

DOA

RG

59

Entry

Lot # 62115

File

I-V: monetary gold

Box

25

DECLASSIFIED

Authority NND 968106

By WDP NARA Date 5/11/00

DIVISION OF COMMUNICATIONS AND RECORDS TELEGRAPH BRANCH

DEPARTMENT OF STATE

INFORMATION COPY

OUTGOING TELEGRAM

CONFIDENTIAL

Fletcher

10-X

Origin: ESP

Info:

S/S

U-E

A-E

A-E/R

EUR

LE

SPA

OOD

OIG

DC/L

OPD

SPD

PG

US URGENT

AMBASSY

LONDON

2023

Control 2066

May 8, 1947

7 p.m.

Disposition of non-monetary gold and other assets in Germany and Austria is subject.

Ref is No. 1547 fr Moscow to SecState, rptd London as 188, Berlin as 133, rptd fr Dept to Paris as 177, Vienna as 58.

During discussions Moscow agreement reached between UK, Fr, and US reps that, in addition non-mon gold covered by Art 8, Paris Act, all valuable personal property, representing loot seized or obtained under duress fr political, racial, or religious victims Nazi Govt or satellite govts or nationals thereof which was or may be found, seized, or confiscated by Military Commanders Germany or by local authorities acting under their direction, will be made available to IGCR or its successor (IRO) by Zone Commanders; provided, however, that external or internal restitution such property impossible because determination national origin not practical or because owner has died without heirs or ownership cannot be determined, respectively.

It was understood this agreement not predicated upon interpretation Art 8, Paris Act. Although

CONFIDENTIAL

*pol return
D. F. F.
non monet
gold*

7/3

327973

DOA
RG 59
Entry LOT # 62115
File I-V: MONETARY GOLD
Box 25

DECLASSIFIED
Authority NND 968106
By WDP NARA Date 5/11/00

X

CONFIDENTIAL

-2-, #2023, May 8, 1947, 7 p.m., to London.

Although point not discussed Moscow, assumption this Govt that IGOR will use in same manner as non-monetary gold delivered pursuant Art. 8 ~~Final~~ ~~Agreement~~.

Agreement also reached Moscow that assets in hands of occupation authorities in Austria of type outlined above (valuables and non-mon gold) to be treated in same way as assets described above will be treated in Germany, except that disposition may be made under Art 44 (2) Draft Treaty Austria for such assets as are of purely Austrian origin or where understanding existed over such assets with Austrian Govt.

Request you seek confirmation these arrangements from Brit, Fr Govts, such confirmation to be regarded as adequate reply to notes delivered by you this subject Nov 20, 1946. You shld also request fr Brit and Fr govts statement re implementation agreements. Understood Moscow that Brit and Fr govts wld simply send relevant instructions their commanders Germany, Austria such implementation and deliver any assets within agreement which have been removed.

Foregoing arrangements considered render unnecessary further negotiations as proposed fr ForOff note rptd Paris Airtel 1687, rptd London as 529.

Request

CONFIDENTIAL

327974

DOA

RG

59

Entry

Lot # 62/115

File

I-V: MONETARY GOLD

Box

25

DECLASSIFIED

Authority NND 968106

By WDP NARA Date 5/11/00

X

CONFIDENTIAL

CONFIDENTIAL

-3-, #2023, May 8, 7 p.m., to London.

Request Emb Paris ask Fr govt final decision ~~re section~~
re section Hungarian gold train Fr Zone Austria.

Sent to AMEMBASSY London as 2023, AMEMBASSY Paris as 1695
for action. Rptd to USPOLAD Berlin as 1012, AMLEGATION
Vienna as 304, AMEMBASSY, Brussels for Daspit as 648 for
info.

MARSHALL
(CPK)

GA:AFKiefer:mlg
5/1/47

ES

FN

CE

WE

BC

A-H

CONFIDENTIAL

327975

FED
OMI

DOA
RG 260
Entry Finance Advisor
File FED: 1947
Box 164

DECLASSIFIED
Authority NND 968106
By WDP/KARA Date 5/11/00

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (US)
Foreign Exchange Depository, Finance Division
Currency Section
APO 757

FINANCE DIVISION REPORT FOR MONTH OF JANUARY 1947

In compliance with War Department cable No. W-44757, dated 5 August 1945, the following Report and Exhibits, reflecting the transactions of the Currency Section, Finance Division, OMBUS, for the month of January 1947 and the status of such transactions at 31 January 1947, is submitted:

I - EXHIBITS

- A - Balance Sheet - 31 January 1947 and 31 December 1946
- B - Statement of Cash Receipts for Month of January 1947
- C - Statement of Cash Disbursements for Month of January 1947
- D - Statement of Currency Issued, Redeemed, Destroyed and Outstanding for Month of January and at 31 January 1947.

II - BALANCE SHEET COMMENTS

1. CASH ON HAND - M 7,645,219,850.50:

This consists of Allied Military Mark currency held in the vaults of the Currency Section in Frankfurt/Main, Germany, as follows:

A. U.S. printed Allied Military Marks in unopened boxes - (New currency) (Reserve)	M 3,578,368,000.00
B. U.S., British and Russian printed Allied Military Marks - (Used currency) (Reserve)	3,523,816,600.00
C. U.S., British and Russian printed Allied Military Marks - (Used currency)	543,032,862.50
D. German indigenous currency	<u>2,388.00</u>
Total	<u><u>M 7,645,219,850.50</u></u>

In addition to the above currency on hand, there is also an amount of M 527,616,000.00 representing Allied Military Mark currency which has been received from U.S. Army Disbursing Officers, but the detailed count and verification of which has not yet been completed by the Currency Section.

