on the basis of c. above.

You will notice from the (garbled) Paris minutes that we had some discussion on this (see page 18 and 19 of the meeting of November 11th), and my view as expressed above was not shared by the other persons present. They did not see any particular danger in beginning our discussions with the possible sale of claims and perhaps my proximity to the scene magnified the problems. In any event, the question is of such paramount importance that responsibility for the technique to be applied should be shared by the persons outside of Nurnberg.

I have not gone into the moral aspects of assigning heirless claims to the German State at a discount rate nor to the effect which this would have on the claims filed by individuals. If we are determined to finish the JRSO program in the minimum possible time, these considerations must become secondary.

Thus far we have not plunged into anything and have considered it wise to look carefully before we leap. However, if someone will tell us which way to jump, we are prepared to do so.

Sincerely yours,

BENJAMIN B. FERENCZ

326595

Stanford
Salo Bron Papers
Box 234
Files 2-3

R E P O R T No. 3
of the
Jewish Restitution Successor Organization
on the
Restitution of Jewish
Property
in the U. S. Zone of Germany

October 1st, 1949

Submitted by
Jewish Agency for Palestine and American Jewish Joint Distribution Committee,
As Operating Agents.

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I. Scope of the Report

This report is a supplement to Report No. 1 of 1 October 1948 which covered the initial organization of the JRSO and Report No. 2 of February 1949 which explained how the filing of claims was successfully completed. The recovery of some of the assets lost through Nazi persecution has begun. The amount of painstaking work and technical detail involved was and is enormous and the vast bulk of this very arduous program still lies ahead. Substantial progress has been made and Report No. 3 deals with the achievements of the JRSO since February and some of the vexing problems yet to be overcome.

II. The Operation of Military Government Law 59

Less than 3,000 cases of individual claimants have been finally settled, either amicably or by adjudication under the restitution law. The rate of progress shown by the German Restitution Agencies and courts has been totally inadequate to accomplish the declared goal of "speedy restitution." This fact has been pointed out by the JRSO to the highest Military Government officials and a specific program for acceleration has been suggested. The American Board of Review has not yet rendered a single decision and the functions of the Board will be taken over by the Military Government courts for Germany. The effect of this change will depend upon the calibre of persons to be assigned to review function. The JRSO has strongly urged the High Commissioner and the new General Counsel to appoint a permanent panel of competent judges for the full-time supervision of the German restitution courts. Under the Occupation Statute restitution is one of the fields reserved to the Occupying Authorities, but to what extent the U.S. officials will be prepared to exercise this power in enforcing Law 59 is yet to be determined.

III. The Operations of the JRSO in Germany

1. Organization and Administration

The Allied staff of the JRSO has been increased from 10 persons to 15 persons and the German staff which had exceeded 300 before the filing deadline and had decreased to 68 in March 1949 rose to 120 by the end of September. Two new offices were opened giving the JRSO 9 offices including Headquarters throughout the U.S. Zone.

The JRSO continues, as a governmentally sponsored non-commercial agency, to receive logistic support from Military Government. Non-occupation cost DM funds are being advanced on the basis of a budget approved by General Clay. The DM and Dollar expenditures of the JRSO continue within the limits fixed in the approved budgets.

2. Functional

After the JRSO had filed over 163,000 claims the next step consisted of categorizing those claims, eliminating duplicates, and carefully comparing the JRSO petitions with the approximately 50,000 claims filed by individuals, in order to determine what would be unclaimed by individuals and thereby remain as a valid JRSO claim. This process, which depended upon the speed with which the German offices receiving the claims could make certain essential information available to the JRSO, was completed in September. It is now known that the JRSO is the sole claimant to about 10,000 houses, 15,000 plots of land, and uncounted thousands of securities, bank accounts, movable items and shares in businesses. For each such claim it is now necessary to determine the exact conditions of confiscation or sale, the past

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and present income and value of the property concerned, the present condition and sale value of the property and a host of other details. Clearing title to Jewish-owned securities is particularly complicated since substitute securities are now being issued under a new German law. This program of research and investigation is now taking place and will be accelerated. Negotiations for the settlement of any case cannot begin until all this information is assembled concerning the property in question and it is therefore planned to have the file of every JRSO case concerning real estate completed by the end of this year.

While the checking process mentioned above was taking place the JRSO was conducting the necessary investigations and negotiations concerning properties where it was known that there could be no individual claimant. This consisted of about 1,000 properties of dissolved associations, endowments and communities which had not been claimed by the newly established Jewish communities in Germany.

Agreement has already been reached in about 150 of these cases. On the basis of these agreements about 50 properties will be returned to the JRSO and the JRSO will receive close to a million Deutsche Marks in lieu of restitution. About half a million marks have already been deposited in JRSO accounts as part payments for the amicable settlements reached thus far. In addition, agreement has been reached concerning approximately 200 properties which are in the hands of the Reich and which will be either returned or bought by the Ministers of Finance. It is known that no settlement is possible in about 100 cases negotiated by the JRSO and these are being prepared for the courts. Other negotiations are still in progress and now that work on unclaimed individual property has begun, the efforts to reach amicable settlements will be sharply accelerated. It is planned to have at least the first negotiation completed within the next six months for every piece of real property claimed by the JRSO.

The Cultural Property Division of the JRSO as represented by the Jewish Cultural Reconstruction, Inc. has recovered about 300,000 confiscated Jewish books from Military Government and these have been shipped to libraries throughout the world. In addition, thousands of priceless silver ceremonial objects and torah scrolls have been recovered and removed from Germany. The JRSO received certain valuable paintings, and an amount of scrap silver has been recovered. About 50,000 Jewish books claimed by the JRSO under law 59 have recently been awarded and preparations for their shipment out of Germany have begun.

Until the file of every case is complete and has been analyzed, it is impossible to determine with any degree of accuracy the value of the JRSO claims. A goal has been set of trying to acquire 5 million marks by the end of 1949, but it will be at least several months thereafter before it is known at what rate of speed the JRSO can really operate and what may be obtainable in the future.

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Special Problems

1) Jewish Communities in Germany

There are 115 pieces of former community property which have been claimed by both the JRSO and by the newly created Jewish communities in the U.S. Zone. The resolution of the JRSO Board of Directors that title to these properties go to the JRSO and that the communities receive the use of such properties as might be required to meet their religious, social and budgetary needs has been rejected by the communities. At the moment, discussions are continuing along the lines of alternative proposals, which will be submitted to the Board of Directors for consideration and approval when concrete terms have been worked out.

2) Restitution Law for Berlin

Since the last report, a restitution law has been enacted for the Western sectors of Berlin. The law provides that a successor organization recognized in a zone may apply for recognition in the respective sector of Berlin, and the JRSO accordingly applied for recognition as the successor organization for unclaimed Jewish property in the U.S. Sector. The JRSO application has received the final approval of the U.S. Commander for Berlin and a JRSO office will soon be opened in Berlin to repeat what has already been done in the U.S. Zone. Initial preparations are under way in order to make the completion of the new assignment speedy and efficient. One of the problems immediately to be faced concerns the handling of heirless property in the other sectors.

3) The General Claims Law

Since the last report, a General Claims law has been enacted to compensate victims of persecution for imprisonment, damage to health, loss of economic opportunity and certain other losses including damages to possessions. Under the law the JRSO can claim compensation for damages to real estate recovered by the JRSO. Since these claims have only second priority under the General Claims Law early payment is not anticipated.

4) Restitution Law for the British Zone

A restitution law very similar to the American model was enacted to cover the British Zone. Under the law heirless property may be claimed by a German Trust Corporation which will be designated by Military Government. The British Foreign Office has indicated to the interested British Jewish groups that it is prepared to recognize a Jewish Trust Corporation for unclaimed Jewish property. The JRSO has sent memoranda and reports to the interested British Jewish organizations concerning the problems to be faced by such a Trust Corporation and suggestions for overcoming those problems. The JRSO has also indicated its willingness to be of every service possible and has offered its full cooperation upon requests of the British groups in helping to resolve the difficulties anticipated in the British Zone.

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5) The Legal Aid Department

For many months the United Restitution Office attempted to receive U.S. Military Government approval for the establishment of an agency to assist individual claimants in obtaining the return of their property in the U.S. Zone. Military Government finally refused but indicated that it would favorably consider such a request from the JRSO. Application was then made for a license permitting the JRSO to help indigent claimants on a non-profit basis. The U.R.O. had received about 2,000 individual cases almost all of which came from Israel. Pending the issuance of the license the JRSO set up the structure for the Legal Aid Department. The U.R.O. cases were taken over tentatively by Dr. Kurt May, the Legal Consultant of the Jewish Agency. It is anticipated that the license will be forthcoming within the next 30 days and at that time Dr. May will become head of the Legal Aid Department and assume responsibility for the cases of individual claimants handled by that Department.

6) The Sale and Administration of JRSO Properties

An agreement is about to be concluded with the Deutsche-Waren-Treuhand-Gesellschaft to have them take over, for a small fee, the administration and sale of properties acquired by the JRSO. This company enjoys an excellent reputation for honesty, integrity and ability. They protected Jewish interests during the Nazi period and have been strongly endorsed by Jewish groups. They were the trustees responsible for transferring Jewish assets to Israel during the early years of the Hitler regime. The JRSO will maintain strict control of a separate subsidiary of this company and this subsidiary will deal exclusively with JRSO properties. It was felt that by these means the JRSO would be able to acquire experienced German property management and thereby realize a maximum from the properties recovered.

7) The Safe-Keeping, Investment & Transfer of JRSO Funds

Concurrently with the beginning accumulation of marks by JRSO, the problem of the effective use of those funds arises. Although considerable discussion has recently taken place on this score, particularly in connection with banking questions, no concrete proposals have as yet been worked out. Further developments are anticipated within the near future, however, and will be reported as soon as received.

Summary and Conclusion

The JRSO has established an effective and efficient organization in the U.S. Zone. Although the carrying out of the restitution law has in general been very slow and the JRSO was required by law to wait until the claims of individuals were all filed and separated, agreements have been reached for the JRSO to receive restitution or compensation for about 350 pieces of property. Over half a million marks have been accepted by the JRSO as part payment for amicable settlements. The JRSO will claim damages under the newly enacted General Claims Law and the JRSO was recognized as the successor organization for unclaimed Jewish property in the U.S. Sector of Berlin. Valuable collections of Jewish books, religious objects, and paintings have been recovered and removed from Germany.

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The work itself is exceedingly complex, technical and difficult. The JRSO is dependent upon support from the occupation authorities and the JRSO is hopeful that the American attitude will be friendly and cooperative in the months which lie ahead. To a large extent the JRSO must depend upon the speed with which the German restitution officials and courts can or will operate. Acceleration on their side is urgently needed, yet whether the occupation authorities will insist upon it remains to be seen. The steps which the new German government will take or urge in connection with the restitution program can hardly be expected to favor the JRSO.

The initial gains thus far achieved are not binding on the future. The hazards and problems which lie ahead remain momentous and are likely to increase. Despite these realities the JRSO is confident and determined that the program which it has undertaken can and will be successfully concluded.

Benjamin B. Ferencz
Director General

326601

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

8 Jan 50
Sal Baron
Bx 234
Files 2-3

30 May 1949

BEF/HW

Mr. Eli Rock
American Joint Distribution Committee
270 Madison Avenue
New York 16, N.Y.

Hq. JRSO New York letter # 119

Dear Eli:

I am enclosing for your information an English copy of the Law concerning redress of National Socialist wrongs (General Claims Law or Indemnification Law) which will probably be approved by Military Government in the very near future.

There will undoubtedly be a few hundred thousand claims which may be filed by persons seeking indemnification under this Law. Claimants will require assistance and advice in the preparation of their claims, and just how this is to be done will undoubtedly present an important problem to the interested Jewish organizations. The Central Committee of Liberated Jews as well as other representatives of DP-groups are already making tentative plans. Dr. Kreutzberger and Dr. Joffe of the Jewish Agency have been in close contact with them and further discussions are expected in about a week.

Our own tentative plan is that the URO Offices outside of Germany offer assistance to claimants such as they did in the preparation of claims under Law 59. They could advise claimants and screen and receive the necessary documentation for transmittal to Germany in return for a small contingent fee. The claims could then be forwarded to the JRSO which would follow through in Germany. The JRSO could charge the URO for all expenses incurred. Claims of DPs still in Germany could be handled by the local DP committees. In short, there would be an indemnification branch of the Legal Aid Department. It would probably require additional indigenous personnel and possibly one or two Allied lawyers to supervise the entire operation.

Since the law has not yet been formally promulgated, these suggestions are no more tentative proposals, but I would like to have your reaction as soon as you have had a chance to study the Law and discuss it with the people in New York.

Sincerely yours,

/s/ Ben

BENJAMIN B. FERENCZ

CC: Mr. Jacobsen, AJDC, Paris

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COPY

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

Stanford
Salomon Baron Papers
Box 234
Files 2-3

10 June 1949
BRF/ELS

Mr. Eli Rock
American Jewish Joint Distribution Committee
270 Madison Avenue
New York 16, N.Y.

Hq. JRSO N.Y. Letter # 125

Dear Eli:

A rather difficult legal and moral problem will soon confront the JRSO.

Article 11 of the Restitution Law states that

"If the claimant himself has not filed a petition on or before 31 December 1948, the successor organization by virtue of filing the petition shall acquire the legal position of the claimant...."

Article 56 provides that

"a petition filed by a person who is not entitled to restitution of the property, shall be deemed to have been effectively filed in favor of the true claimant, or where Articles 8, 10 and 11 are applicable, in favor of the successor organization mentioned therein. The same shall apply to the filing of petition by any such successor organization."

It would appear, therefore, that there is an ambiguity concerning the meaning of these two provisions and the effect of the filing of a claim by the JRSO.

One possible interpretation, and the one we feel to be valid, is that if the claimant failed to file by 31 December he has lost all of his legal rights. This view implies that the last sentence of Article 56 is without meaning. It is morally defensible only by the argument that the Board of Equity will see that no injustice is done. It is a feasible interpretation and if the Board of Equity is properly constituted and fair it will be a just interpretation.

Another view is that whenever the true claimant appears our claim shall be deemed to have been filed in his favor and he would be entitled to the assignment of the claim, the transfer of the property or the receipt of the proceeds. In favor of this view it may be argued that the object of the Restitution Law is to return property to its rightful owners or their heirs and that a successor organization was only established to prevent escheat of really heirless property to the German State. Variations of this view may provide that the JRSO claim only be assigned before the JRSO acquires title or within a specified period of say one or two years. These limitations are designed to prevent the creation of a permanent cloud on the title of JRSO

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properties.

The second view would in effect be an extension of the filing deadline on behalf of individuals and since many Jewish organizations strongly urged such an extension it is to be presumed that these organizations would favor the interpretation which benefits the individual claimants. It may also be argued on the moral side that after all the individual claimants are the rightful heirs, that the JRSO is not in competition with them, so that no recourse to the Board of Equity should be required if they may have their rights directly under a favorable interpretation of the Law.

Should this broader view be accepted it would in fact mean that our Legal Aid Department would represent those individuals appearing before we acquired title, (unless they desire to retain their own attorney), and they would be charged a modest service fee. The nature of the JRSO would be changed from an organization which now receives 90% of certain proceeds on its own behalf and 10% on behalf of individuals (through the Legal Aid Department) to an organization which receives 25% of the total proceeds, and the balance on behalf of individual claimants. These percentages are of course purely speculative and hypothetical.