Attention is invited to Exhibit D which is summarized as follows:

Net Excess of Redemptions over Issued, 31 December 1946	M 466,007,708.00
Net Redemptions for Month of January 1947	<u>1,093,369,648.00</u>
Net Excess of Redemptions over Issued, 31 January 1947	<u><u>M 1,559,377,356.00</u></u>

DOA
 RG 260
 Entry FINANCE ADVISOR
 File FED: 1948, 1946
 Box 164

EXHIBIT "A"

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (US)
 Foreign Exchange Depository, Finance Division
 Currency Section
 BALANCE SHEET, 31 JANUARY 1947 AND 31 DECEMBER 1946

	<u>ASSETS</u>	
	<u>31 JANUARY 1947</u>	<u>31 DECEMBER 1946</u>
CASH:		
On Hand	M 7,645,219,850.50	M 7,267,391,850.50
In Banks	250,292,020.74	250,102,070.74
Total Cash	<u>M 7,895,511,871.24</u>	<u>M 7,517,493,921.24</u>
CASH IN BANK - RESTRICTED DEPOSIT:	<u>M 2,759,401,200.00</u>	<u>M 2,759,401,200.00</u>
ADVANCES TO ARMED FORCES:		
U.S. Army	M 131,236,690.58	M 131,236,690.58
U.S. Navy	CR 5,031,814.50	CR 5,031,814.50
French Army		679,938,650.00
Total Advances to Armed Forces	<u>M 126,204,876.08</u>	<u>M 797,149,526.08</u>
ADVANCES TO ALLIED GOVERNMENTS:		
Czechoslovakia	M 511,490.00	M 511,490.00
France		M 44,540,000.00
Netherlands	918,596.65	318,596.65
Poland	103,205,000.00	103,205,000.00
Soviet Union	9,061,920.00	9,061,320.00
Total Advances to Allied Govts.	<u>M 107,096,406.65</u>	<u>M 151,696,406.65</u>
ADVANCES TO ALLIED MILITARY MISSIONS:		
Brazil	M 71,154.00	M 71,154.00
China	60,000.00	60,000.00
Czechoslovakia	190,000.00	190,000.00
Denmark	90,000.00	90,000.00
Total Advances to Allied Military Missions	<u>M 351,154.00</u>	<u>M 351,154.00</u>
MILITARY GOVERNMENT:		
War Crimes Commission	M 10,550.00	M 10,550.00
Civ. Services and Supplies	81,956,271.32	54,861,044.92
Total Military Government	<u>M 81,966,821.32</u>	<u>M 54,871,594.92</u>
POSTAGE STAMPS ISSUED:	<u>M 12,695,700.00</u>	<u>M 12,695,700.00</u>
MUTILATED CURRENCY:	<u>M 5,665,361.50</u>	<u>M 5,602,363.50</u>
COUNTERFEIT AND ALTERED CURRENCY		
REDEEMED:	M 4,700.00	M 4,700.00
CASH LOSSES:	<u>M 1,823,800.00</u>	<u>M 1,823,800.00</u>
TOTAL ASSETS	<u><u>M 10,990,721,890.79</u></u>	<u><u>M 11,301,024,366.39</u></u>

	<u>LIABILITIES</u>	
CURRENCY MADE AVAILABLE -		
ALLIED MILITARY MARKS	M 6,091,497,350.00	M 6,806,976,000.00
CURRENCY MADE AVAILABLE - REICHSMARKS	2,759,401,200.00	2,759,401,200.00
POSTAGE STAMPS MADE AVAILABLE	12,695,700.00	12,695,700.00
MIL. GOVT. - CURRENT ACCOUNT	28,102,785.52	28,102,785.52
MIL. GOVT. - CURRENT ACCOUNT		
BRITISH DETACHMENTS	115,076.00	115,076.00
CAPTURED AND CONFISCATED FUNDS	6,516,573.90	6,262,133.80
FINES AND FORFEITURES	24,237,442.39	17,441,481.39
CASH OVER AND SHORT	100,225.49	100,225.49
PRISONER OF WAR FUNDS	1,881,144.75	1,881,144.75
PROCEEDS FROM DEDUCTIONS FOR MEALS	10,632.50	10,632.50
PROCEEDS FROM SALE OF ENEMY MATERIAL	9,187.25	9,187.25
SPECIAL DEPOSIT - CENTRAL DISBURSING OFFICER	2,064,035,484.05	1,666,268,545.75
UNCLAIMED FUNDS - OWNER KNOWN	478,883.50	187,766.00
UNCLAIMED FUNDS - OWNER UNKNOWN	105,103.44	57,385.94
SUSPENSE	<u>1,541,102.00</u>	<u>1,541,102.00</u>
TOTAL LIABILITIES	<u><u>M 10,990,721,890.79</u></u>	<u><u>M 11,301,024,366.39</u></u>

DECLASSIFIED

Authority NMD 775059By W311 NARA Date 5/16/68

RG

Entry

File

Box

260FIN. DIV. & FW. ADV.
FED. CEN. FILE90010 HISTORY
OF FED.394(Main) APO 757
8 February 1946SUBJECT: History of the Origin and Present Status of the Currency
Branch and the Foreign Exchange DepositoryTO : Acting Deputy Director, Finance Division, Office of Military
Government (US Zone), USFET Main, APO 757, U. S. ArmyI. DISCUSSION

1. Under directive of Supreme Headquarters Allied Expeditionary Forces, dated 7 September 1944 (Tab A), Currency Section for Germany was established with the primary function of receiving, holding and supplying adequate currency for paying Allied Armed Forces and for Military Government operations. The Section was also empowered under paragraph 4b(4) "to act as required as depository for and/or to exercise control over assets seized or impounded by Allied Military authorities". The latter function was not exercised by the Currency Section until approximately 11 April 1945, as until that time currency and other financial assets seized from enemy forces or found abandoned were treated as outlined in SHAEF Administrative Memorandum No. 49, 7 March 1945 (Tab B). Types of property falling under provisions of Military Government Law No. 53 were turned into Reichsbank branches.