It is known that at least one member of the Board of Review favors the broader interpretation and that at least one German Restitution Agency has advised a claimant that the broader view is its interpretation of the Law. The fact that New York attorneys have requested assignment of JRSO claims also indicates that there is a similar opinion in the States. The Property Division of Military Government may also favor such a view because of a predicament. There have been several cases (I guess about 100 or 200) where property belonging to Jews residing abroad was still registered in the name of the Jewish owner. By act of Germany Law, title to these properties was vested in the German Reich, hence confiscated and subject to claim for restitution under Law 59. When these Jewish owners inquired of Property Division about the status of their properties they were erroneously advised that the properties were taken under control as properties of UN nationals and that they would be returned without the necessity for filing a claim under Law 59. In reliance upon this information given by COMUS no claims were filed by the individuals. Claims were filed by the JRSO and the Property Division then realized that the properties could not be returned outside of the Restitution Courts. In order to save face now and to prevent these individual claimants from suffering a loss as the result of their justified reliance, the Property Division is now interested in finding some interpretation of the Law which would enable these claimants to acquire their property as a matter of right.

The problem simply is this: Which if any interpretation of the Law shall we support? If we favor the narrow view it would undoubtedly be to the financial advantage of the JRSO and would give the Board of Equity broad powers. It would destroy the legal rights of individual claimants. If we favor the broad view we would in fact be getting the equivalent of an extension of the Law on behalf of individuals and may deprive the JRSO of many if not most of its cases. (there is no limitation on the right of inheritance and presumably 16th cousins can claim.) If we do nothing the decision may be made by a rather arbitrary ruling of the Property Division or the Board of Review. It may be impossible for us to do nothing if our opinion is requested. Unless our Board of Equity is already in existence and their policies have been clearly set down, it may be difficult for us to argue in support of the view which favors the JRSO as against the rightful heirs.

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This problem was touched on briefly in my letter of 25 May and by Jerry Jacobson in his letter of 30 May. We shall be discussing the problem personally in Paris in the very near future and since I consider this a very difficult and delicate matter I would appreciate advice from the interested parties in New York.

Sincerely yours,

/s/ Ben

BENJAMIN B. FERENCZ

CC: Mr. J.J. Jacobson.

326605

Stanford
Salo Baron Papers
Box 234
June 14th, 1949
files 2-3

JRSO Letter No. 99

Mr. Benjamin B. Ferencs
Jewish Restitution Successor Organisation
APO 696A, c/o Postmaster, New York, N.Y.

Re: Articles 11 and 56 of Law 59

Dear Ben:

This will acknowledge your letter of June 10, 1949 dealing with the problem of the above articles of Law 59. I am now circulating your letter among the interested persons and shall be writing you again on the subject in the near future.

Off-hand it would seem to me that your first interpretation, namely the one which holds against the tardy individual claimants, is the only interpretation which makes sense from a purely legal viewpoint. It seems to me that the arguments which you make for this interpretation may be supported further by the following considerations:

a) It does not seem to me that it is necessary, under this interpretation, to say that the last sentence of Article 56 has no meaning. Rather it seems to me that this sentence is designed simply to apply to the situation where a successor organization has wrongly filed (e.g. in a situation where JRSO has filed and where the original owner was a trade unionist or a Catholic who did not come under the Nurnberg Laws), with the result that the petition will be deemed to have been filed in favor of a proper, non-Jewish successor organization. Although the language of Article 56 is certainly unclear, I do feel that this interpretation does not strain the language too much and that it would be important to our case, in view of the well-established principle, at least under American law, that you do not interpret a statute in such a way as to render any of the language meaningless.

b) I think it is important also that Article 11 appears to be directed primarily at substantive questions, whereas Article 56 quite clearly seems to deal with procedural matters. (You will note that 56 is surrounded by a number of other articles on procedural questions, whereas 11 rests in the midst of various substantive articles.) This distinction is important because the viewpoint which says that the rights of the individual claimant should be recognized (i.e., the second interpretation described in your letter of June 10, 1949) rests entirely on language of Article 56, thus tending to give substantive meaning to an article which appears to be intended as procedural. Conversely, our own position which rules against the individual claimant, tends more to leave Article 56 as a procedural one, with Article 11 clearly the substantive one.

I am sure that the latter arguments have already occurred to you. In any event, this does not touch in any way on the moral and practical aspects of the problem, both of which involve matters of high policy and will have to be examined thoroughly by our people here. I shall attempt to apprise you of their viewpoints as soon as possible.

Sincerely yours,

Eli Rock

ER:AU
CC: MAL, NED
JJJ, JHF

326606

Salo Baron Papers
 Box 234
 "Report No. 2" File 5
 Feb, 1949 Appendix 8, p. 1.

STATISTICAL CHART OF JRSO - CLAIMS

Regional Office	IMMOVABLES			Plots of land	Total of Immcvables	Of these are claimed against the Reich	Businesses	Mortgages & Securities: (which are not claimed against Reich & Banks)	Jewellery Furniture etc.
	Houses:		under 5000						
	Cities over 50000 Inhabit.	5000-50000							
NUREMBERG	3 649	1 115	2 944	9 925	17 633	2 264	2 880	1 345	4 986
FRANKFURT	7 320	1 923	2 564	15 395	27 202	4 465	2 068	4 738	1 927
MUNICH	1 979	623	858	2 340	5 800	1 387	1 545	1 171	968
STUTTGART	1 318	343	674	1 857	4 192	461	1 229	702	3 041
MANNHEIM	2 120	521	1 337	4 242	8 220	1 302	1 592	1 126	5 623
KASSEL									
1) Kassel Region	395	1 516	1 964	6 525	10 400	864	174	413	2 211
2) Bremen	351	- -	- -	21	372	86	34	73	586
<u>TOTAL:</u>	<u>17 132</u>	<u>6 041</u>	<u>10 341</u>	<u>40 305</u>	<u>73 819</u>	<u>9 829</u>	<u>9 522</u>	<u>9 568</u>	<u>19 342</u>

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INTRODUCTION

There is a scene in Hamlet where the king, having treacherously slain his brother, seeks forgiveness in prayer. "Pray can I not" he moans, "since I am still possessed of those effects for which I did the murder." He remarks that he can never be pardoned as long as his heart is unrepentant, and he retains his ill-gotten spoils. The precept that no nation could morally retain the plundered property of its slaughtered victims inspired the formation of the JRSO. By massacre and pillage the Third Reich had sought systematically to destroy the Jews. The possessions of those who perished in the Nazi infernos would not be allowed to rest in German hands, but would, instead, be retrieved to reconstruct the shattered lives of those who survived.

Altruistic principles are not self-enforcing. Whether the humanitarian objective could be achieved amid the smouldering ruins of the vanquished and unregenerate Fuehrer State posed an unprecedented problem. Twelve Jewish organizations, distrustful but determined, decided to accept this challenge. Together they formed a philanthropic body to serve as successor to those who perished without heirs. Five years ago, in the Nazi citadel which spawned the anti-Jewish laws, the Jewish Restitution Successor Organization began its work. Half a decade is a convenient point for pausing to survey and appraise the record.

The restitution of heirless property in the U. S. Zone of Germany is only a small part of a larger mosaic. To understand it properly the entire panorama must be scanned. The pattern is designed to portray a new Germany, remedying some of the wrongs of its predecessor. An important component in the sketch is the return of Jewish property still in existence. Compensation to those whose confiscated property was sold or destroyed and to those unjustly imprisoned or divested by Nazi action of their livelihood, support and health, are other essential elements. Many of the scenes in the tableau are still obscure or are slowly beginning to emerge.

Restitution of Identifiable Property

Long before Germany's capitulation the Allied Powers began considering measures to assure the restitution of property which victims of persecution had surrendered through fear or force. Would-be acquirers were warned by Governments-in-exile and the United Nations that they would never be permitted to retain the spoliated assets. Post-war legislation in the various countries concerned was far from uniform. Even within Germany the four occupying powers could reach no agreement. The United States, for example, favored the appointment of a charitable Jewish successor organization to retrieve the heirless Jewish Property. The British Government, fearing that such funds would support Palestine's attempts to secure independence, opposed this idea. The French argued that heirless assets should go into a common fund which the German Government could then use for persecutees still in Germany. The Soviets were generally unsympathetic to special legislation enforcing property rights.

Finding agreement impossible and further delay unjustifiable the U. S. Government, at the end of 1947, proceeded unilaterally to enact a law for the restitution of identifiable property in the American Zone. All potential heirs, no matter how

remote their relationship to the original owner, were authorized to present claims. The JRSO was designated to recover the unclaimed and, therefore, presumably heirless portion. German courts were entrusted with enforcing the law under the watchful eye of an American appellate tribunal. A year and a half was to pass before the British Zone had a similar law and almost 2½ years before they accepted and appointed a Jewish Trust Corporation. It was March 1952 by the time the French Government was prepared to designate a Jewish successor organization for the French Zone. In the meanwhile the JRSO carried on alone.

Indemnification for Personal Injuries

Even greater disunity was the motif in the realm of indemnification. The objective here was to grant compensation to persons illegally imprisoned and to those who had lost their providers, their means of livelihood or their health at Nazi hands. None of the occupying powers was prepared to legislate for Germany in this field. Stimulated by U. S. prodding, the four States of the U. S. Zone enacted laws at the end of 1949 providing limited indemnity for such losses to a restricted number of persons who could qualify. Those failing to meet rigid dateline and residence requirements were barred, regardless of damage sustained. Enactments in the British and French Zones were completely fragmentary or unsatisfactory. The Soviet Zone sealed itself off and reportedly did little, if anything. Toward the end of 1950 West Berlin followed the U. S. zonal model.

To eliminate the inconsistent multiplicity the three Allied powers urged the new German Government to enact a single indemnification law for Western Germany. The Contractual Agreement, tending to restore German sovereignty, required that legislation at least as favorable as the U. S. zonal laws would be promulgated. This was an important minimum safeguard, yet many thousands of victims remained arbitrarily excluded. The Jewish organizations, mindful of the deplorable inequities, took steps to remedy the situation. United in the "Conference on Jewish Material Claims against Germany" they sought improvements. After prolonged negotiations at the Hague the German Government was, by September 1952, prepared to assure additional concessions admitting large numbers of persecutees who had previously been barred. Untiring representations by the Claims Conference seemed essential reminders that the promise required fulfillment. A year later, at the dramatic final session of the first West German Parliament, the law giving effect to most of these pledges was enacted. On 1 October 1953, more than eight years after war's end, the new law went into effect.

Monetary Claims Against the Reich

The coffers of the Reich had been sated with the stolen savings, securities and jewels of its victims. These assets had disappeared into the German treasury and could no longer be found. The Federal Republic agreed to compensate for such losses but limited its liability. The claim would be paid only if the confiscation took place in Western Germany, and the total bill could not exceed 1.5 billion DM (\$357,000,000). Payments could be spread over a ten year period, depending upon Germany's capacity to pay. Despite these safeguards the law carrying out this pledge to the Allied Governments and the Jewish organizations has not yet been drafted.

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The Claim of the State of Israel

Restitution, indemnification and promised payments for Reich liabilities were confined, almost exclusively, to losses suffered within Germany, or by persons who had been resident in Germany. Millions of East European Jews, whom the German conquerors had tagged for extermination, had been stripped of every earthly possession before they dropped into their unmarked graves. Germany had reaped the ghastly harvest of these systematically itemized effects, which included funds, jewelry, clothing, gold fillings and even toothbrushes. Restoration was impossible. The pitiful remnant which had survived the Nazi holocaust cried out to the world for help and refuge. Only one nation opened its doors without restriction. The new Jewish State of Israel offered a haven to all, so that Jews who had lived in terror might at last be free from persecution.

The financial burden to the fledgling country, which doubled its population within a few years, was staggering. Absorption and rehabilitation of a destitute group, too often shattered in mind and body, imposed an enormous drain on limited resources. While thousands of Jewish refugees dwelled in Israel's overcrowded tents on a bare subsistence level, vanquished Germany was rapidly resuming the economic leadership of Europe. The contrast between the poverty of the victims and the newly-restored wealth of their erstwhile oppressors was striking.

In the late spring of 1951 the Government of Israel called upon the occupying powers to support a payment of collective recompense to the Jewish State. On the eve of the Jewish New Year, the Federal Chancellor Dr. Adenauer invited Israel and representatives of Jewry outside of Israel to confer with the German Government. Jewish public opinion was sharply divided. Abhorrence and distrust tilted with want and hope. The vast majority affirmed that it was more honorable to help those in need than to allow pride to perpetrate plunder. Following the historic meetings at the Hague the Federal Republic promised to provide Israel with 3 billion DM (\$714, 300,000) worth of German goods during the succeeding 12 to 14 years. 450 million DM (\$107,145,000) more would go to the Jewish organizations for relief work outside of Israel.

While all of these events were evolving the JRSO was quietly continuing its pioneer work in Germany. There was no public debate on the morality of JRSO's action. Often, through its trials and tribulations, there was doubt about its prospects for success. After five years, perhaps a sounder judgment can be formed about the wisdom of this novel experiment.

RECOVERY OF HEIRLESS PROPERTY IN THE U. S. ZONE

Finding and Claiming the Property

The most important task confronting the JRSO was how, amid the desolation and ruin of Germany, ~~to discover and claim all of the Jewish property which had changed hands during the dozen-year reign of the thousand-year Reich.~~ The law provided a scant four months from the time the JRSO was authorized to act, in August 1948, to the deadline for filing claims. The filing period for private claimants began in November 1947, but also expired on December 31, 1948.

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There was, therefore, no way for the JRSO to know in advance what would remain unclaimed and presumably heirless. The only way to counter this provision in the law was to claim everything and later sort the wheat from the chaff.

The American Joint Distribution Committee and the Jewish Agency for Palestine provided a small dollar budget, but local personnel and German marks were urgently required to move the organization into high speed motion. Military Government, under the able leadership of General Lucius D. Clay, was prepared to help. Money was advanced from occupation funds to enable the prompt employment of a force of over 300 clerks, typists, investigators and lawyers to work under Jewish supervision and control. All Germans who had been in possession of Jewish property during the Hitler years were required by law to report that fact to Military Government. These reports were made available to the JRSO where a battery of typists working round the clock, pounded out claims in eight copies each at a rate of 2000 per day. At the same time scores of investigators, based at quickly established Regional Offices throughout the Zone, scoured German real estate registries, tax returns, property control offices and official records, to supplement the Military Government information. As the deadline approached, bushels of JRSO claims were raced, as if by Roman charioteers, to the Central Filing Agency in a second-hand army ambulance which served as JRSO transport. When the count was taken, over 163,000 claims had been filed and the JRSO had thereby petitioned for the return of virtually every piece of Jewish property which had been taken in the U. S. Zone since 1933. Nothing has appeared in the past five years to indicate that substantial assets were overlooked in JRSO's desperate rush to safeguard Jewish interests.

The calm came after the storm. The flood of claims had to be sorted and minutely compared with the petitions submitted by former owners or remote heirs, many of whom, without meaning to make the puzzle more perplexing, had changed their names, intermarried, or were unable to recall an exact description of the property sought. The withdrawal of JRSO duplicate claims went on endlessly. Meanwhile extensive investigations were being conducted in an attempt to determine the facts surrounding each confiscation, the value of the property then and now, encumbrances, mortgages, depreciation, mismanagement, improvements, and possible rebuttal to potential defenses to be raised by the restitutor. Frequently the facts were obscured in history or buried in debris.

Amicable Settlements

Despite these handicaps, Jewish lawyers of the JRSO, who had been recruited from their countries of refuge, began to negotiate with German aryanizers summoned to nearly a dozen JRSO offices scattered over an area of 40,000 square miles. The experience soon proved discouraging.

Germans who had been in possession of a Jewish house or business for a decade or more were most reluctant to surrender it to a "foreign" organization. This was particularly true where they had paid the Jewish seller what they considered to be a reasonable price and had not personally coerced him. They, as all Germans, knew that the Jews were selling only because of Nazi pressures, but the concept that the transaction was thereby made voidable was one which the average layman refused to grasp. Their bitterness was deepened by a currency

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reform under the terms of which the claimant was required to repay 1 Deutsch Mark for every 10 Reich Marks which he had received for the property. This currency conversion generated by Germany's war-caused inflation, and essential to German reconstruction, divested all Germans of almost all of their savings. Property holders were not immediately affected unless the property was subject to restitution. These holders blamed the Jewish claimants for their loss and indignantly denounced the entire restitution program. Associations of the so-called "loyal restitutors" were formed to bring about revision of the law. Their outraged voices found an echo in the German courts.

The JRSO was not intimidated by abuse. Every unjust outcry was resisted with determination, and the U. S. Government, as well as the American Court of Restitution Appeals, withstood the German pressures. By fairness coupled with patience and perseverance, JRSO lawyers were able to reach amicable settlement in thousands of cases. Despite these successes it soon became apparent that recovery of property on a piecemeal basis would be a costly and time-consuming process, generating venomous German hostility.

Bulk Settlements

In the summer of 1950 negotiations were begun with the State Governments which were asked to accept the assignment of all remaining JRSO claims in return for reasonable payment. The Governments would then be free to make such settlements as might appear to them to be appropriate.

It is interesting to note that under the terms of the restitution law the State was prohibited from being appointed as a successor organization. Yet the operations of the successor organization soon established that it was preferable to have the claims handled by the State. In 1945, however, no one could have trusted the shattered German Government to make a serious attempt at tracing or evaluating heirless assets. In performing this function the JRSO defined the extent of the claim and gave it a legal foundation. Whether the German Government would eventually have been prepared to make a payment without these facts remains speculative and doubtful.

During the bulk settlement negotiations each State demanded exact lists of the JRSO claims which could be subjected to independent appraisal. Political parties and Cabinets debated the merits at length. If they had any enthusiasm for such settlements they managed successfully to conceal it. By February 1951 the State of Hesse had finally consented to a bulk agreement with the JRSO. The State behaved like a reluctant groom being tugged by an eager JRSO bride, and pushed by an anxious father-in-law in the person of the U. S. High Commissioner. The amount offered to the JRSO was 25 million DM (\$5,952,000) which, after various deductions and deletions, amounted to 17½ million DM (\$4,166,700) in cash. Hesse established its own corporation to act instead of the JRSO in pressing the claims against the restitutors. Two and a half years after the date of the settlement it appeared that the State Corporation would eventually recover almost the amount it had paid, and that its total loss on the transaction would not exceed 10% or 15%.

The small State of Bremen quickly followed suit with a settlement of one and three-quarter million DM (\$416,600). Bavaria was the toughest nut to crack.

Noted as the cradle of national socialism and famed for its peasant-like parsimony, this Southern state evinced a strong disinclination to reach a reasonable agreement. The active support of the High Commissioner, Mr. John J. McCloy--the visible source of U. S. economic aid--had a most persuasive effect. After much anguish on both sides, Bavaria signed an agreement with the JRSO in April 1952 providing for a payment of twenty million DM (\$4,761,900). As of this date only 17,730,000 DM (\$4,221,500) has been paid and debates about part of the balance are in progress.

The responsible officials of Wuerttemberg-Baden, who had been among the mainstays supporting restitution and indemnification, were unalterably opposed to accepting the assignment of JRSO's claims against private persons. They reasoned that the State would be politically unable to enforce restitution demands against its own citizens, and that this breach in the restitution dike would eventually sweep away the entire program. They were prepared, however, to make a settlement for ten million DM (\$2,380,900) for claims against the Federal Government and the State itself.

The light of experience has shown that the fears of Wuerttemberg-Baden were unfounded. The opposite of their prediction has come true. Whereas some representatives of the State Governments had, before the bulk settlements, shown a tendency to oppose restitution, their attitude changed once they were in the position of the claimant and it was in their financial interest to support the law. The justice of the claims only became apparent to the State when the State became the creditor.

By virtue of these agreements with the State Governments the mass of the day-to-day work of the JRSO in the U. S. Zone was completed. The settlement of claims was the most remunerative phase of JRSO activity, but other major concerns remained.

Property Management and Sales

While negotiations with the States were in progress, daily work continued unabated. Almost 1000 pieces of property were recovered. Most often the prudent aryanizer conceded restitution where the asset had been shorn of value. A leaking ruin or a bombed-out wreck was graciously surrendered. These houses and plots, spread over hundreds of villages and towns, had to be managed and sold. Rents had to be collected, repairs made and buyers found. By 1953 JRSO salesmen, co-operating with local brokers, had sold over 800 pieces of realty for almost eight million DM (\$1,904,800). 165 pieces of property, valued at almost five million DM (\$1,190,450), without deducting encumbrances or equitable claims, are still awaiting sale. This includes three million DM (\$714,300) worth of property in Berlin, where the market is highly speculative. (See addenda)

The Recovery of Cultural Property

Despite the concentration on the recovery and disposal of real estate JRSO interest was not confined to monetary returns. The Jewish Cultural Reconstruction

Inc., composed of leading Jewish scholars, had been designated as an operating agent of the JRSO for the purpose of dealing with cultural problems. As early as 1948 the JRSO established a Cultural Property Division to discover and retrieve cultural, artistic and religious objects. The Germans, with characteristic thoroughness, had transported to Germany and carefully stored, the contents of many Jewish libraries, museums and synagogues which the Nazis had plundered in the East. When Germany capitulated, the Allied armies took over these depots. Under JCR's guidance the collections of Judaica, Hebraica, prayer-books, bibles, periodicals and rare books, were carefully screened and sorted. Where former Jewish owners could still be traced, these cherished possessions were returned to them. Over a quarter of a million books were shipped to libraries, schools, Yeshivot and other centers of Jewish learning throughout the world. These fragments of Jewish culture, packed in over 2000 crates, were shared by Jewish students in dozens of countries.

Almost 1000 torah scrolls were recovered and removed from Germany. In Paris a group of scribes tenderly repaired these sacred tables of the law for use in new Jewish settlements in Israel. Those beyond repair received a ritual burial on Jewish soil.

Jewish scholars came from Israel and the United States to continue the search for hidden cultural treasures, and over 10,000 ceremonial objects stolen from synagogues--candlesticks, spice boxes, pointers, torah wrappers, Hanukka lamps, and amulets--were recovered and distributed by joint action of JCR and JRSO.

Nearly 700 works of art, seized by the Gestapo in Jewish museums or homes, were retrieved by the JRSO. After proud exhibition in New York they went to enrich the new museums of Israel. JRSO's participation in salvaging some of the remnants of the Jewish heritage was one of the most gratifying aspects of the restitution program.

Private Claimants Who Missed the Deadline

Historians from Josephus to Churchill have noted that once a common danger has passed, Jewish groups are given to disputing among themselves. This observation was not found to be false where JRSO touched other Jewish interests.

Several thousands of claimants had, for one reason or another, neglected to file their claim for restitution within the thirteen month period prescribed by the law. The highest court ruled that, having neglected to submit their petitions in time, their legal rights were barred. In almost all of these cases the JRSO had filed a timely claim and under the law it was therefore the only claimant entitled to recovery. The belated claimants, feeling expropriated by the JRSO, indignantly demanded that the claims or the proceeds be turned over to them as the rightful owners. The problem thus was whether the general relief interest which JRSO funds were required to serve, outweighed the demand of the possibly negligent former owner or his heirs.

It was clear that if the former owners were themselves aged or in need their demands should promptly be met. Inquiries about the age or financial condition of the claimant, however, or the reasons for his failure to safeguard his rights, encountered fierce resentment. There was also little understanding

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for the fact that the law prohibited assignments by the JRSO and that special licenses and amendments would be required before anything could be done.

After overcoming the legal proscriptions it was finally decided that the JRSO would surrender its claims to all heirs, no matter how remote their relationship, provided they made themselves known before 1 January 1951. This equitable conclusion would give Jewish claimants two years more than was provided by the official deadline. Non-Jewish persecutees, whose property the JRSO could not claim, had no such possibilities. A service charge was to be imposed which varied with the value of the property and the claimant's relationship to the original owner. The more valuable the property and the more remote the kinship the higher would be the cost. The highest possible assessment for the assignment of a claim was 40%. If the case had already been completed 10% more was added, but all charges could be reduced to as low as 5% where there was evidence of hardship.

As might have been expected, considerable numbers of claimants totally ignored the new deadline and only appeared after it, too, had expired. Whether their failure was due to skepticism, apathy, ignorance or factors beyond their control was difficult to determine. Their lateness did not diminish the ardour of their criticism. Again the JRSO agreed to meet their demands, at a slightly increased service charge for the new latecomers. By public announcements the second deadline was fixed for 31 December 1951. Nevertheless, during 1952 the claims continued to come in. There appeared to be a never-ending stream of persons whose interest in their assets seemed to arise only after the JRSO had successfully concluded the case. With consummate patience the deadline was again extended, this time to 1 January 1953, a date more than five years after the law's enactment. The notifications in the press served as only a slight deterrent to the influx of new claimants. Even during 1953 hundreds appeared to demand that assets worth about two million DM (\$576,200) be withheld from general Jewish relief in order to meet their very much belated requests.

Without the timely intervention of the JRSO all of these late claims would have been lost to the former owners forever. The total value of the assets which JRSO gave to some three thousand late claimants reached fourteen and a half million DM (\$3,452,450) of which five million (\$1,190,500) was in cash. It was estimated that an additional three and a half million DM (\$833,350) more would be surrendered to applicants whose proof of the right of inheritance or share in the property was still pending. The Talmud advises: "Into the well which supplies thee with water cast no stones." This admonition went unheeded as far as the equity claimants were concerned. The JRSO action was viewed as expropriation rather than salvation. The service charges were viewed as discriminatory levies. Vilification took the place of gratitude.

Property of the German-Jewish Communities

In 1933 Germany boasted a Jewish population of six hundred thousand. Twenty years later some twenty thousand remained. Most of those who chose to remain in the country of their birth had spent time in a Nazi concentration camp or had been forced to live in terror. The lives of many had been saved by a non-Jewish spouse whose only home was Germany. Just as it was understandable that the more hardy souls would refuse to stay in a country haunted by nightmares,

so it was understandable that many who were old, ill or tired or wandering, would decide to finish their lives where they could speak their native tongue and not be viewed as foreign refugees. Many of these forlorn people lived in the hope that their burden might be eased by restitution or indemnification payments. Others re-established themselves in such trades or professions as they could. They constituted an over-aged group with unusual psychological and social difficulties. They bore the indelible scars of persecution.

In the American Zone the cities of Munich and Frankfurt, with a combined post-war Jewish population of about three and a half thousand, contained the largest congregations. Berlin, which once housed two hundred thousand Jews, now had only seven thousand. The remaining Jews of Germany were huddled in small communities with little, if any, communal life. Spiritual and moral shepherds to tend this desolate flock were scarce. It was a far cry from the proud and wealthy German-Jewish community which had earned the respect of the world in the days before Hitler.

The restitution law envisaged that the property of all Jewish communities and organizations, which Nazi law had dissolved, would be entrusted to the JRSO for distribution. Before the JRSO could be designated as the Jewish successor organization it had to establish that its membership was truly representative of the Jews, and that it therefore qualified to serve as impartial trustee. The newly formed Jewish communities in Germany challenged the scope of JRSO's dominion. They identified themselves with their predecessors and felt that legally and equitably they were the natural recipients of the former communal property. The JRSO, concerned not merely with the requirements of these 3% still remaining in Germany, but also with the other 97% which were included among the potential JRSO beneficiaries, could not share the Gemeinde view. It felt that it could not surrender the communal property to small and often irresponsible groups without consideration for their actual social and welfare needs.

In its attempt to negotiate this problem with the new communities the JRSO began with the premise that wherever there were Jews who wanted a place to pray a suitable synagogue should be available to them; wherever a house was required in which community members might meet it should be provided; and wherever an old-age home was needed it should be established. The communities were already receiving welfare aid from the Joint Distribution Committee which distributed a share of JRSO funds. Yet, in addition, the JRSO felt that cash or income-bearing property should be made available to the communities if it seemed reasonable under the circumstances.

There was deep resentment among the Gemeinden at the idea of their not being allowed to decide for themselves concerning their own needs and what could be made available to the general Jewish interest. They were angered at the idea of being treated as wards by their brethren from abroad. Lively debates ensued and it was not uncommon throughout the Zone to find JRSO and Gemeinde representatives engaged in avid *meum et tuum* discourse.

Gradually settlements began to emerge with most of the communities. Thirteen out of the seventeen larger congregations in the American Zone signed binding agreements concerning the division of the property. In some cases the new community received all of the former communal property and, in addition, as

much as 50% of the property which had formerly been owned by private foundations or trusts. The value of the assets turned over to the communities with which settlement was reached amounted to over three and a half million DM (\$833,350) as compared with the approximately five million DM (\$1,190,500) retained by the JRSO for distribution elsewhere. The four remaining communities, with a membership of less than 1% of the pre-war German-Jewish population, continued adamant. Although at their request mutually acceptable agreements had been drafted, the Gemeinden of Frankfurt, Nuernberg and Fuerth failed to sign. Their reluctance was stimulated by the fourth community, Augsburg, which led the opposition.

In the Bavarian town of Augsburg there now reside less than three dozen German Jews. Until recently they excluded from their congregation about fifty Jews from Poland who had migrated into the Augsburg vicinity. Forty Jews lived in the surrounding villages. By presenting a statement to the German authorities falsely representing that the JRSO had agreed, the Augsburg community contrived to secure for itself the return of 800,000 DM (\$190,480) worth of property which the pre-war Gemeinde of over one thousand had once owned. German courts supported their action. JRSO's attempts to negotiate or arbitrate the problem were completely unavailing. The Augsburg community obstinately rejected all compromise. In order to discharge its trust, the JRSO was impelled to challenge the German decisions which served to place in jeopardy all previous agreements reached with the Gemeinden. For the first time in the five years of its existence, the JRSO was forced to turn to the courts to decide an issue between two Jewish groups. The case is now pending before the American Court of Restitution Appeals where the final decision lies.

The irate voice of Augsburg was not alone in Germany. The State Association of the Bavarian Jewish Communities joined in full chorus in berating the JRSO. The Central Organization of the Jews in Germany challenged the validity of the agreements which the JRSO had already amicably concluded with almost all of the communities. Small groups of Jews appeared, proclaimed themselves a recreated community and demanded their share. Each demanded justice for the others, and last but not least, for itself. Justice was synonymous with property. As the Jews in Germany sought to cut the ground from under the successor organization, the JRSO was reminded of Voltaire's dictum "Defend me from my friends, I can defend myself from my enemies."

B'nai B'rith

Other groups outside of Germany also came forward with claims concerning the former communal or organizational property. One of these was the Supreme Lodge of the B'nai B'rith in Washington D. C. which had assisted in the early formation of a Jewish successor organization.

The Supreme Lodge argued that although a successor organization was a good idea for other properties the Washington Order rather than the JRSO should receive the property of the B'nai B'rith lodges in Germany. The idea of a special successor organization for B'nai B'rith properties was rejected by the U. S. Government. An internal agreement was reached, however, according to which the JRSO would recover the properties, but the proceeds would be turned over to the Supreme Lodge. The Lodge, in turn, promised to distribute the funds in much the same manner as would be done by the JRSO itself, with the greater part being spent for relief work in Israel.

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Pensions

Former community officials, teachers, rabbis and cantors, who would have been entitled to a pension if their Gemeinde had not been destroyed, turned to the JRSO for payment. Although it was the Nazi State which had caused the loss by destroying the living community from which pensions could be paid, the aged and often desperate claimants sought redress from the successor organization. Despite the strong temptation to yield, the JRSO could not consent to using the fragments of Gemeinde property for this purpose.

It refused to spend Jewish relief funds in order to free the German Government of some of its obligations. Instead, the JRSO joined in vigorously pressing the Federal Republic for satisfaction. The Bund finally agreed to pay. Appropriate pension payments were begun and the JRSO joined a "Claims Conference" committee helping to accelerate the pensions program. JRSO's determination, often in the face of harsh criticism, to take the right path rather than the easy path, resulted in a very substantial saving for Jewish charity.