2. About 8 April 1945 the gold reserve of the German Reichsbank, together with huge amounts of foreign currencies, coins, silver bullion and SS loot, was uncovered by American troops in a salt mine at Merkers in the vicinity of Eisenach. Currency Section personnel were alerted by verbal order from Colonel Bernard Bernstein, Deputy Chief, Financial Branch, G-5 SHAEF, to take control and custody of the valuables and to arrange for storage at the Reichsbank Building, Frankfurt-am-Main, which has been requisitioned for the safekeeping of these valuables (Tabs C and D). Paintings and art objects, later transferred to Fine Arts and Monuments Branch, G-5, were also taken into custody of Financial Branch in the name of Commanding General, European Theater of Operations.

3. As other large quantities of precious metals and currencies were uncovered in subsequent months, directions were given by Colonel Bernstein to have these items brought to the Reichsbank Building as indicated by his memorandum of 30 April 1945 to Mr. Hynding (Tab E). Paragraphs 3 and 4 of a Currency Section office memorandum of 19 May 1945 state Colonel Bernstein's views regarding the application of SHAEF Administrative Memorandum No. 49 (Tab F). In cables (Tab G and H) from Headquarters, 12th Army Group to its constituent armies, directions were given to deposit foreign exchange assets found in enemy territory with the Currency Section for Germany. This included foreign exchange assets

DECLASSIFIED	
Authority	<u>NMD 775059</u>
By	<u>W311</u> NARA Date <u>5/16/00</u>

RG	<u>260</u>
Entry	<u>FIN. DIV. & FIN. ADV.</u> <u>FED. CREDIT FILE</u>
File	<u>90010</u> HISTORY <u>OF FILE</u>
Box	<u>394</u>

defined in Military Government Law No. 53.

4. At the dissolution of SHAEF, Cable GOV 406, dated 12 July 1945, was received from AGWAR (Tab I). Paragraph B(2) of this cable directed that a Finance Division of a combined liquidating agency for SHAEF interests take control of gold, foreign currencies, foreign securities, valuable papers and similar assets, under SHAEF control, pending determination of future disposition of such assets. The position taken by Finance Division regarding foreign exchange assets is outlined in Paragraph 2 of cable from U.S. Group Control Council to AGWAR (Tab J).

The question of whether these foreign exchange assets are being held under combined control is further referred to in paragraph 3 of cable W-36000 from WARCAD to US Group Control Council (Tab K). In paragraph 4 of cable dated 28 July 1945, (Tab L), giving the views of U.S. Group CC and USFET, it is stated that gold and other assets held in Frankfurt are held in the name of CG USFET and that these assets are not held under combined control and that GOV 406 was not applicable. Colonel Bernstein's opinion that provisions of GOV 406 are invalid is further set forth in an office memorandum of the Currency Section dated 10 August 1945 (Tab M).

5. Indication that final disposition of gold and other assets held by U. S. Forces in Reichsbank, Frankfurt, is not definitely settled is apparent in paragraph D of Cable WX-51027, 18 August 1945 (Tab N). This affirmed paragraph 5 of our cable S-19620, from US Group Control Council to AGWAR, dated 25 August 1945, (Tab O). A similar statement to the effect that such foreign exchange assets are to be held under control and custody of "Elements of Allied Forces", which held such assets at time of dissolution of SHAEF, is contained in GOV Airgram 23, 10 September 1945, from CCAC to CCALA (Tab P).

6. The Currency Section, Financial Branch, G-5, USFET, continued to hold these assets and continuance of this function was approved by Chief, Financial Branch, on 29 October 1945 (Tab Q). Another authorization to receive, for safeguarding and custody, valuables such as gold, foreign currencies, etc, is stated in letter to Chief, Currency Section, from Acting Deputy Chief, Financial Branch, 9 November 1945 (Tab R). Transfer of foreign exchange assets held by Reichsbank branches in the U. S. Zone to the Foreign Exchange Depository at Frankfurt has not been accomplished.

7. JCS 1067/6, 26 April 1945, Part III, Financial, (Tab S), provides that German foreign exchange and external assets of every kind located within or outside Germany shall be sought out and reduced to "the possession and control of a special agency". GOV 406, giving instructions for the implementation of JCS 1067, commits to Finance Division control of certain foreign exchange assets "now" under control of its branches. Unless it can be said that the various acts heretofore cited designate the Currency Branch as the "special agency" referred to in JCS 1067 the directive has never been authoritatively implemented by the establishment of such a special agency.

DECLASSIFIED	
Authority	<u>NMD 175059</u>
By	<u>MSH</u> NARA Date <u>5/16/68</u>

RG	<u>260</u>
Entry	<u>FIN. DIV. & FIN. ADV.</u> <u>FED. RES. DIV.</u>
File	<u>90010</u> HISTORY <u>21 FEB</u>
Box	<u>394</u>

Since there is no kinship between the functions of Currency Branch as originally constituted and the function of the special agency for the custody of Foreign Exchange assets no sound reason can be seen for combining these functions. The intent of JSC 1067 seems to dictate that the Foreign Exchange Depository should be divorced from Currency Branch. It is much more closely allied to the functions of Investigation of External Assets, Property Control, Foreign Exchange and Blocking, and Restitutions, Deliveries and Reparations but because of the multiplicity of activities of these various organizations it is submitted that it is more tenable for the Foreign Exchange Depository to operate as a separate branch of Finance Division.

8. Inactivity of the Foreign Exchange Depository since October 1945 due to lack of qualified personnel has placed the necessary inventorying of foreign exchange assets far behind the projected restitutions program. Months of work must be done in the inventorying and setting up of accounts of these assets before they can become the subject of distribution or other disposition.

II. RECOMMENDATIONS:

9. That Foreign Exchange Depository be activated as a separate branch of Finance Division at the earliest possible time under an appropriate Table of Organization and recommence operations as soon thereafter as practicable.