RESTITUTION TO PRIVATE CLAIMANTS

The restitution program dealt primarily with the restoration of property to the former owners or their heirs. Heirless and unclaimed property constituted only a residue. From over sixty countries throughout the world over fifty thousand claimants submitted petitions under the U. S. Zonal law for the return of their houses and businesses. Although buttressed with personal knowledge of the facts, the private claimants, too, encountered the type of opposition faced by the JRSO.

The basic postulates on which the law was founded were constantly attacked by organized German opposition. The only Jewish organizational voice inside Germany to speak for the defense was the JRSO. It served as a constant guardian and champion. As amicus curiae it stood by the side of the claimant when key principles were decided in the Court of Restitution Appeals. The JRSO was accepted in the councils of the legislators when changes in the law were being considered. Co-operation between the American authorities and the JRSO was exemplary. In major policy addresses the High Commissioner Mr. McCloy reaffirmed American determination to carry out the letter and spirit of the law. He warned the Germans that failure to comply would be "an omen of future disaster."

In the Contractual Agreement Germany was given no power to weaken the restitution law. The scheduled addition of German and neutral judges to the American appellate court was held in abeyance pending final ratification of the accord.

By October 1953 official High Commission records showed that over 90% of the claims for the return of specific property had been disposed of. This restored to the persecutees assets evaluated at over eight hundred million DM (\$190,480,000) as the momentous undertaking neared completion. While awaiting the issuance of a new German law providing payments for claims against the Reich, nearly 60% of these monetary demands were also brought to judgment.

It will stand as a tribute to the U. S. Government, the Military Governor, the High Commissioner, and their staffs, as well as the American courts that they had the foresight and capacity to adhere to an ideal under adverse circumstances.

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The intangible aid which the JRSO gave to the private claimants by its presence and vigilance in Germany has been perhaps its most valuable achievement. It served, in the words of the Presiding Justice of the Restitution Court, as "the mainspring of restitution" in helping to drive the program forward.

The Legal Aid Department

In London the Council for the Protection of the Rights and Interests of Jews from Germany sponsored a United Restitution Office to assist private claimants who could not afford to retain counsel. The necessary funds were advanced by the Joint Distribution Committee, the Jewish Agency--operating agents of the JRSO-- and the Central British Fund, one of England's foremost Jewish charities. The URO efforts to establish offices in the U. S. Zone were unavailing, as the American authorities felt that the function envisaged could be performed by the JRSO. At the end of 1948 a Legal Aid Department was, therefore, established by the JRSO to work in collaboration with the URO offices abroad in providing legal services to indigent claimants. After the department was organized, it was allowed almost completely independent management in order to avoid any conflict of interest between JRSO claims and the rights of the private clients.

By 1953 the IAD Jewish supervisors were actively servicing the claims of almost five thousand needy persecutees in Israel, England, the U. S. and other countries. Over four thousand five hundred cases were settled bringing the clients cash or property worth DM 27,300,000 (\$6,500,130). Charging only a modest 5% fee, this department was able to cover its own DM expenditures and leave a slight reserve to help support legal aid in the other zones.

Without the Legal Aid Department, thousands of persecutees might have been forced to abandon their claims for lack of funds. Instead, the department enabled the claimants to help themselves, provided competent professional services at a minimum cost, and served as an excellent illustration of social work at its best.

Cash Received by the JRSO

DM 68,102,000

Global Settlements	62.1%
Cash Settlements	24.9%
Sales	9.7%
Miscellaneous	3.3%

Cash Distributed by the JRSO

JAFP	56 %
AJDC	26.4%
BOE	7.2%
Administration	4.9%
Miscellaneous	2.6%
In Bank	2.9%

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JRSO Report

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JEWISH RESTITUTION SUCCESSOR ORGANIZATION

3 East 54th Street

New York 22, N.Y.

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ANNUAL REPORT

November 1, 1956 - October 31, 1957

maturity, DM 4 million, plus interest in arrears from 1 April 1955 payable over a period of 27 years. After full implementation of the War Damage Claims Law, the Successor Organizations have to decide the best method for liquidation of these holdings at the then prevailing market price, and in view of their delayed maturity.

XII. Jewish Heirless Property in the United States

The last report indicated that the only effective way for the expeditious disposition of JRSO's claims for Jewish heirless property vested by the Office of Alien Property (OAP) lies in a lump sum settlement. OAP insisted that such a settlement would require Congressional authorization. Two bills, H.R. 7830 and S. 1981, have been introduced in order to accomplish this objective. These bills provide for a lump sum settlement of all heirless claims on the basis of \$1 million, 10% of which is reserved for non-Jewish claims. Difficulties have been encountered with certain of the agencies within the Government in connection with the full endorsement of these bills. Efforts are currently pending to obtain the full support of these bills by the Attorney General.

As Congress reconvenes, it will be essential to urge early hearings by the appropriate Senate and House committees. The first six months of 1958 will be decisive in determining whether a lump sum settlement of these claims, and thus fulfillment of the objective approved by Congress, three years ago, will actually be attained.

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JSP/Sept

JEWISH RESTITUTION SUCCESSOR ORGANIZATION

*So compensation
as well as
claim of actual
property*

R E P O R T

November 1, 1957 - October 31, 1959

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3 East 54th Street

New York 22, N.Y.

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The issue is also being tested in cases pending before the "Arbitral Commission on Property, Rights and Interests in Germany", which deals with problems relating to property interests of United Nations nationals. Should the Arbitral Commission decide that properties restituted to UN nationals should not be subjected to the equalization of burdens levy, then this issue would be automatically resolved for the successor organizations as well. A decision of the Arbitral Commission is not expected for a long time.

In the meantime, several actions have been brought by purchasers of JRSO property against the JRGO for payment of the HGA, which was registered on their property and payment of which was claimed by the tax authorities. In almost all cases the JRSO succeeded, with the help of the Federal Ministry of Finance, in obtaining a stay of execution.

Strenuous efforts to convince the Ministry of Finance that the successor organizations must remain completely exempt from the HGA, and not merely as long as they are in possession of the restituted property, are going on.

5. Jewish heirless property in the United States

One of the major problems still unsettled is to find an effective way for the expeditious disposition of JRSO claims for Jewish heirless property vested by the Office of Alien Property (OAP). Legislation is now pending in both houses of Congress relating to a bulk settlement of heirless property claims. The JRSO was not successful in obtaining passage of bulk settlement legislation in the 85th Congress.

JRSO's efforts proved to be more favorable in the 86th Congress. Intensive discussions were initiated with the Department of Justice and with the Bureau of the Budget, with a view toward obtaining a strong administration position in favor of bulk settlement legislation. The Director of the Office of Alien Property stated that he would in fact support such legislation, if the amount of the bulk settlement were reduced to \$500,000, the amount that his office regarded as fair. Since it appeared likely that the views of the Office of Alien Property would be accepted as those of the expert within the Administration and since prompt passage of the legislation seemed essential, this view was accepted and a bill, H.R. 6462, was introduced by Congressman Isidore Dollinger calling for a settlement on that basis.

Since independent legislation seemed unlikely in the Senate, an amendment to a bill dealing with other Trading With the Enemy Act matters was introduced in the Senate. As of the summer of 1959, therefore, two legislative items were pending, one being H.R. 6462 in the House of Representatives and the other being Section 12 of S. 672.

Hearings were held on H.R. 6462 and a favorable Subcommittee report was filed, which was approved by the full House Committee on Interstate and Foreign Commerce. However, the desire of some of the Congressmen for more complete discussion than was possible at the very end of the last session resulted in the bill being held over, to be reported out at the beginning of the second session of the present Congress, which opens in January 1960.

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On the Senate side, testimony in favor of Section 12 of S. 672 was given by Senator Javits, and there was some indication of a favorable attitude.

It appears likely that the House of Representatives will act first on the bulk settlement legislation, and that there is a substantial chance that it will be enacted. If the House acts favorably, the chances are also that the Senate will pass the legislation.

III. Allocation and Utilization of JRSO Funds

1. Schedule of allocations

Total allocations of funds available for distribution have now reached DM 103,000,000, of which DM 3,000,000 have been committed during the reporting period. The beneficiaries of JRSO funds share in this amount as follows:

	<u>Total Allocated</u>	<u>Paid during reporting period</u>
Jewish Agency for Israel	DM 64,186,000	DM 1,708,500
American Jewish Joint Distribution Committee	31,614,000	841,500
Council of Jews from Germany	5,280,000	2,085,001
Religious Projects in Israel	1,920,000	536,420
	<u>DM 103,000,000</u>	<u>DM 5,171,421</u>

In addition to the allocation of these funds, the JRSO approved and paid in October 1953 a special allocation of \$200,000 towards programs for the care of the aged administered by Help and Reconstruction in New York City.

2. Utilization of funds

A description of the utilization of funds by the beneficiaries of JRSO grants follows:

A. Jewish Agency for Israel

The major beneficiary of JRSO funds was the Jewish Agency for Israel, which is the foremost organization in that country responsible for the settlement and integration of immigrants. JRSO allocations go in contribution to the programs for the absorption and resettlement of Nazi victims in Israel. The audited statement of Jewish Agency expenditures for the period October 1, 1956 to September 30, 1959, covering agricultural settlement, absorption and housing of immigrants, and youth immigration shows outlays aggregating IL 391,204,592 (\$241,531,205). The JRSO contribution toward these programs was DM 10,846,551 (\$2,582,512). (See Annex "M")

Immigration to Israel reached 133,782 during the three-year period and some 54 per cent of the immigrants, principally Nazi victims, came from Europe. The absorption of the immigrants met with special difficulties in several respects. On the one hand, the immigrants included a large number of professional workers, and wherever possible, special consideration was extended to them in the form of loans, housing, Hebrew courses, etc., in

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*Camps Reports
Stanford Evers*

FINAL REPORT
OF
MAJOR ABRAHAM S. HYMAN

ACTING ADVISER ON JEWISH AFFAIRS
TO US COMMANDS GERMANY AND AUSTRIA

HEIDELBERG, GERMANY

JANUARY 30, 1950

326625

January 30, 1950

TO: American Jewish Committee
American Joint Distribution Committee
Jewish Agency for Palestine
World Jewish Congress

In his final report of November 1, 1949 Mr. Greenstein gave you a resume of the developments in the US Zones of occupation during the period he served as Adviser on Jewish Affairs. His tour of duty ended on October 15, 1949. In this report I will indicate the developments between October 15 and December 31, 1949 (the date our office formally closed) and give you my estimate of the present situation in Germany and Austria.

I shall take up the matter in the following order:

I. Developments in Germany and Austria between October 15 and December 31, 1949.

- a. Resettlement
- b. Infiltration
- c. Removal of Pre-fabricated Houses
- d. Legislation Affecting DPs
- e. Restitution - Germany
- f. Restitution - Austria
- g. Equalization of War Burdens
- h. Adenauer and Heuss Interviews
- i. Publication of Records of Trial of Major Nurnberg War Crimes Cases
- j. Completion of Talmud
- k. Oberammergau Passion Play
- l. Developments on Coordinating Committee Proposed at Heidelberg Conference of July 31, 1949

II. Estimate of Present Situation in Germany and Austria

- a. DP Population as of December 31, 1949
- b. Comments on Permanent German Jewish communities
- c. Comments on Permanent Austrian Jewish communities
- d. Observations on the Ultimate Solution of the DP Problem

III. Creation of Coordinating Group for the US Zone, Germany

IV. Appreciations

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e. Restitution - Germany

(1) Request for repeal of zonal laws.

It was inevitable that sooner or later the dormant hostility to the zonal restitution laws would come to the surface. The first serious sign of this hostility appeared on November 4, 1949, when the Freie Demokratische Partei introduced a resolution in the Bundestag (Parliament) requesting permission of the occupation authorities to substitute a Federal restitution law for the zonal laws and to hold all restitution cases in abeyance, pending the adoption of such a law.

In presenting the resolution the party spokesman urged that it was imperative to have uniformity throughout Western Germany in the field of restitution. Actually, uniformity has, in a large measure, already been achieved. The restitution laws in effect in the US Zone, in the British Zone and in the Western sectors of Berlin are virtually identical and the French authorities are reputed to be working on revisions of their zonal law to bring it in line with the others.

The resolution proved to be only a trial balloon and was not presented on the floor for debate. However, we felt that we could not ignore this maneuver; first, because to do so would encourage other parties to consolidate their strength in a drive to dilute the restitution laws (which is the real motive for the requested change); and, second, it was represented to us that the expectations on the part of potential restitutors that a watered-down law might pass was having a dampening effect on the amicable settlement of restitution claims.

I presented the matter to Mr. McCloy who readily agreed that the situation called for a declaration of policy on his part. On December 19 he announced through the press that no material changes in the restitution law were contemplated.

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(2) Administrative changes in restitution.

To replace the Board of Review which had been established as the court of last resort under the restitution law, and which was recently abolished, a restitution panel has been set up in the US Zone. The panel consists of one member of the present United States Court of Appeals for Germany and one former member of the Board of Review. I am reliably informed that the general attitudes of these men towards the problem of restitution are very healthy.

In line with his determination to prevent the restitution law from bogging down because of delays in litigation, Mr. McCloy appointed in December a court expediter as a member of his legal staff, whose sole function it will be to follow the progress of restitution cases through the courts and to make recommendations to speed up their final disposition.

f. Restitution - Austria

(1) Proposed amendment of the Third Restitution Law

In Austria the restitution picture has worsened. There had been mounting opposition to Austria's basic restitution law (the Third) and it was a foregone conclusion that a victory for the extreme right wing in the October elections would be followed by parliamentary action to weaken the law in favor of the present holders of Aryanized property. The victorious neo-Nazi Independent party apparently considered it politically inexpedient to take the initiative in this field. However, the right wing "boys" of the Volks-partei lost no time to propose a number of amendments which strike at the very roots of the Austrian restitution law.

In essence, the law as it stands today provides for the return of property transferred by a persecutee during the period of the Anschluss, except in those cases where the Aryanizer can affirmatively show that the transaction would have taken place in the absence of National Socialism. The proposed amendments would replace the legal presumption of confiscation by the

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rule that restitution is mandatory only in cases where the price was inadequate or where the seller was not free to select his purchaser; would require the return of the purchase price irrespective of the seller's power of disposition over the proceeds of the sale; would dispense with the provision that one of the assessors in the Restitution Chambers must be a member of a persecutee class; and would permit the review of all adjudicated cases in the light of the law as amended. Experts who work in the field of restitution in Austria maintain that the adoption of these amendments would be tantamount to a repeal of the Third Restitution Law.

In the meantime the Austrian press has thrown its full weight behind the proposed amendments. The effect of the mere introduction of the measure has already been felt by those who have reacquired their property. They complain that they find it difficult to resell it because of the existing threat that title of the property may, if the amendments are adopted, revert to the former owners.

In connection with this subject it should be noted that if the Austrian parliament passes these amendments they will become law unless the occupying powers unanimously disapprove them. The implications of this are clear. Every effort must be made that US Element in Austria exert its influence to have these amendments withdrawn. There is every reason to believe that if they are put to a vote they will be adopted and ultimately ratified.

(2) Disposition of heirless property.

No progress has been made in the creation of an heirless property fund. The most recent "wrinkle" of the Austrian authorities seems to be that since the proposed treaty with Austria deals with this subject they are compelled to wait until the treaty is adopted. Their so-called conscience would trouble them, they say, if they did anything inconsistent with the treaty provisions.

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IRO File 3850

MINUTES OF MEETING OF
PCIRO-MERCHANDISING ADVISORY COMMITTEE

May 27, 1948 3:00 P.M.
119 West 40th Street, N.Y.

Minutes of the meeting of the Merchandising Advisory Committee held on Thursday, March 4th were approved as mailed.