KURT L. WALITSCHKEK
Major GSC
Chief, Currency Branch

KLW/leh
Telephone: Frankfurt 24583

327980

DECLASSIFIED	
Authority	NMD 775059
By	W311 NARA Date 5/16/01

RG	260
Entry	FIN. DIV. & FIN. ADV. FED. CREDIT
File	90010 HISTORY DE FIA
Box	394

S E C R E T

SUPREME HEADQUARTERS
ALLIED EXPEDITIONARY FORCE

AG C40-1 GE-AGM

APO 757 (FWD)
7 September 1944

SUBJECT: Establishment of the Currency Section for Germany.

TO : Headquarters, 21 Army Group, Main
Commanding General, Twelfth Army Group

1. The Currency Section for Germany is hereby activated in accordance with Administrative Memorandum Number 11, this headquarters, cs, dated 4 May 1944, and will be composed of a Head Office, attached to Supreme Headquarters, AEF, and two branches.

2. One of the two branches will be initially under command of Twelfth Army Group and one under command of 21 Army Group.

3. This headquarters will designate the personnel for the Head Office and branches of the Currency Section. Until the TO/WE of the Currency Section has been approved, the U. S. personnel will be carried on the TO of the European Civil Affairs Division, APO 658, U. S. Army, and the British personnel will be carried on the WE of any Civil Affairs Group.

4. The Currency Section will have the following functions and powers:

a. Functions;

- (1) Receive, hold and supply adequate currency for pay and procurement of Allied Armed Forces and for Military Government operations.
- (2) Provide a central depository and clearing house for funds issued to and deposits received from the Allied Expeditionary Force, including Military Government.
- (3) Provide a central financial medium for such measures as may be necessary in the interests of the Allied Expeditionary Force.
- (4) Receive, hold and supply such stocks of postage stamps as are necessary in the interests of the Allied Expeditionary Force.
- (5) Maintain such control and subsidiary accounts as may be required for the purposes of the U. S. and British Governments.
- (6) Maintain the necessary accounting and operational procedures in accordance with the instructions from this headquarters.

DECLASSIFIED	
Authority	NMD 725059
By	MSH NARA Date 5/16/00

RG	260
Entry	FIN. DIV. & FM. ADV. FED. CURRENCY
File	90010 HISTORY OF FED.
Box	394

b. Powers:

- (1) Establish branches and sub-agencies.
- (2) Designate one or more banks as its agents and make and withdraw deposits with banks.
- (3) Make advances directly or indirectly to governments and their political sub-divisions, para-statal institutions, banks, industrial enterprises and others in the absence of other loan sources, when such advances are justified by military necessity, and to hold all evidence of debt or obligations arising from such transactions and to take any steps necessary to recover funds so advanced.
- (4) To act as required as depository for and/or to exercise control over assets seized or impounded by Allied Military authorities.

5. This Currency Section will immediately take control, for Supreme Headquarters, AEF, of all currency, coin and postage stamps, for operations in Germany, held by the British War Office as agent for the Supreme Commander, Allied Expeditionary Force. Appropriate signatures of officers designated to act for the Currency Section will be initially provided to the War Office and/or others by notice above the signature of the Chief, Financial Branch, G-5 Division, Supreme Headquarters, AEF, and thereafter by the DCCAO, your command, or the CFA, Military Government, your command.

6. All currency requirements of the Allied Forces in operations of your command in Germany, except any EMA or yellow seal dollars, both for military pay and procurement and for Military Government purposes, will be drawn from the Currency Section. When currency is to be delivered in the United Kingdom to the Pay Branches, the Currency Section will authorize deliveries of funds by the War Office to designated officers of the respective pay branches of the U. S., British and Allied Services. The respective pay branches will arrange directly with the War Office all details relating to the physical delivery and handling of currency in bulk.

7. Pay branches of the respective services will arrange for the Currency Section to be provided with continuing estimates of their future currency requirements for military purposes, at such times and in such forms as are required by the Currency Section for organization of a proper flow of deliveries. Pay branches of the respective services will arrange for the provision in their shipping schedules and estimates for the movement forward from the United Kingdom of sufficient funds in bulk to take care of all currency requirements for military purposes overseas for the first thirty (30) days of any operations.

8. Funds for Military Government purposes will be provided to the MG organizations in overseas operations of your command directly by the Currency Section, which under agreement with the War Office, U. S. Fiscal Officers and the British DPIC, may use their facilities for the physical handling and movement of currencies to the extent it considers necessary.

DECLASSIFIED	
Authority	NMD 775059
By	W311 NARA Date 5/16/00

RG	260
Entry	FIN. DIV. & FIN. ADV. FED. CREDIT
File	90010 HISTORY OF FED
Box	394

The Currency Section, with bulk funds for both MI and military purposes, will move forward as soon as movement considerations justify.

9. Upon notice by the Currency Section that it is in a position to operate in the overseas area, the U. S. and British Pay Services will make arrangements for their currency requirements in the area to be provided by the Currency Section. The Pay Branches of all other services may make arrangements for their currency requirements in the area to be provided either by the Currency Section, or the U. S. or British Pay Services, whichever is most expedient. After movement of the Currency Section, currency requirements in the United Kingdom for forces in the overseas operations of your command in Germany, will be drawn by the respective pay branches directly from the War Office in accordance with arrangements to be notified to them by this headquarters. This headquarters will, in turn, notify the Currency Section of all such withdrawals.

10. All funds advanced by the Currency Section to the respective pay branches for military purposes will be reported by the receiving branch to the U. S. War Department, the U. S. Navy Department, or the British War Office, in accordance with the recipient's nationality. The U. S. and British pay services will likewise report to the Currency Section all advances made by them for military purposes to any other Allied pay service. The Currency Section will report independently to this headquarters all advances, including advances made for Military Government purposes.

11. The Currency Section will have no further responsibility for funds disbursed by it to the respective pay branches for military purposes, except that a monthly statistical report will be provided by each pay branch, giving in summary form the approximate amount of currency on hand at the beginning and end of each month, and receipts and disbursements, by major categories, during the month. Reports covering operations of the pay branches overseas will be provided to the Currency Section; a consolidated report including transactions in the United Kingdom in connection with overseas operations of your command in Germany will be submitted to this headquarters in duplicate. The form of the subject reports will follow in general that now used in France.

12. In order to facilitate the operations of the Currency Section in its financial dealings with local civilian institutions and governmental authorities, necessary evidences of authority will be supplied to the Currency Section by your headquarters. To the extent practicable, these evidences of authority will bear the signature of the highest authority in the area.

13. To the extent that existing arrangements for the movement of funds are in accordance with the policies expressed above, no changes in them are required.

By command of General EISENHOWER:

(sgd) E. C. Boehnke
E. C. BOEHNKE
Colonel, AGD
Adjutant General

327983

DECLASSIFIED	
Authority	MM 175059
By	MSH NARA Date 5/16/00

RG	260
Entry	FIN. DIV. & FIN. ADV. FED. CREDIT FILE
File	90010 HISTORY OF FILE
Box	394

RESTRICTED

B

SUPREME HEADQUARTERS
ALLIED EXPEDITIONARY FORCE

APO 757
7 March 1945

ADMINISTRATIVE MEMORANDUM *

NUMBER 49 *

DISPOSITION OF CURRENCY AND OTHER FINANCIAL ASSETS
SEIZED FROM ENEMY FORCES OR FOUND ABANDONED

1. Definitions. For the purpose of this Administrative Memorandum:
 - a. Liberated territory means the territory of any of the United Nations in the European Theater of Operations.
 - b. Enemy territory means the territory of the German Reich and Austria prior to 31 December 1937.
 - c. Financial assets, exclude currency but includes, inter-alia, uncanceled stamps of all kinds, cheques, securities of all kinds, including certificates of deposit or receipts therefor, foreign exchange assets, gold (in bullion or coin), silver or platinum in bullion form, warehouse receipts, bills of lading, commercial paper, bank books, postal, giro or other money orders, letters of credit and jewels.

2. Currency Seized from Enemy Forces. All currency, except that taken from Prisoners of War or agents or suspects taken into custody, seized by the Allied Forces from enemy forces, whether in Allied or enemy territory, will be handed over against receipt, to the nearest Finance Officer/Paymaster, or Civil Affairs/Military Government Sub-Accountant with a detailed report of the circumstances in which the currency was found. Currency so turned over will be treated as follows:
 - a. If still legal tender in the country of issue, it will be brought on to the books of the Finance Officer/Paymaster or Civil Affairs/Military Government sub-accountant as captured funds and used for requirements in the territory in which the currency is legal tender. The Finance Officer/Paymaster will send in duplicate, to the Controller of Finance and Accounts G-5/Civil Affairs of the appropriate Army Group, details of the amounts thus taken on to his books.
 - b. If no longer legal tender in the country of issue, the Finance Officer/Paymaster or Civil Affairs/Military Government Sub-Accountant will accept the money on a hand receipt and will not enter it into his accounts. Finance Officers/Paymasters will turn over the currency, securing hand receipt, to the Controller of Finance and Accounts, G-5/Civil Affairs of the appropriate Army Group.

327984

DECLASSIFIED	
Authority	NMD 775059
By	W311 NARA Date 5/16/00

RG	260
Entry	FIN. DIV. & FIN. ADV. FED. CENT. FILE
File	90010 HISTORY OF CIA
Box	394

3. Financial Assets Seized from Enemy Forces. Financial assets taken from enemy forces, other than Prisoners of War or agents or suspects taken into custody, will be treated as follows:

a. If taken in liberated territories, they will be handed over against receipt to nearest Civil Affairs Officer, who will deposit them, against receipt, in the nearest branch of the central bank and will furnish full particulars to the Controller of Property of the Supreme Headquarters, AEF Mission to the Government in whose territory the articles have been found.

b. If taken in enemy territory, they will be turned over, against receipt, with full particulars of the circumstances in which they were discovered to the nearest Military Government Officer to be treated as enemy property under Military Government Property Control instructions.

4. Currency and Financial Assets found on Prisoners of War. Currency and financial assets found on Prisoners of War will be treated in accordance with current instructions, provided the circumstances are such that the Prisoner of War appears to be the owner. Where there is adequate reason to believe that the Prisoner of War is not the owner, currency will be disposed of according to the provisions of paragraph 2, above, and other financial assets according to the provisions of paragraph 3, above.

5. Currency and Financial Assets found in possession of Agents and Suspects. Currency and financial assets found on agents or suspects, taken into custody, will be treated in accordance with current G-2 instructions whether or not the person appears to be a bona fide holder. Current instructions on this subject are contained in a Supreme Headquarters, AEF G-2 document entitled "Disposition of Personal Effects of Agents or Suspects Detained by the AEF", dated 24 August 1944.

6. Currency and Financial Assets found Abandoned or Unprotected.

a. Currency and financial assets abandoned by the enemy forces will be treated respectively according to the provisions of paragraphs 2 and 3, above.

b. In all other cases currency and financial assets found unprotected will be treated in the same way, and disposed of in accordance with the provisions of paragraph 3, above.

7. Currency and Financial Assets which are Adequately Protected. All funds and financial assets whether in public or private premises adequately safeguarded against misappropriation will be left alone. If currency and financial assets which are left in situ include foreign exchange assets such as gold and silver bullion or non-German currency, securities, cheques, drafts, etc., the existence of these assets should be reported to the nearest Military Government Officer.