Minutes of the Executive Committee meeting held Monday, May 3rd, were approved as mailed.

The Chairman reported that the following sales had been made to date:

- (a) Stamp auction held by H.R. Harmer Inc, which yielded a gross return of approximately \$17,500, and a net return (after commissions) of approximately \$14,000.
- (b) Gold in the possession of the Committee has been sold to the United States Treasury amounting to \$26,586.20.
- (c) Platinum in the hands of the Committee has been sold in the amount of \$10,636.30.
- (d) \$45,000 has been received on account of mixed lots of gold, palladium, platinum and silver which are in process of being refined and separated at Irvington Smelting and Refining Works.

A financial report was rendered (copy of which is attached.) The indeterminate amount of the Accounts Receivable from Irvington arises from the fact that settlement cannot be completed until the assay is finished. Auction terms usually call for settlement thirty days after the auction, hence the Harmer Account Receivable.

The Chairman reported on the details of two contracts entered into with Parke-Bernet, one for the sale of diamonds and diamond jewelry and one for the sale of silver, ceramics and gold jewelry. The sales covered by these

contracts will be held beginning June 21st and ending June 25th. Diamonds and diamond jewelry will be sold on the 21st and 22nd, and the balance of the week will be devoted to the remainder of the merchandise. All sales will be at 2:00 o'clock in the afternoon with the exception of Thursday, when a morning sale will be held as well as an afternoon sale.

The Chairman reported that he planned to enter into a contract with Henry Grunthal for an auction of coins in the possession of the Committee, in October.

The report on the saleability of the silver made by Parke-Bernet is completely at variance with trade experts who had previously viewed the silver. Parke-Bernet's inspection to date indicates that perhaps 90% of the large silver items, such as plates, platters, candlesticks etc. can be profitably sold after payment of duties. Their report on the ceramics on the other hand was disappointing. Whereas previously, trade experts thought it was our best category, Parke-Bernet estimates that only about half of it will be suitable for sale at auction in their auction rooms.

In the expectation that the forthcoming auctions will be successful, arrangements are being made for Parke-Bernet to process additional lots of silver and ceramics beyond those to be sold at that auction. It was reported that in the event the forthcoming auction is successful plans will be made not only for additional auctions in New York but for auctions in other cities.

The Chairman reported that Parke-Bernet had agreed to grade, measure and appraise the rug stock in the hands of the Committee without charge.

The Chairman reported on discussion that he had had with Willoughby's in New York pertaining to the sale of cameras, lenses and allied articles.

He stated that Willoughby's had offered to dispose of them publicly on a non-profit basis with merely reimbursement for out-of-pocket expenses which were estimated at not more than 10% of the proceeds of the sale. The Chairman was authorized to conclude an agreement with Willoughby's along the line outlined.

No action has as yet been taken on the disposal of the securities in the possession of the Committee. It was reported that Loeb Rhoades & Co. and Kuhn Loeb & Co. were both working on the problem.

The Chairman reported that a number of refugees had written and telephoned to his office asking for the privilege of inspecting the stocks in the hands of the Committee because of the possibility that some of the possessions which had been taken from them were included in the Committee's stocks. Allan Kramer of Sullivan and Cromwell advised the Committee that he saw no basis of successful action of claimants for goods and in answer to a specific question from one member of the Committee said that in his opinion the members of the Committee had no legal liability to any possible claims by virtue of any action taken by the Committee in disposing of this property.

The Chairman reported on a meeting that he had had with officials of the Jewish Agency and the Joint Distribution Committee, at which he advised them of the probable results of the disposal of the merchandise. He stated he had asked both organizations to give him any suggestions or advice which they might have and to feel free to suggest any experts that might be called in order to increase the amounts which might be realized through the disposal of the property which we have. To date neither organization has made any suggestions to the Committee.

The meeting adjourned at 4:30 P.M.

R. C. KRAMER
Chairman

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P.C.I.R.O.-MERCHANDISING ADVISORY COMMITTEE

FINANCIAL REPORT

CASH RECEIVED

Working Funds from P.C.I.R.O.	\$ 10,000.00
Partial Payments from Irvington Refinery on metals smelted	45,000.00
Proceeds from 115 oz. platinum sold through Bache & Co. @ \$92/oz.	10,636.30
Proceeds from U.S. Treasury for gold sold	<u>26,586.20</u>
TOTAL CASH RECEIVED TO May 26, 1948	\$ 92,222.50

CASH DISBURSED

Expense	<u>200.00</u>
CASH BALANCE May 26, 1948	<u>\$ 92,022.50</u>

* * *

ACCOUNTS RECEIVABLE

From Harmer and Co. (approximately)	\$ 14,000.00
From Irvington Refinery	Undetermined

ACCOUNTS PAYABLE

Accrued expense (approximately)	250.00
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326633

MEMORANDUM TO: MR. R.C. KRAMER

FROM: MR. D.L. ROLBEIN

SUBJECT: W A T C H E S.

DATE: April 9, 1948

Included in the non-monetary gold received by the PCIRO from the military authorities in Germany and Austria are approximately 75,000 watches. Because of the method of turn-over it has been impossible to make an accurate inventory of these watches. The IRO staff believes that the following information with respect to this merchandise is reasonably accurate:

1. About 5,000 watches are new; remainder are used, varying in condition from good to very bad.
2. At least 60% of the total are men's watches.
3. Men's watches are predominately pocket-types, women's watches are mostly lapel and wrist types.
4. Cases are divided almost equally among gold, silver and cheaper metals. The men's watch cases are usually very thick and heavy unlike the types usually sold in the U.S.
5. Makes of movements range from Patek Philippe and similar grades to the European prototype of the Ingersol.
6. No information is available on the running condition of the watches nor is it possible to state whether repairs could be easily effected on a large or small number.
7. The watches are generally not marked with country of origin, name of importer, number of jewels and adjustments, etc., as required by the U.S. Customs regulations.

At present the watches are in the free port of New York at Staten Island. We had hoped to bring them into a New York City warehouse prior to making customs entry so that we might obtain informed opinion on the saleability of the merchandise in the U.S. and on the advisability of paying relatively high duties on them. At that time we hoped to obtain sufficient information on these watches to lighten considerably the load of work required upon entry. Entry requires that invoices be prepared listing each watch separately with all pertinent information as to make, jewels, adjustments, type of case, value,

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SUBJECT: W A T C H E S (Continued)

etc. In addition the watches must be marked at the time of entry. The Customs law, while permitting such segregation in a warehouse, requires that each watch be listed separately regardless of ultimate disposition. Thus, even if it were decided that 75% of these watches should be destroyed or otherwise removed from the U.S., it would still be necessary to list each watch individually.

This procedure is impractical both from the point of view of time required for inspection and preparation of invoices as well as from the standpoint of cost of such work. Also, since it is highly likely that an overwhelming proportion of these watches are of types not suitable for the U.S. market, it would be wasteful to spend much time inspecting them.

An alternative procedure would be to have some informed persons examine all the watches at the Foreign Trade Zone prior to entry into Customs territory. This would permit elimination of watches which should not be entered into the U.S. and would provide sufficient information on the others to determine whether they should be re-exported, broken up for the metal value of the cases (either destroying or saving movements depending upon condition and saleability), or sold at auction at the free port. This is a lengthy task itself.

Another procedure would involve only a sampling of the watches at the free port and making a determination upon the basis of that sample.

In either case, it seems advisable that persons in the trade be consulted to request their aid in inspecting the watches now in the Foreign Aid Zone, to obtain their opinion on future procedures with respect to our Customs problem and with respect to the advisability of importing watches of the types indicated into the U.S.

326635

May 14, 1948

TO ALL COMMITTEE MEMBERS:

I have advised you previously both in oral and written statements that virtually all of the trade experts that have viewed the silver and the gold jewelry have advised melting both categories because it was improbable that they could be sold for a sufficient sum in excess of bullion value plus duty and handling charge.

After the last Executive Committee meeting I arranged for the Parke-Bernet Galleries to send some experts to view the silver and subsequently to view the gold jewelry. Their report was diametrically opposite to that of virtually all the experts that I had previously asked to look at the merchandise. They are extremely confident that a sizable quantity of the merchandise can be sold at auction in their galleries so as to realize substantially more than the bullion value, duty and handling charge.

While I have hesitated to disregard the opinion of a number of authoritative people who advocated turning the goods into bullion, nevertheless the estimates as to what Parke-Bernet could do in a sale based on their previous experience, would yield so much more money if they were realized, that I have entered into a contract with them for two sales: (1) to be composed exclusively of precious stones and good jewelry, and (2) to be composed of silver, china, glass and gold jewelry.

The tentative dates of these sales are the week of June 14th for the jewelry sale (opening on the 15th) and the week of June 21st for the silver sale (opening on the 22nd.) These dates are tentative because there is an enormous amount of work to be done to meet the necessary deadlines.

I have asked for these dates because I feel it highly important that we find out whether this is a satisfactory method of disposal or not at the earliest possible moment.

Mr. Gabriel Ferras
c/o French Financial Attache
39 Broadway
New York, N.Y.

R. C. KRAMER
Chairman

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A meeting of the Merchandising Advisory Committee to the Preparatory Commission of the International Refugee Organization was held at 119 West 40th Street, New York, N.Y., on Thursday, March 4th at 3:00 P.M.

Present: Arthur W. Beamand
 Russell P. Bygel
 Gabriel Ferras
 David Freudenthal
 Joseph Kasper
 R.C. Kramer
 Robert McKim
 Edwin Marks
 Edward Mitten
 B. Earl Puckett

Also present were Abba Schwartz and David Rolbein of the I.R.O. Staff, Allan Kramer and Francis M. Gerli.

R. C. Kramer acted as Chairman and F.M. Gerli acted as Secretary.

The Chairman reviewed the origin of the project and the relationship of the Merchandising Advisory Committee to PC-IRO. He described the character of the merchandise to be administered by the Committee, classifying it into the following five major groups:

1. Jewelry and precious stones.
2. Silver and hollow-ware.
3. Rugs.
4. China and glass.
5. Miscellaneous (stamps, coins, securities, etc.).

He reported that all merchandise, with the exception of certain categories of the miscellaneous group which by their nature are admissible into the United States free of duty, is still in bond in the free port of Staten Island; that a strong attempt had been made to have the merchandise in all the groups admitted free of duty, but that technicalities of the United States Customs laws could not be circumvented without special Congressional action,

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even though the Customs authorities and the State Department were most sympathetic. The Department of State had offered to have this legislation introduced, but this offer was not accepted on the advice of allied agencies and public relations counsels.

The Chairman stated that he, together with several people technically familiar with the type of merchandise in inventory, had made several examinations of portions of the merchandise in each classification. Prior thereto, it had been his thought to dispose of the items by direct sale to the public. But after examining the merchandise and upon further investigation, the following problems, which he believed insurmountable, immediately presented themselves:

1. The heterogeneous nature of the collection in each group makes impossible an accurate inventory within a reasonable time.
2. No agency equipped to handle such a sale, exists.
3. No location will be available until the end of 1949.
4. The cost of operation would be prohibitive.
5. Advice of public relations counsel etc., is that minimum publicity be given to the origin of the merchandise because of existing racial and religious prejudice.

In view of the foregoing, the Chairman stated that he had eliminated the possibility of a sale direct to the public, and, in lieu thereof, recommended that the following procedures be carried out:

1. The coins, stamps and manufacturing diamonds be sold at public auction.

2. The securities be sold through regular market channels.
3. The diamonds be sold via the customary sealed bid method employed in the diamond trade with minimum upset prices on each lot.
4. The remainder of the merchandise be removed to bonded warehouse, where facilities are available for examination.
5. Technical committees, composed of primary and retail experts in each group, be appointed by the Executive Committee, to appraise, price, and advise on the best marketing channels.

The Chairman asked if any members of the Committee had any suggestions to make to this general plan of procedure.

After discussion, the recommendations of the Chairman were adopted.

The Chairman stated that in order to best carry out the objectives of the Committee, he believed that an Executive Committee should be appointed, composed of three members, in addition to the Chairman, and authorized to act for the Committee in matters of immediate moment when it would not be possible to assemble the entire Committee in session.

Messrs. Kasper, McKim, Puckett and Kramer were thereupon appointed to the Executive Committee.

The Chairman reported that he had been negotiating with H.R. Harmer, Inc., international stamp auctioneers and the foremost agency in New York, for the disposal of the stamps, and that they had offered to assort, catalogue, advertise and sell at public auction for a commission of 20% of the gross return, with H.R. Harmer Inc. bearing all expense involved. He reported

that it was usual procedure in such sales to make known the background of stamps, and that facts here involved would not be considered objectionable among stamp collectors.

On motion duly made, seconded and unanimously carried, the sale of the stamps at auction by H.R. Harmer Inc. for a commission of 20% of the gross return was approved with the provision that adequate security measures be employed.

The Chairman stated that Sullivan and Cromwell, Esqs., had offered to serve gratis as counsel for the Committee.

On motion duly made, seconded and unanimously carried, Sullivan and Cromwell Esqs. were appointed counsel for the Committee.

The Chairman stated that Price Waterhouse & Company, Certified Public Accountants, had offered to serve gratis as auditors for the Committee.

On motion duly made, seconded and unanimously carried, Price Waterhouse & Company, Certified Public Accountants, were appointed auditors for the Committee.

On motion duly made, seconded and unanimously carried, S.D. Leidesdorf was elected Treasurer of the Committee.

The Chairman stated that Globe Shipping Company had offered to serve gratis as Customs Brokers for the Committee.

On motion duly made, seconded and unanimously carried, Globe Shipping Company was appointed Customs Brokers for the Committee.

On motion duly made, seconded and unanimously carried, it was

RESOLVED, that Marine Midland Trust Company of New York be and they are hereby designated as a depository of funds of PC-IRO, and they are authorized and directed to pay or otherwise honor any checks and orders for the transfer of any such funds executed in the name of PC-IRO when signed by R.C. Kramer, Chairman, and S.D. Leidesdorf, Treasurer, jointly, or by the Chairman

jointly, or the Treasurer jointly, with such other names as are approved by the Executive Committee.

The Chairman advised that he had received \$10,000 from PC-IRO with which to open the account, and that PC-IRO had directed that moneys resulting from the disposal of merchandise be deposited in the Committee's account, and all moneys in excess of \$100,000 so deposited, be forwarded to PC-IRO.

The Chairman stated that the Guaranty Trust Company had offered their safekeeping facilities gratis.

On motion duly made, seconded and unanimously carried, the use of the safekeeping facilities of the Guaranty Trust Company was approved and access thereto by R.C. Kramer, Chairman, or such other persons as designated by the Executive Committee, was approved.

The Chairman stated that the securities referred to were, with very few exceptions, of unknown value. He recommended that they be forwarded to Carl M. Loeb Rhoades and Company who are particularly familiar with foreign securities, for evaluation and subsequent sale.

On motion duly made, seconded and unanimously carried, lists of the securities were authorized to be sent to Carl M. Loeb Rhoades and Company for sale, with the proviso that selling prices would be checked with at least one other banking firm that was a member of the New York Stock Exchange.

There being no further business, the meeting was on motion duly made, seconded and unanimously carried, adjourned.

Francis M. Gerli
Secretary

326641

MINUTES OF MEETING OF
PCIRO--MERCHANDISING ADVISORY COMMITTEE

May 27, 1948 3:00 P.M.
119 West 40th Street, N.Y.

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- (c) Platinum in the hands of the Committee has been sold in the amount of \$10,636.30.
- (d) \$45,000 has been received on account of mixed lots of gold, palladium, platinum and silver which are in process of being refined and separated at Irvington Smelting and Refining Works.

A financial report was rendered (copy of which is attached.) The indeterminate amount of the Accounts Receivable from Irvington arises from the fact that settlement cannot be completed until the assay is finished. Auction terms usually call for settlement thirty days after the auction, hence the Harmer Account Receivable.

The Chairman reported on the details of two contracts entered into with Parke-Bernet, one for the sale of diamonds and diamond jewelry and one for the sale of silver, ceramics and gold jewelry. The sales covered by these

contracts will be held beginning June 21st and ending June 25th. Diamonds and diamond jewelry will be sold on the 21st and 22nd, and the balance of the week will be devoted to the remainder of the merchandise. All sales will be at 2:00 o'clock in the afternoon with the exception of Thursday, when a morning sale will be held as well as an afternoon sale.

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The meeting adjourned at 4:30 P.M.

R. C. KRAMER
Chairman

326644

P.C.I.R.O.-MERCHANDISING ADVISORY COMMITTEE

FINANCIAL REPORT

CASH RECEIVED

Working Funds from P.C.I.R.O.	\$ 10,000.00
Partial Payments from Irvington Refinery on metals smelted	45,000.00
Proceeds from 115 oz. platinum sold through Bache & Co, @ \$92/oz.	10,636.30
Proceeds from U.S. Treasury for gold sold	<u>26,586.20</u>
TOTAL CASH RECEIVED TO May 26, 1948	\$ 92,222.50

CASH DISBURSED

Expense	<u>200.00</u>
CASH BALANCE May 26, 1948	<u>\$ 92,022.50</u>

* * *

ACCOUNTS RECEIVABLE

From Harmer and Co. (approximately)	\$ 14,000.00
From Irvington Refinery	Undetermined

ACCOUNTS PAYABLE

Accrued expense (approximately)	250.00
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326645

JDC AR 45/64
File 3850

MERCHANDISING ADVISORY COMMITTEE
TO THE
PREPARATORY COMMISSION
INTERNATIONAL REFUGEE ORGANIZATION
119 West 40 St., N.Y.

I.R.O.
Merchandise
Advisory
Schwartz

MEMO TO:

May 28, 1948

Messrs. Harold Linder ✓
Moses A. Leavitt

Joint Distribution Committee
270 Madison Avenue, N.Y.

Iver Linton
Gottlieb Hammer

Jewish Agency for Palestine
16 East 66th Street, N.Y.

With

As the principal beneficiaries of the proceeds from the sale of the goods that have been entrusted to our Committee, I know you have a very keen interest in realizing the maximum sums of money from their disposition.

Because I felt there might be some misconceptions as to the amount of money that might be ultimately realized, I invited you gentlemen to meet with Mr. Rolbein of the I.R.O. and myself, on May 6th to review my thoughts at that time as to the probable results that would be secured, and the problems that were being encountered.

At that time I invited from you any suggestions, criticism or help in any way that would lead to a more constructive result than the Committee was achieving. I have not thus far had any further word from any of the participants of that conference.

In order that you may at all times feel informed, I plan to distribute to you minutes of meetings that may be held from time to time and I am including with this letter copies of minutes and memos that have been sent to members of our Committee to date.

If it is agreeable to you I would like in the future to invite you to all meetings of the Committee, so that you may be fully aware of what is going on. If you will advise me of the names of the people in your respective organizations to which the invitation should be directed, I will see that one is sent in the future.

I want you to feel free to make such inquiries into the work of the Committee as you may desire, and any suggestions that may occur to you that will enable the Committee to do a more satisfactory job for its beneficiaries.

R. C. Kramer
R. C. KRAMER
Chairman

MEETING OF THE EXECUTIVE COMMITTEE
OF
PC-IRO MERCHANDISING ADVISORY COMMITTEE

MAY 3rd, 1948

PRESENT: Messrs. Robert McKim
B. Earl Puckett
R.C. Kramer

Mr. Joseph Kasper, the remaining member, was reported to be out of town.

The Chairman reviewed the general problems on the matter of disposition. He reported that the quality of most of the classifications was running below the quality that had been anticipated. It was the exception to find high-grade merchandise in any of the classifications. An unexpectedly large proportion of classifications were of extremely low grade.

He reported that the vast quantities involved were tending to be self-defeating. For example, a price of perhaps five dollars could be received for four or five Marie Theresa thalers, but since we had several hundred, probably only the bullion content could be realized for most of them. While a market might be found for relatively small quantities of loose tableware, the physical problems involved in handling twenty-two tons of it made it extremely difficult to merchandise it profitably. "Pearls" were a similar problem. There were bags weighing 50-60 pounds of loose "pearls" but they were a mixture of cultured, simulated, glass, worn-out "pearls." It was conceivable that a genuine pearl of value might be in the individual bags but the physical problem and cost of examining the hundreds of pounds of "pearls" made it highly questionable whether an analysis would be warranted.

The Chairman reported that a floor had been leased in the Sofia Building, Columbus Circle, N.Y., and that as merchandise was cleared through Customs it would be on exhibit there for viewing by prospective buyers. It

was expected that the china and glassware would be ready for viewing within a few days.

The Committee discussed a number of individual classifications, summarized as follows:

SILVER: Silver consists of approximately 22 tons of loose flatware, tens of thousands of pieces of hollow-ware and some 500 sets of silver. The 22 tons of loose flatware is packed in large crates. Each crate is composed of mixtures of all sorts of flatware with no segregation by pattern, condition, quality, value or silver content. The opinion that had been received thus far from Black Starr and Gorham, National Silver and several independent experts was that the silver should be consigned to a refinery for smelting.

Under Customs law each piece of silver must be marked with country of origin and silver content, a flat duty per piece paid and an ad valorem duty paid. The expense of going through these essential activities makes it dubious that as much money would be realized by bringing in this loose flatware as would be obtained by turning it into bullion.

It was determined to take the following steps:

- (a) Consign 5% to a refinery to determine how much would be realized if it were all turned into bullion.
- (b) After the bullion content of the 5% had been made known, to conduct an auction in the Free Port of another 5% to determine whether more money would be realized by sale at the Free Port than would be realized by turning the silver into bullion.
- (c) Bring in a small sample of 2 or 3% in precisely the manner in which it is presently packed, go to the expense of marking, paying duty, cleaning and sorting to determine whether despite the obstacles it is a feasible operation to dispose of it under these conditions.
- (d) Have a representative sample of cases sorted to determine whether it is feasible to salvage individual pieces of value and melt the balance.

HOLLOW-WARE: It was reported that four experts were to view the hollow-ware and silver sets the day after the meeting. That review has been made and the tentative report indicates that it will be worth while to go to the expense of marking and paying duty on a substantial part of the hollow-ware. It will require analysis of each individual piece and the present estimate is that perhaps two-thirds can be brought in successfully and the one-third balance should be melted.

SETS OF SILVERWARE: It is probable that it will be worth while to pay the duty on the sets of silver and offer them at auction at the Parke-Bernet Galleries in New York.

JEWELRY: The Chairman reported that the committee of manufacturing jewelers had reviewed each piece of valuable jewelry to determine whether it is more desirable to bring in the jewelry as such and pay duty thereon, or more desirable to break it up into its precious metal and precious stone components. The jewelers' committee has recommended that approximately 75% of the individual pieces of jewelry be broken up. The jewelry that has been recommended to be broken up is being reviewed by retailers to determine whether in their judgment, the decision of the manufacturing jewelers is proper.

It was reported that slightly more than 6500 carats of diamonds had been cleaned. The diamonds are predominantly of very small size, the overwhelming majority being less than 1/2 carat. The details of the proposed sealed bid auction were discussed and approved by the committee.

There are vast quantities of gold jewelry in the consignment. The Chairman outlined the problems in connection with the gold jewelry, from the standpoint of Customs. A simplified case will be cited here, so the committee might understand the problem that is involved not only in gold jewelry but in the jewelry containing precious stones:

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Assume a gold bracelet has \$20 worth of gold in it. Customs agree to a valuation on the basis of gold content plus 10%. The price of the article for Customs purposes therefore would be \$22. A 50% duty would mean an \$11 duty payment. It was found on investigation that similar merchandise could be manufactured in the United States for gold value plus approximately 30%. It is apparent therefore that the Committee will realize more money by melting the bracelet than by paying the duty of \$11 and competing with a manufacturer who can make the same article for approximately \$26. The more valuable the piece of jewelry, whether it be in precious metal content or precious stones, the more difficult becomes the problem of competing, because of the necessity of paying duty on gold, diamonds, platinum and similar valuables.

Practically all of the gold jewelry including such items as bracelets, pins, cigarette cases and vanity cases will have to be sold as gold rather than as jewelry. On the other hand, items of jewelry that had a relatively low intrinsic value were being brought in as is, and duty paid, e.g. some thousands of relatively inexpensive rings on which a valuation for duty purposes of substantially less than \$2 was placed.

It was reported that there were approximately 1000 pieces of so-called antique jewelry, of the type similar to that reportedly sold in fairly substantial quantities by such a store as Bergdorf Goodman and Hammer Galleries.

There was considerable discussion as to the method by which this jewelry could be sold most advantageously including discussions on making consignments to stores who had the reputation for selling quantities of this type of jewelry. Decision was reserved until the jewelry could be inspected

by representatives of other members of the Committee.

WATCHES: Attached is a memo on the subject of watches. This is among our most difficult problems and no solution to it has as yet been found.

There was a discussion as to the possibility of re-exporting some of the merchandise, such as watches and silverware, which appeared to have no ready market as is, in the United States. It was reported that this problem had been thoroughly explored. Certain countries have forbidden the entry of this merchandise under any conditions. For example, Switzerland has forbidden the entry of any of the watches. The Customs laws in other countries would probably be at least as strict as those of the United States but foreign Customs officers might not have the same sympathetic attitude toward our problem that the Customs office in New York displayed to the problem here. There is no staff or organization in a foreign country that could aid in its liquidation even assuming it were feasible to export. But overwhelmingly important is the fact that it is essential to get hard currency for use by the IRO. The possibility of receiving extremely small return for some of the merchandise was thoroughly discussed with representatives of the IRO and it was their opinion that a small amount of dollars was of greater use to them than a larger quantity of currency that could not be converted into dollars.

FURS: There are three cases of furs. They have been inspected by the fur buyer of Interstate Department Stores and declared to be of virtually no value. These furs will probably be included in the auction sales to be held at the Free Port.

COINS: The Chairman reported on the preliminary report given to him by Henry Gruenthal, a New York numismatic expert of outstanding reputation. Mr. Gruenthal estimated that the three foot-lockers of coins would bring be-

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tween \$2,000 and \$3,000 if sold as is. He recommended that the foot-lockers be turned over to a coin expert for sorting with the object of having an auction at some future date of the more valuable coins and the sale of the balance of the coins to other coin dealers. The Chairman reported that he had asked Mr. Sidney Noe, Secretary of the American Numismatic Society to view the coins. He asked for authority to make an agreement with a recognized coin expert in the event Mr. Noe confirmed Mr. Gruenthal's judgment. The Executive Committee agreed to the Chairman's recommendation. Mr. Noe viewed the coins subsequently and stated he knew of no one more competent or trustworthy to do the job than Mr. Gruenthal.

PRECIOUS METALS: The Chairman reported that a substantial quantity of precious metals had been sent to the Irvington Refinery, Irvington, N.J., for assay and refining. These metals consist of gold, platinum, palladium and silver. Irvington was selected after bids had been asked for and received from five other refineries and after J.S. Bache & Co., one of the foremost dealers of platinum in New York City, had recommended them.

The Chairman was authorized to sell the metals when the final assay was received from Irvington.

It was further reported that a substantial quantity of gold bars had been sent to the U.S. Assay Office and when the assay had been determined, the gold would be sold to the U. S. Government.

STAMPS: A stamp auction will be held at the H.R. Harmer Galleries, 32 East 57th Street, New York, May 11th and 12th. Copies of the catalog have been sent to all members of the Committee.

SECURITIES: The Chairman reported that securities had arrived and had been sent to Carl M. Loeb Rhoades & Co. for disposition. He had secured the services of Kuhn Loeb and Co. to check on the quotations submitted by Loeb Rhoades. It was the opinion however of both Loeb Rhoades and Kuhn Loeb that the securities were of extremely limited value and saleability.

RECORDS: The Chairman reported that at a meeting with Mr. Mayer, of Price Waterhouse; Mr. Freudenthal, consultant to the Committee; and Mr. Rolbein, representing the IRO, on the form of the records to be maintained by the Committee, it was decided to keep the master record at the office of Sullivan and Cromwell, counsel for the Committee.

R. C. KRAMER
Chairman

5/10/48

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MERCHANDISING ADVISORY COMMITTEE
TO THE
PREPARATORY COMMISSION
INTERNATIONAL REFUGEE ORGANIZATION

119 West 40th Street
New York 18, N. Y.

June 30, 1948

TO THE COMMITTEE

Gentlemen:

The following is a brief report on the status of our project as of June 30th, 1948:

A financial report is submitted herewith. You will note we have made our first payment to PCIRO of \$100,000.00.

The sale at Parke-Bernet Galleries grossed \$188,000. Our net proceeds will be approximately \$165,000. This cash will be received in July.

An auction sale will be held at the Sofia Building, 61st Street and 9th Avenue, New York, July 20th to 21st. At this sale we will dispose of all china and glass not suitable for sale at Parke-Bernet and consisting chiefly of odds and ends and low quality goods; some gold jewelry, some antique jewelry, lots consisting of beads and semi-precious stones, costume jewelry (chiefly Hungarian in origin.)

An auction sale will be held at the Free Port in Staten Island about the first week of August. At this sale we will primarily dispose of goods that are of such a nature that we are unwilling to incur the expense involved in bringing them into the United States and paying duties thereon.

A sealed bid diamond auction will be held beginning August 30th and lasting either a week or ten days. We will offer in excess of 6000 carats of diamonds at this sale, a large part of which is suitable chiefly for the

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manufacturing jewelry trade.

A second sale will be held at Parke-Bernet Galleries the week of September 13th, featuring china, glass, silver, jewelry and rugs. No loose diamonds will be sold.

A sale of rugs and silver will be held at the Freeman Galleries in Philadelphia, the week of September 27th.

A contract has been signed for a sale of numismatic coins which will probably be held in late September or early October.

A decision has been reached to break up practically all gold and silver watches for their precious metal value. Experts have been unanimous in recommending this decision. The condition of the watches, their obsolete style, extremely difficult and costly problems in connection with complying with U.S. marking laws and high duty costs, appear to make this decision inevitable.

Tentative negotiations have been held that may lead to a substantial negotiated sale but this is still in an embryonic stage.

I will be grateful for such comments and advice as the members of the Committee may care to make.

R. C. KRAMER
Chairman

FINANCIAL REPORT

AS AT JUNE 30, 1948

CASH BALANCE reported previously (5/26/48) \$92,022.50

CASH RECEIVED:

Irvington Refinery - sale of metals	15,183.00
"	7,336.55
Goldsmith Bros. Smelting - sale of metals	475.30
Baker & Co. - sale of platinum	4,863.06
"	5,676.72
Harmer & Co. - proceeds from stamp sale	14,188.84
Harry G. Friedman - sale of silver	508.80
Willoughbys - camera sale	1,970.67
Loeb Rhoades & Co. - securities sold	<u>1,600.82</u>
	143,826.26

CASH DISBURSEMENTS:

Salaries	440.62	
Office expense	<u>192.39</u>	<u>633.01</u>
BALANCE before remission		143,193.25
REMISSION TO PCIRO		<u>100,000.00</u>
CASH BALANCE 6/30/48		<u>\$ 43,193.25</u>

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MERCHANDISING ADVISORY COMMITTEE
TO THE
PREPARATORY COMMISSION
INTERNATIONAL REFUGEE ORGANIZATION

~~MM~~
JUL 21 1948

JULY 20, 1948

TO THE COMMITTEE

Gentlemen:

In my letter of June 30, I mentioned that we were negotiating a substantial sale. That sale has just been consummated. I would have preferred to have the full Committee pass on it, however time was of the essence, the season made a quorum difficult to obtain and I was able to secure approval from Mr. Puckett and Mr. McKim, members of the Executive Committee. Mr. Kasper the other Executive Committee member is in Europe.