By direction of the Supreme Commander:

H. H. NEWMAN
Colonel, AGD

DISTRIBUTION:

Assistant Adjutant General

327985

DECLASSIFIED	
Authority	NM 175059
By	W311 NARA Date 5/16/04

RG	260
Entry	FIN. DIV. & FIN. ADV. FED. CENTRAL RES.
File	90010 HISTORY OFFICE
Box	394

HEADQUARTERS
EUROPEAN CIVIL AFFAIRS CURRENCY SECTION - GERMANY
U. S. ARMY

APO 658
4 May 1945

SUBJECT: Currency Section for Germany - U. S. Branch

TO : G-5, Twelfth Army Group, APO 655, U. S. Army

1. Yesterday you visited the undersigned Commanding Officer of the European Civil Affairs Currency Section, and inquired about our mission, chain of Command, etc. I had just taken over command from Lt. Col. Moore, (who was not present at the time), under par 6, SO 111, Headquarters European Civil Affairs Division, APO 658, and could not answer all the questions asked.

2. At your request I gave you a copy of our Letter Order No. 554, 10 April 1945, SHAEF Main, APO 757, under which we are now operating and which ordered us as individuals "to Frankfurt, Germany and such other places in western Europe as may be necessary to carry out the instructions of the Supreme Commander, AEF". These instructions are being given me through the Deputy Chief, Financial Branch, G-5, Supreme Headquarters Allied Expeditionary Force.

3. Upon arrival in Frankfurt by plane, we contacted, Headquarters 3rd Army, local representatives of G-5, Division, 12th Army Group, and Headquarters Advance Group of SHAEF, which is preparing the Farben Building for occupancy.

4. Since our conversation yesterday I find that the basic functions and powers of our Section are laid down in the Supreme Commander's Letter of 7 September 1944, AG 040-1 CE-AGM, SHAEF (Fwd) APO 757, addressed to the Commanding General, Twelfth Army Group and Headquarters, 21 Army Group, Main. This directive stated that the Currency Section for Germany will be composed of a Head Office, attached to Supreme Headquarters, AEF, and two branches one to be initially under command of Twelfth Army Group and the other one to be initially under command of 21 Army Group.

5. It appears from the foregoing that our section was initially placed under command of Twelfth Army Group but that it is now under the command and direction of the Supreme Commander, AEF, under the order of 10 April 1945. It is my belief that this is the basis under which we are operating at the present time. Moreover, it is my understanding that our office and depository in the Reichsbank building is in the area now under control of Supreme Headquarters Allied Expeditionary Force, or which will be under its control.

H. D. CRAGON
Lt. Col., FD
Commanding.

Copy TO: Deputy Chief, Fin Br., G-5 SHAEF Main

327986

DECLASSIFIED	
Authority	<u>MM175059</u>
By	<u>MSH</u> NARA Date <u>5/16/00</u>

RG	<u>260</u>
Entry	<u>FIN. DIV. & FIN. ADV.</u> <u>FED. CEN. FILE</u>
File	<u>90010 HISTORY</u> <u>OF SIA</u>
Box	<u>394</u>

CURRENCY SECTION (Germany).
U. S. ARMY BRANCH

G-5 Fin. Br.
APO 757
8 May 1945

D

SUBJECT: Report on Section

TO : Commanding Officer, European Civil Affairs Division, APO 658,
U. S. Army

1. During the past month, this Section has been assigned a mission that was not contemplated at the time of its activation, and as a result, certain problems have arisen. It is the purpose of this report to acquaint you with these problems.

2. The unit was activated by GO #39, Hq. European Civil Affairs Division, dated 14 October 1944. The T/D and A was dated 9 October 1944 and provided for a strength of 6 officers and 12 enlisted men. Of this strength 2 officers and 5 enlisted men were to be at SHAEF and the remainder at the 12th Army Group. This split was made and at the present time, this Hq. has 4 officers and 6 enlisted men.

3. When the unit was activated, its primary mission was the receipt, distribution and custody of Allied Military Marks. Then on 10 April 1945, the members of this Hq. were ordered by SHAEF to proceed to Frankfurt where they were assigned the mission of receipt, custody, verification and accounting of the tremendous stocks of gold, foreign currency and looted property captured by our forces. This is a large undertaking and one that demands the entire efforts of all available personnel. In addition it is expected that the Section perform its original mission, but this has proved impossible to do with the limited personnel. Already it has been necessary to refuse a requisition for Allied Military Marks because there was no personnel available to make the delivery. Further, for the same reason, various reports pertaining to both the function and administration of the Section have not been made when due.

4. The Section, in performing its recent duties, has been operating under orders of the Deputy Chief, Financial Branch, G-5, SHAEF. In view of this situation, the above matters have been discussed with him and incorporated into a memo, copy of which is attached.

(sgd) H. D. Cragon
H. D. CRAGON
Lt. Col., FD
Commanding

327987

DECLASSIFIED	
Authority	MM175059
By	W311 NARA Date 5/16/64

RG	260
Entry	FIN. DIV. & FIN. ADV. FED. RESERVE
File	90010 HISTORY OF FIA
Box	394

30 April 1945

MEMO TO: Mr. Hynning

Tell Cragon I have been trying to reach him for two days by telephone and for him to call me immediately at SHAEF Main, Ext. 2265.

Tell Cragon there has been found in a town near 9th Army CP the following:

- 6,000 bars of silver
- 536 closed boxes presumably containing silver
- 12 bags of records
- 1 chest of printing plates
- a small amount of foreign exchange and foreign coin

I have asked 12 Army Group to arrange to move these to Frankfurt.

Cragon is to arrange to move the art treasures out of the air raid shelter so as to make room in the air raid shelter for the silver bullion and French francs. Cragon should consider with the art people as well as Bill Dunn in properly locating the art treasure, using space on the ground floor on the side where the patent records are. General McSherry has approved the recommendations of the art group that met last week to the effect that all of the space on both sides of the ground floor be used for the art treasures except that needed for the patent records.

Cattier is arranging to ship from his area about 21 tons of silver to be delivered by Lt. Col. Peterson and a very small amount of gold to be delivered by French Officer. The silver clearly should be handled on behalf of CG ETO. It may be much more difficult to do this in connection with the gold. If this is not possible Cragon should try to handle item as a suspense matter giving merely a receipt in Cragon's name.