You will recall we have in excess of twenty tons of loose silver flatware. This is piled in wooden cases, unassorted, not marked, and in all kinds of patterns, condition and types. Every expert who has looked at it has recommended smelting it for silver value. Many tons were smelted in Europe. If it was smelted, we estimate we would receive less than 40 cents an ounce of gross weight after foreign metal was extracted and costs of smelting and transportation paid. We have sold 20,000 pounds of this silver at 75 cents a troy ounce gross weight.

We have many tons of hollow or bulk silver. We have selected thousands of pieces for Parke-Bernet and Freeman sales but more than an estimated twenty tons remain. To sell all we have through normal channels without breaking the market would take years. On some of the silver we sold at Parke-Bernet we did not receive silver value after deducting duty and selling expense. We have sold 35,000 pounds of this hollow-ware for 75¢ a troy ounce gross weight.

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We have a number of cases of miscellaneous silver containing cheap silver jewelry, cigarette cases, etc. We had decided we could not afford to pay duty on them and had planned to melt them. They were sold for 75¢ an ounce gross weight.

We have a fair quantity of gold jewelry which does not justify payment of duty. We have sold it all for \$40 a troy ounce gold content.

We pay no duty or customs charges on any of these items. They are sold "as is where is." We pay a commission of 3% to the broker who arranged the deal. Terms are cash. A \$25,000 deposit has been made.

These sales should net between \$600,000 and \$700,000. Those of us in intimate touch with our problems believe these sales to be highly advantageous. I hope you concur.

R. C. KRAMER
Chairman

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MERCHANDISING ADVISORY COMMITTEE
TO THE
PREPARATORY COMMISSION
INTERNATIONAL REFUGEE ORGANIZATION

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September 3, 1948

TO THE COMMITTEE:

Submitted herewith is a financial report of the Committee as at August 31, 1948:

CASH BALANCE (7-31-48)		\$ 55,092.85
CASH RECEIVED		
Balance received on Sofia Sale		3,484.07
Deposit on a/c Sale of Watches		25,000.00
Sale of Ghetto Coins		100.00
Sale of part of used Furs		2,000.00
Sale of Securities		<u>907.40</u>
TOTAL CASH		\$86,584.32
CASH DISBURSED		
Salaries	347.50	
Office Expense	48.62	
Diamond Auction Expense:		
Supplies	180.16	
Safe Deposit Box	<u>29.93</u>	210.09
Expense of cleaning rugs prior to sale	<u>800.00</u>	<u>1,406.21</u>
CASH BALANCE (8-31-48)		<u>\$85,178.11</u>

There have been no unusual developments since my last letter.

R. C. KRAMER

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JRO
[Signature]

MERCHANDISING ADVISORY COMMITTEE
TO THE
PREPARATORY COMMISSION
INTERNATIONAL REFUGEE ORGANIZATION

August 13, 1948

TO THE COMMITTEE

Dear Sirs:

You were advised in the June Report that we had come to the conclusion that it was not feasible to sell our stock of watches as watches, and had decided to break them up for precious metal content.

There was a possibility however that a buyer might be found who could see some solution to the problem, probably in the export field and we delayed taking final action.

Fortunately such a buyer materialized and we have signed a contract for...

- (a) All gold watches at fine gold value plus \$2.00 per watch for each man's watch and \$1.00 per watch for each lady's watch.
- (b) All enamel cased watches at \$5.00 per watch.
- (c) Twenty thousand (20,000) nickel watches at \$.25 each.

A formula has been devised for determination of gold content. A deposit of \$25,000 was secured.

This will leave us with about 50,000 watches divided about fifty/fifty between silver and nickel cases.

Those of us in intimate touch with the watch problem, believe this transaction to be an excellent one for the Committee. I hope you concur.

R. C. KRAMER
Chairman

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*For IRO
reimbursing
Barrington*

MERCHANDISING ADVISORY COMMITTEE
TO THE
PREPARATORY COMMISSION
INTERNATIONAL REFUGEE ORGANIZATION

August 4, 1948

TO THE COMMITTEE

Dear Sirs:

The enclosures cover the data sent to about 1800 Diamond Buyers detailing the stock offered and terms of the Diamond Auction to be held beginning August 30th.

Mr. David Freudenthal was good enough to do most of the work represented by these papers for the Committee.

If you or your business interests have a specific interest in any of the lots, this office will be glad to aid you in any way it can.

R. C. KRAMER
Chairman

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MERCHANDISING ADVISORY COMMITTEE
TO THE
PREPARATORY COMMISSION
INTERNATIONAL REFUGEE ORGANIZATION

THE COMMITTEE:

August 2, 1948

R.C. Kramer, Chairman
Russell P. Bygel, Pres.
Interstate Dept. Stores
David Freudenthal
Financial Consultant
Bernard Gimbel, Pres.
Gimbel Brothers
Victor Hammer
Hammer Galleries
Joseph Kasper, Pres.
Assoc. Merchan. Corp.
Allan Kramer
Sullivan and Cromwell
Fred Lazarus, Pres.
Federated Dept. Stores
Sam Leidesdorf
S.D. Leidesdorf & Co.
N.A. Leitner
Price Waterhouse & Co.
Edwin I. Marks, Chm.
Executive Committee
R. H. Macy & Co.
Robert McKim, Pres.
Associated Dry Goods
Edward Mitten, Pres.
Jordan Marsh
B. Earl Puckett, Pres.
Allied Stores Corp.
William O. Riordan, Sr.
President
Stern Brothers
George Whitten, Pres.
Burdine's
P.G. Winnett, Pres.
Bullock's
Gabriel Ferras
c/o French Financial
Attache
(French Repr.
Arthur W. Beaman
(British Repr.

TO DIAMOND BUYERS:

No Diamond Sale has ever been held comparable to the sale described in the enclosures. The entire proceeds from the sale of 6000 carats and more, go exclusively for the resettlement and rehabilitation of those most unfortunate people,- the homeless refugees in Europe.

These Diamonds are part of the loot the Nazis stole from individuals, which loot in turn was seized by the Allied Armies when they conquered Germany. The property seized, including these Diamonds, was turned over to the International Refugee Organization, a branch of the United Nations, by the Allied Powers, with instructions that the property be sold and the proceeds used to resettle and rehabilitate people who were the victims of Nazi aggression, and unable to return to their place of origin.

The I.R.O. asked a group of U.S. citizens to aid in the disposal of this property and the Committee described above was formed. All members donate their services. No one receives a penny of profit from this sale.

Because of the great humanitarian purpose to which the proceeds of this sale will go, it is the Committee's hope that bidders will make bids based not on the least amount of money that each lot may be worth, but on a basis that represents the maximum price that can be paid for each lot.

Thank you for your help.

MERCHANDISING ADVISORY
COMMITTEE

R.C. KRAMER
Chairman

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PREPARATORY COMMISSION
INTERNATIONAL REFUGEE ORGANIZATION

STATEMENT OF TERMS AND CONDITIONS
RELATING TO
PUBLIC INVITATION FOR BIDS FOR THE PURCHASE OF
DIAMONDS

The Merchandising Advisory Committee to the Preparatory Commission for the International Refugee Organization has invited bids for the purchase of certain lots of diamonds as more fully described in the inventory annexed and made a part hereof.

The diamonds for which bids are invited are a part of a vast quantity of valuable personal property taken by the Nazis from their victims and recovered by the Allied Armies in Germany and Austria. Under Article 8 of Part One of the Final Act of the Paris Conference on Reparations and the Five-Power Agreement of June 14, 1946, that portion of the recovered property which was not identifiable either as to individual ownership or national origin, was ordered transferred to the Preparatory Commission for the International Refugee Organization (PCIRO) to be liquidated and the entire net proceeds used for the rehabilitation and resettlement of non-repatriable victims of Nazi action. Upon completion of the transfer of the property from the Armies to the PCIRO, it was shipped to the United States. To effect the liquidation, the Merchandising Advisory Committee, a voluntary board, was established and the present sale is held by its direction.

For the benefit of prospective bidders, there are enclosed the following:

- a) Detailed Inventory of the property to be sold.
- b) A form to be mailed by persons interested who wish to inspect the diamonds, on which should be indicated the types in which they are interested. Please mail this form to the addressee indicated at the earliest possible time.
- c) The Form of Bid to be used by bidders in offering to purchase the diamonds described in the lots in the inventory.

Persons mailing the form referred to in (b) above will be notified of the time which will be reserved for them for inspection of the diamonds at Manhattan Headquarters of the United Nations, 405 East 42nd Street, New York City.

Sale of the property for which bids are invited shall be subject

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to the following terms and conditions:

1. FORM AND CONTENTS OF BID

Each bid must be for the purchase of one or more lots as described in the Inventory, provided, however, that a bid for more than one lot must specify the amount bid for each lot. Bids submitted for more than one lot will be considered as separate bids for each lot. Lot bids must be for an entire lot and not for a part thereof. All bids must be executed in duplicate by the bidder on the Form of Bid prepared by the Merchandising Advisory Committee. Each bid shall specify the exact price per carat and the approximate total price offered for each of the lots bid for. All bids must be delivered to the office of the Merchandising Advisory Committee, 119 West 40th Street, New York 18, N.Y., before 11 o'clock A.M. Eastern Daylight Saving Time, Tuesday, September 14, 1948, (or at such later hour on said day or at such hour on such later day as may be fixed by the Committee) enclosed in a sealed envelope with return address indicated, and addressed as follows: "PCIRO-Merchandising Advisory Committee, 119 West 40 Street, New York 18, New York - Confidential - Sealed bid, bid opening September 15, 1948." The Committee reserves the right in its discretion to postpone without notice, from time to time, the day or hour for such delivery or opening of bids.

2. DEPOSIT OF CHECK WITH BID

Each bid must be accompanied by a certified, cashier's or banker's check or money order, in an amount equal to at least 20% of the total amount specified in said bid for the purchase of the lot or lots designated, payable to the order of the "PCIRO-MERCHANDISING ADVISORY COMMITTEE."

3. OPENING AND ACCEPTANCE OR REJECTION OF BIDS

All bids will be opened publicly at the office of the Merchandising Advisory Committee, 119 West 40 Street, New York 18, New York, in the presence of two or more designated persons, at 11 o'clock A.M., Eastern Daylight Saving Time on September 15, 1948, (or at such later hour on said day or at such hour on such later day as may be fixed by the Committee.) Each bidder may be present at the opening of the bids. Within one week from the date of the opening of the bids, the Committee will make the award to the highest bidder for each lot or will reject all bids for such lot. Each bid shall constitute an irrevocable offer to purchase until such time as an award is made or the bids are rejected.

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If two or more identical bids are received for any lot, the Committee will give the makers of such bids an opportunity within a time to be fixed by the Committee (but not beyond 5 P.M. on said day or such later day) to improve their bids. If two or more identical bids are again received for such lot, the Committee may accept any such bid without liability to any other bidder. The successful bidder will be notified in writing of the award and the notification will contain a statement of the time and place of delivery of the property purchased and for payment of the purchase price.

The Committee reserves the right (a) to revoke this invitation at any time before opening bids; (b) to return all bids unopened either at or prior to the time specified for the opening of such bids; and (c) to reject any or all bids after the opening thereof (irrespective of price named therein.) If a bid is rejected as to all lots specified therein, the check or checks deposited with such bid will be returned to the bidder. If a bid is accepted as to any lot or lots specified therein, the check or checks deposited therewith or the monies represented thereby will be retained by the Committee and applied to the payment of the purchase price of the lot or lots for which the bid of such bidder is accepted, and any excess of the amount so deposited over the purchase price of the lot or lots for which such bid is accepted will be returned to the bidder at the time of notification of the award.

Promptly after the acceptance of any bid for any lot or lots, the official weight of the diamonds in each such lot will be determined by Diamond Center, Inc. and the total price for such lot will be the bid price per carat multiplied by the weight so determined. The successful bidder will be required to pay for and to take delivery of the property purchased at his own expense on 48 hours' notice given promptly after such determination of the official weight. In the event that the successful bidder refuses or for any reason fails to make good his bid, the entire amount deposited with his bid shall be considered by the parties as the quantum of damages suffered by the Committee by reason of the bidder's failure to perform, and it is agreed by the bidder and the Committee that in such event the deposit shall be retained by the Committee as liquidated damages. In such event, the bidder shall have no right, title or interest in the property or the proceeds thereof and the Committee shall have the right again to offer and sell the property.

4. DELIVERY AND TRANSFER OF PROPERTY

Delivery of the property will be made "as is" and "where located" at the time and place indicated in the notice above referred to. Transfer of the property to the successful bidder will be made by Bill of Sale without any warranties, express or implied. No commissions of any kind will be paid by the Committee.

5. WARRANTIES

The property will be sold and delivered "as is" and "where located", with no representations, warranties or guaranties, express or implied, of any kind, including without limitation, any representations, warranties or guaranties as to the accuracy of the description of the property, its condition, value, quality or quantity thereof, its fitness for use or otherwise. No representative or agent of the Committee or of the Preparatory Commission for the International Refugee Organization is authorized to make any warranty or guaranty, express or implied, and neither the Committee nor the Preparatory Commission for the International Refugee Organization nor any of their representatives or agents shall be held or admitted to have made any representation, warranty or guaranty, express or implied, respecting or in any way concerning the property herein offered for sale.

6. APPLICABLE REGULATIONS, LAWS AND ORDINANCES

This sale is subject to all applicable regulations and orders of government departments or agencies, and is also subject to all applicable Federal, State and Municipal laws and ordinances.

Unless the purchase is for resale, the buyer will be required to pay the twenty per cent. Federal Excise Tax, and unless exempt from the payment thereof, the buyer will also be required to pay the two per cent. New York City sales tax, on each lot purchased at the time of delivery.

PCIRO-MERCHANDISING ADVISORY COMMITTEE

R. C. KRAMER, CHAIRMAN

August 2, 1948

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PREPARATORY COMMISSION
For The
INTERNATIONAL REFUGEE ORGANIZATION

INVENTORY OF DIAMONDS OFFERED FOR SALE

<u>LOT NUMBER</u>	<u>NUMBER OF STONES</u>	<u>APPROXIMATE WEIGHT (CARATS)</u>
<u>Solitaires</u>		
1	1	5.05
2	2	2.00
3	1	2.13
4	1	2.29
5	1	4.12
6	2	2.60
7	2	3.61
8	2	2.85
9	1	4.46
10	2	3.04
11	3	7.62
12	1	2.45
13	2	2.90
14	1	3.48
15	1	2.16
16	1	2.00
17	1	9.26
18	1	5.59
19	1	2.76
20	1	2.77
21	1	2.83
22	1	3.23
23	1	3.28
24	1	3.63
25	1	2.96
26	1	1.73
27	1	3.42
28	1	2.04
29	1	2.97
30	1	1.65

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2.

LOT
NUMBER

NUMBER OF
STONES

APPROXIMATE
WEIGHT (CARATS)

Solitaires

31	1	3.86
32	1	1.89
33	1	5.09
34	1	2.24
35	1	2.47
36	1	2.56
37	1	2.56
38	1	2.56
39	1	3.20
40	1	2.56
41	1	1.95
42	1	2.12
43	1	1.50
44	1	1.65
45	1	1.30
46	1	2.75
47	1	2.69
48	1	1.95
49	1	2.26
50	1	3.05
51	1	2.02
52	1	2.93
53	1	2.75
54	1	1.73
55	1	2.12

ROUND-FIRST GROUP

56	8	7.28
57	5	5.27
58	5	6.02
59	7	5.73
60	6	4.79
61	5	3.88
62	8	4.99
63	14	7.71
64	37	13.80
65	47	15.39

326668

3.