Cragon should also be told an order is being issued from ECAD relieving Moore with Cragon replacing him. Order should be put into effect immediately by Cragon.

(sgd) B. Bernstein
B. BERNSTEIN
Colonel, GSC

327988

DECLASSIFIED	
Authority	MMD175059
By	W311 NARA Date 5/16/01

RG	260
Entry	FIN. DIV. & FIN. ADV. FED. RESERVE
File	90010 HISTORY OF FIA
Box	394

CURRENCY SECTION FOR GERMANY
U. S. ARMY BRANCH

G-5 Fin Br.
APO 757

19 May 1945

Memo Re Application of Administrative Memorandum No. 49, SHAEF, dated
7 March 1945

F

1. In connection with shipment No. 21 from Major Macken the question arose as to whether the Currency Section depository at Frankfurt should receive the several items which under Adm Memo 49 should be "treated as enemy property under Military Government Property Control instructions". The latter instructions provide for a special deposit procedure with the Reichsbank with preparation of property control forms, etc.

2. The following discussed this matter in the office of the Currency Section in Frankfurt:

Col. Bernstein, SHAEF, G-5, Fin. Br.
Lt. Col. Cragon, Currency Section for Germany
Major Moss, 12th Army Group, G-5, Fin Br.
Major Jesser, Currency Section for Germany
Major Macken, 7th Army, G-5, Fin Br

3. It was decided by Col. Bernstein that all of the items except two small packages of RM would be turned in to the Currency Section depository at Frankfurt for the account of the Commanding General, ETOUSA, and that these two packages would be deposited with the Reichsbank by Major Macken.

4. Col. Bernstein ruled that it was better to have one big central depository than to follow Adm Memo No. 49 as the facilities in the field were not adequate to properly handle the items. Accordingly, he instructed Lt. Col. Cragon to accept items brought in even if in conflict with Adm Memo No. 49 except for RM which are to be deposited with the Reichsbank. In addition, he instructed Lt. Col. Cragon to obtain more space, if necessary, to care for this broadened policy as under it considerable quantities of currency and other financial assets may be received at the depository maintained by the Currency Section in Frankfurt.

(sgd) H. D. Cragon
H. D. CRAGON
Lt. Col. FD
Chief, Currency Section

(sgd) Edward A. Jesser, Jr.
EDWARD A JESSER, JR.
Maj, Inf.
Deputy Chief, Currency Sec.

327989

DECLASSIFIED	RG	260
Authority <u>NMD 175059</u>	Entry	FIN. DIV. & FM. ADV. FED. CENT. FILE
By <u>MSH</u> NARA Date <u>5/16/68</u>	File	90010 HISTORY OF FED
	Box	394

CONFIDENTIAL

Informal copy for Lt. Col. Cragon, Currency Section for Germany, Frankfurt.

O U T G O I N G M E S S A G E

H Q. T W E L F T H A R M Y G R O U P

Action: CG, Third US Army, Rear	Precedence - Routine
CG, Seventh US Army	Ref No : QX-21360
CG, Ninth US Army	Date : 26 May 1945
CG, Fifteenth US Army	Orig.by : G-5/CER/AGO

G

Information to: Deliver by: Confidential
 Approved for transmission by: Security :

MULTIPLE ADDRESS

IN ORDER TO FACILITATE ACCOUNTING AND AFFORD PROPER PROTECTION TO FOREIGN EXCHANGE ASSETS FOUND IN ENEMY TERRITORY (HEADQUARTERS TWELFTH ARMY GROUP, SIGNED BRADLEY) IT IS DESIRED THAT ALL FOLLOWING ITEMS BE DEPOSITED WITH CURRENCY SECTION FOR GERMANY AT REICHSBANK FRANKFURT: a, GOLD AND SILVER BULLION AND COIN; b, PAPER CURRENCY OF ANY OTHER THAN GERMAN ISSUE; c, ANY OTHER FOREIGN EXCHANGE ASSETS AS DEFINED IN MILITARY GOVERNMENT LAW NUMBER FIFTY THREE. SUCH SHIPMENTS SHOULD BE ACCOMPANIED BY RELEVANT RECORDS OF OWNERSHIP AND STATUS WHERE AVAILABLE AND COORDINATED WITH THIS HEADQUARTERS.

CONFIDENTIAL

Discussed in conference with General McSherry, Brig. B -- Smith, Col. Barrett and Lt. Col. Cragon on 30 May 1945. Decided to bring in all such items from R Zone and to obtain reports from Reichsbanks as to their holdings and decide then about bringing in any other items.

(sgd) H. D. Cragon
 31 May 1945

327990

DECLASSIFIED
 Authority NMD 775059
 By MSH NARA Date 5/16/00

RG 260
 Entry FIN. DIV. & FIN. ADV.
FED. CENT. FILE
 File 90010 HISTORY
OF FED
 Box 394

Copy.
Kr.

HEADQUARTERS XIX CORPS
 Office of the Commanding General
 APO 270

31 May 1945

130 - (E)

SUBJECT: Foreign Exchange Assets.

TO : Commanding General, 70th Inf Div, APO 461, US Army.
 (Attn: SMGO)

The following TWX received from NUSA, dated 301951B May 1945, is quoted for your information and compliance;

"In order to facilitate accounting and to insure proper protection, all foreign exchange assets deposited in Reichsbank or held elsewhere in large amounts will be delivered to currency section for Germany at Reichsbank, Frankfurt. Such assets are; a. All gold and silver bullion and coin; b. Paper currency, other than German issue; and c. Any other foreign exchange assets defined in Military Government Law No. 53. No receipt will be given. Written orders to deliver are authorized. Destination of assets will not be disclosed except to authorized military personnel. Completed copies of executed forms MGAX (2), pages 199 and following, Financial and Property Control Technical Manual, and Records, papers and statements relating to the property and its ownership, if available, will be transmitted with shipments. If no form MGAX (2) has been executed, a statement containing information required in this form will accompany shipments in lieu of copies of executed form. This headquarters will be notified by telephone of intended shipments. Written reports will be made to this headquarters of action taken. If shipment of any bullion will interrupt industrial production for military purposes or essential civilian needs, consent of this headquarters will be obtained prior to shipment".