<u>LOT NUMBER</u>	<u>NUMBER OF STONES</u>	<u>APPROXIMATE WEIGHT (CARATS)</u>
<u>ROUND-FIRST GROUP</u>		
66	47	15.45
67	13	9.46
68	19	9.85
69	20	7.11
70	82	12.52
71	146	14.49
72	238	15.85
73	141	6.70
74	632	20.26
<u>ROUND-SECOND GROUP</u>		
75	38	11.03
76	40	11.91
77	101	20.80
78	133	25.69
79	226	27.59
80	191	22.49
81	4	4.77
82	2	2.78
83	7	5.20
84	4	4.97
85	10	7.80
86	9	6.72
87	13	10.18
88	11	8.83
89	16	8.86
90	8	4.10
91	25	10.54
92	30	12.72
93	33	13.92
94	786	41.72
95	7	5.48
96	24	10.58
97	20	6.17
<u>ROUND-THIRD GROUP</u>		
98	4	6.09
99	5	5.44
100	14	10.78

326669

4.

<u>LOT NUMBER</u>	<u>NUMBER OF STONES</u>	<u>APPROXIMATE WEIGHT (CARATS)</u>
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ROUND-THIRD GROUP

101	21	6.27
102	42	21.61
103	75	25.95
104	156	36.87
105	168	21.85
106	162	20.70
107	231	16.32
108	299	9.90
109	9	6.77
110	14	6.48
111	639	89.93

NAATS

112	12	4.88
113	7	12.05
114	14	12.27

ROUND FLATS

115	22	8.52
116		66.08
117	117	19.73

HALF-ROUND-FIRST GROUP

118	10	8.04
119	9	6.82
120	20	9.61
121	73	18.45
122	67	16.80
123	150	27.30
124	208	25.22
125	317	32.07
126	352	27.27
127	633	35.70
128	692	23.97
129	159	35.05

326670

5.

<u>LOT NUMBER</u>	<u>NUMBER OF STONES</u>	<u>APPROXIMATE WEIGHT (CARATS)</u>
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HALF-ROUND-SECOND GROUP

130	3	3.35
131	10	8.57
132	29	18.20
133	57	26.15
134	50	14.15
135	57	16.60
136	136	25.73
137	111	21.95
138	317	21.25
139	84	11.10
140	86	11.67
141	184	20.77
142	226	19.90
143	198	13.52
144	408	15.15

HALF-ROUND-THIRD GROUP

145	12	8.85
146	11	6.05
147	14	8.02
148	52	17.85
149	149	30.27
150	194	23.16
151	226	16.71
152	386	14.63

OLD MINERS-FIRST GROUP

153	5	9.30
154	10	11.53
155	52	34.00
156	17	8.08
157	30	11.78
158	124	28.92
159	107	16.38
160	145	14.00
161	32	14.90

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6.

<u>LOT NUMBER</u>	<u>NUMBER OF STONES</u>	<u>APPROXIMATE WEIGHT (CARATS)</u>
<u>OLD MINERS-SECOND GROUP</u>		
162	32	21.37
163	78	27.34
164	312	37.63
165	15	10.43
166	3	5.25
<u>OLD MINERS-THIRD GROUP</u>		
167	75	28.15
168	5	6.58
169	(Smalls)	27.76
<u>N R (OLD MINERS)</u>		
170		77.78
171		130.35
<u>SINGLE CUT-FIRST GROUP</u>		
172	2890	20.35
173	1671	21.89
174	1487	28.37
175	623	17.72
176	268	11.37
<u>SINGLE CUT-SECOND GROUP</u>		
177	1171	15.83
178	732	23.20
<u>SINGLE CUT-THIRD GROUP</u>		
179	1510	24.47
180	528	19.40
<u>MISCELLANEOUS</u>		
181	Burned Stones	1.80
182	Rough 1/2 fin.	23.85
183	Dia. Pow.	15.35

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7.

<u>LOT NUMBER</u>	<u>NUMBER OF STONES</u>	<u>APPROXIMATE WEIGHT (CARATS)</u>
<u>ROSES-FIRST GROUP</u>		
184	86	84.88
185	71	64.45
186		73.37
187	Small	63.30
183	Med.	192.46
<u>ROSES-SECOND GROUP</u>		
189	75	48.40
190		299.25
191		205.10
<u>ROSES-THIRD GROUP</u>		
192		396.70
193		407.29
194		418.80
195		389.64
196		407.86
197		17.95
<u>ROSES-BROWN</u>		
198		207.02
199		366.00
200		462.88
201		277.43
202		401.90

326673

JDC AR 45/64
IRO File 3850

MERCHANDISING ADVISORY COMMITTEE
TO THE
PREPARATORY COMMISSION
INTERNATIONAL REFUGEE ORGANIZATION

January 5, 1949

TO THE COMMITTEE:

Submitted herewith is a cash report of the Committee as at December 31, 1948:

CASH BALANCE: (11-30-48) \$ 84,168.61

CASH RECEIVED:

Parke-Bernet October Auction		\$ 40,663.45	
Parke-Bernet Rug sale	\$10,493.25		
Miscellaneous	<u>729.28</u>	11,222.53	
Sale gold jewelry in bond		36,666.33	
Sale miscellany		<u>213.50</u>	
Total Received		\$88,765.81	<u>88,765.81</u>
			172,934.42

CASH DISBURSED:

Office Expense		\$ 192.76	
Expense of testing pearls		13.00	
I.R.O.--Geneva		<u>100,000.00</u>	
Total Disbursed		\$100,205.76	<u>100,205.76</u>

CASH BALANCE (12-31-48) \$ 72,728.66

326675

In addition to the above we have Accounts Receivable of approximately \$50,000 chiefly from Parke-Bernet. Our sale of rugs in December grossed \$11,747 and our sale at Parke-Bernet grossed \$40,560.

We have shipped six tons of silver flatware to refiners for smelting. Proceeds from this shipment will be received in January.

A sale is scheduled for the Kende Galleries, 119 West 57th Street, New York, for January 12th to 15th. This sale will include our remaining diamond jewelry, gold and silver jewelry, boxes and silverware.

Negotiations are still pending for the sale of the watches and silverware remaining from the contracts that went into default.

\$100,000 was remitted to Geneva in December, making total payments to date \$900,000.

R.C. KRAMER
Chairman

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MERCHANDISING ADVISORY COMMITTEE
TO THE
PREPARATORY COMMISSION
INTERNATIONAL REFUGEE ORGANIZATION

December 3, 1948

TO THE COMMITTEE:

Submitted herewith is a cash report of the Committee as at November 30, 1948:

CASH BALANCE: (10-30-48) \$ 57,012.26

CASH RECEIVED:

Freeman Auction, Philadelphia (balance)		4,255.67
Sale of Securities		45.00
Sale of Coins - Grunthal Auction	\$4,564.04	
Gimbels	2,938.33	
Miscellaneous	<u>155.00</u>	7,657.37
Sale Miscellaneous Jewelry		522.50
Sale Rugs		
Parke-Bernet	\$11,806.50	
Miscellaneous	<u>1,176.17</u>	12,982.67
Sale Miscellaneous articles		438.67
Smelting		
Silver Scrap	\$1,466.84	
Gold Scrap	<u>1,143.44</u>	<u>2,610.28</u>

TOTAL RECEIVED: 85,524.42

CASH DISBURSED:

Expenses in connection with bulk silver sale	\$1,200.00
Office Expense	<u>155.81</u>
	\$1,355.81

TOTAL DISBURSED: 1,355.81

CASH BALANCE (11-30-48) \$ 84,168.61

In addition to the above, we have accounts receivable of \$65,400, principally from Parke-Bernet, which will be paid in December.

326677

My letters of July 20th and August 13th informed you of the signing of two contracts covering a large sale of silver and a separate sale of watches. Both sales were to the same buyer. Deposits of \$25,000 were obtained on each contract.

It became apparent during the Fall that the buyer would have difficulty in meeting the contract terms. The silver contract was cancelled at one time and on the last day of grace, the buyer was able to raise \$100,000 against which \$80,000 of silver was delivered. The balance of \$20,000 was held to insure performance by a stipulated date. When that date arrived, the buyer again defaulted and on advice of counsel the contract was terminated.

The watch contract followed a similar pattern. After paying \$8,155 for metal and enamel watches, buyer was unable to raise funds for the balance and that contract was terminated.

The inability of the buyer to carry out his obligations, causes serious problems particularly in regard to silver. Relying on the sale described in the July 20th letter, that silver was not available for sale through other channels for the Fall and Holiday Season and will force us to sell it in the less desirable Spring season. We have also decided to melt some of the loose flatware covered in that sale because there now seems to be very slim hope of realizing more money for it than will be gained by smelting.

We are negotiating with another buyer for the gold watches. While we have agreed in principle on the terms, no contract has yet been signed.

The final rug sale at the Sofia Warehouse will be held December 9th. This sale exhausts our rug stock.

A sale will be held at Parke-Bernet December 17th and 18th. This will include silver, gold, jewelry, rugs and some miscellany.

Operations were affected by the waterfront strike in November, because we could not gain access to our stocks at Staten Island.

R.C. KRAMER
Chairman

326678

Gen. IRO

**MERCHANDISING ADVISORY COMMITTEE
TO THE
PREPARATORY COMMISSION
INTERNATIONAL REFUGEE ORGANIZATION**

TO THE COMMITTEE:

November 3, 1948

Submitted herewith is a financial report of the Committee as at October 31, 1948:

CASH BALANCE (9-30-48) \$ 22,665.30

CASH RECEIVED:

U.S. Assay Office - Gold Teeth	\$ 424.63	
Miscellaneous Scrap	<u>475.75</u>	900.38
Bulk Silver sale on a/c		100,000.00
Sale at Freeman Galleries, Phila., on a/c		25,000.00
Sale at Parke-Bernet - September	\$106,849.25	
June (addtl.)	<u>983.27</u>	107,832.52
Sale of miscellaneous paper money and coins		134.65
Sale of securities		40.00
Sale of miscellaneous jewelry - Sofia Whse.	\$878.35	
General	<u>746.50</u>	1,624.85
	TOTAL RECEIVED:	\$ 258,197.70

CASH DISBURSEMENTS:

I.R.O. Geneva	\$200,000.00	
Legal Exp. (Washington Attys. - Marking silver)		634.01
Jewelry Exp. - Testing Pearls	\$22.00	
Reimbursement - Mailing Stones	<u>(10.86)</u>	11.14
Office Exp. - Salaries	\$205.00	
Telephone	235.29	
Petty Cash	<u>100.00</u>	540.29
	TOTAL DISBURSED:	<u>201,185.44</u>

CASH BALANCE
10/31/48 \$ 57,012.26

326679

You were sent catalogs of the sales held in October. The Coin Auction held on October 19th realized \$5,400 gross. A sale of rugs held October 20th realized \$13,890 gross. The Parke-Bernet sales held October 28th to 30th realized \$53,037 gross. The net proceeds of these sales are not reflected in the above financial statement.

There will be a rug sale at the Sofia Building November 10th. You are urged to ask your rug buyers to view these rugs at the exhibit that will be held at the Sofia Building November 8th and 9th.

The next Parke-Bernet sale will be held the week-end of December 17th.

\$200,000 was remitted to Geneva in October bringing the total proceeds remitted to date, to \$800,000.

R. C. KRAMER
Chairman

JDC AR 48/64
IRO File 3850

For IRO c/Elmer

MERCHANDISING ADVISORY COMMITTEE
TO THE
PREPARATORY COMMISSION
INTERNATIONAL REFUGEE ORGANIZATION



119 West 40th Street
New York 18, N.Y.

March 7, 1949

TO THE COMMITTEE:

No report was submitted at the first of the month because several important transactions were pending at that time which it was desirable to definitely finalize before reporting.

You will recall that in July of last year, a contract was made for the sale of a vast quantity of silver. \$25,000 was paid at the signing of the contract. It soon became apparent that the buyer would have difficulty in taking up the contract but in October he made payment of \$100,000 against which \$80,000 of silver was delivered. He was then unable to complete the contract and we held \$45,000 of his money.

The same syndicate contracted to buy a large quantity of gold, enamel and metal watches and again deposited \$25,000. They took delivery of and paid for the enamel and metal watches, but for various reasons could not take delivery of the gold watches.

We thus held \$70,000 of cash (\$45,000 from silver and \$25,000 from watches.) A settlement has been entered into whereby we will deliver silver of our selection to an agreed upon value of \$55,000 in complete settlement of these contracts and retain as a forfeiture, \$15,000.

A new contract was entered into in January for the sale of the gold watches referred to above, at a slight increase in price above that at which they were previously sold and a deposit of \$5,000 was received.

326681

The buyer was unable to complete the contract and forfeited the \$5,000.

The watches were again resold in February at a still higher price and a letter of credit in payment therefor secured. The total price is to be determined by an assay of the gold in London. The watches have been shipped and we are now awaiting the assayers' report.

No commissions were paid on any of the above transactions. It is interesting that the forfeitures by buyers, of deposits amounting to \$20,000 are several times the amount of the out-of-pocket expense directly incurred by the Committee.

Price, Waterhouse & Co. began the audit of the Committee's books on March 3, 1949.

The following letter was received from Hallam Tuck, Director-General of the International Refugee Organization:

"Dear Colonel Kramer:

On behalf of the International Refugee Organization, I wish to express our sincere congratulations and deep appreciation for the accomplishment of yourself and your Committee on reaching a total of \$1,000,000 transferred to the IRO, from the sale of looted non-monetary gold.

We are bringing the excellent work of the Merchandising Advisory Committee to the attention of the General Council of the IRO when they meet in March, and I am sure that they will wish to add their commendations.

Your substantial assistance in this most humanitarian programme is deeply appreciated.

Yours sincerely,
(s) W. HALLAM TUCK
Director-General"

326682

The Cash Report as of March 4, 1949 is as follows:

CASH BALANCE (1-31-49)		\$ 73,162.53
CASH RECEIVED:		
Silver Scrap	\$47,422.51	
Platinum Scrap	1,399.87	
Gold Scrap	178.12	
Kende Auction	17,061.19	
Damaged Rugs	<u>243.50</u>	
Total Received	\$66,305.19	<u>66,305.19</u>
		\$139,467.72
CASH DISBURSED:		
Office Expense	\$ 26.58	
Legal Expense	61.00	
To Geneva	<u>100,000.00</u>	
Total Disbursed	\$100,087.58	<u>100,087.58</u>
	CASH BALANCE (3/4/49)	\$ 39,380.14

The \$100,000 remitted to Geneva on March 2, makes the total payments to date \$1,100,000.

R. C. KRAMER
Chairman

JDC AR 45/64
IRO File 3850

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

June 1, 1949

TO THE COMMITTEE:

Although we have had a number of conversations in recent weeks, we have not as yet concluded any further sales of substance. As you have been previously informed, our remaining stocks consist primarily of silverware and a few parcels of odds and ends.

\$100,000 was sent to Geneva since the last report bringing the total proceeds remitted to date to \$1,500,000.

A cash report as of June 1, 1949 follows:

CASH BALANCE: 4/19/49 \$ 85,709.13

CASH RECEIVED:

Additional cash on sale of gold watches	\$ 208.03	
Additional cash on Parke-Bernet Dec. Sale	254.67	
Additional cash on Kende auction	209.56	
Refund of Customs Duties paid	423.47	
Final payment on Beshany silver contract	5,316.45	
Insurance settlement of damaged rug claim	10,976.28	
Sale miscellaneous gold jewelry to Marcus and Co.	755.00	
Sale silver scrap to Irvington Refinery	<u>6,859.35</u>	
Total:	\$ <u>25,002.81</u>	<u>25,002.81</u>

\$ 110,711.94

CASH DISBURSED:

Office Expense	150.00	
Transfer to Geneva	<u>100,000.00</u>	
Total	<u>100,150.00</u>	<u>100,150.00</u>

BALANCE: 6/1/49 \$ 10,561.94

R. C. KRAMER
Chairman

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