BY COMMAND OF MAJOR GENERAL PARKER:

(s) A. R. LYMAN, JR.,
 Lt. Col, AGD
 Asst AG

BVM/njp

AG 130 1st Ind.
 HQ 70th Inf Div, APO 461, U. S. Army, 3 June 1945.

TO: Commanding Officers, Military Government Detachments.

For your information and compliance.

BY COMMAND OF MAJOR GENERAL BARNETT:

B. V. MERRICK
 Lt. Col. AGD
 Adj General

327991

DECLASSIFIED	
Authority	NMD 175059
By	W311 NARA Date 5/16/00

RG	260
Entry	FIN. DIV. & FIN. ADV. FED. COUNCIL FILE
File	90010 HISTORY OF FILE
Box	394

CABLE dated 130118 JULY

SECRET
PRIORITY

FROM: AGWAR
TO: SHAEF MAIN, AFHQ, UK BASE
REF NO: WX-30877, 12 JULY 1945

gov-406

Refer VOGs 437, 440, 523, 532; GOVs 341, 369, 398.

Measures regarding financial and accounting matters upon termination of combined command.

You will take such steps as are necessary.

A. To establish a combined administrative liquidating financial agency having chain of command and channels of communication direct to CCS. This agency is hereinafter referred to as "Financial Division" on assumption that this agency will be Financial Division of Combined Administrative Liquidating Agency referred to in VOG 523;

B. To include following in functions of Financial Div which should have branches by country:

1. Accounting and billing for civilian supplies delivered under combined mil authority to recipient governments.

2. Control of custody, as case may be, of gold, foreign currencies, foreign securities, valuable papers, and similar assets now under your control or custody, pending determination of future disposition of such assets.

3. Receipt from SHAEF, upon dissolution thereof, of financial books and records of G-5 SHAEF, and custody and maintenance of such books and records.

4. Taking over of such assets and liabilities of respective currency sections of SHAEF Missions to FRANCE, BELGIUM, LUXEMBOURG, NETHERLANDS, DENMARK, AND NORWAY and of SHAEF currency Sect for GERMANY as have not been liquidated at time of dissolution of SHAEF.

C. To terminate currency and accounts sects of SHAEF Missions to FRANCE, BELGIUM, LUXEMBOURG, NETHERLANDS, DENMARK and NORWAY and of Financial branch, G-5 SHAEF;

D. To release to Financial Div books and records indicated GOV 369;

E. To effect division of your original stock of approximately 15 billion Allied mil marks and of your stocks of Allied mil mark postage stamps in accordance recommendations contained VOG 532. Before Allied mil mark currency and postage stamps are so furnished to French, latter should assume

327992

DECLASSIFIED
 Authority MM175059
 By W311 NARA Date 5/16/00

RG 260
 Entry FIN. DIV. & FIN. ADV.
FED. CURRENCY
 File 90010 HISTORY
28 FEB
 Box 394

appropriate share costs production and transportation such currency and stamps.

F. To apply as appropriate, reference para 1 sub para B sub subpara 1 above, provisions of GOV 213 relative to accounting and settlement for civilian supplies furnished under combined mil authority to recipient governments or authorities;

G. Not to issue orders, ref para 5 VOG 523, terminating civil affairs matters of combined mil interest regarding which the combined administrative liquidating agency will function;

H. To coordinate with SACMED your plans for establishment of above mentioned Financial Div in connection termination of Financial Div of Allied Mil Govt in AUSTRIA.

You are authorized to turn over as you deem preferable exercise of such functions of currency sects of SHAEF country missions, as may still be needed upon dissolution of SHAEF, either directly to Financial Div mentioned in para 1 sub-para A above or to such Financial Div through HQ Currency Sec, Financial Br, G-5 SHAEF.

For your information

A. Instructions will be issued unilaterally by US and British Governments to ETOUSA and 21st Army Group respectively whereby pay services of US and British forces can draw funds direct from appropriate banks or governmental agencies for requirements of such pay services and account therefor in accordance respective intergovernmental arrangements;

B. Ref para 1 subpara D above, subject of microfilming combined records GOV 398 is being dealt with separately.

DECLASSIFIED	
Authority	NMD 175059
By	MSH NARA Date 5/16/01

RG	260
Entry	FIN. DIV. & FIN. ADV. FED. CONTROL
File	90010 HISTORY OF FIA
Box	394

OUTGOING MESSAGE

TO : AGWAR

FROM : US GROUP CC SIGNED CLAY

REF NO : CG-13446 TOO: 150939B July

1. Proposal contained in GOV 406 relative to functions of Finance Division of Combined liquidation agency present some difficulties. As worked out here, CALA (which is now located in Versailles, was intended to deal solely with the liquidation of unfinished combined command affairs in liberated areas and on both British and American sides personnel and records were selected and segregated for that task and not for dealing with liquidation of any German financial or other problems. Arrangements have envisaged with respect to financial affairs for Germany that there would be a closing out of accounts of the SHAEF currency section for Germany with a view to turning over records of the SHAEF German Currency Section to the currency sections established with the British, US, and French Control Commissions. Almost all of the personnel dealing with currency section and accounting problems of Germany have been attached to the Control Commission or theater staff working in Germany with a view to carrying on in their new positions the currency and accounting work for Germany heretofore done in SHAEF.

2. Currency Section for Germany attached to the Finance Division of the Control Commission and USFET is charged with handling for USFET all gold, foreign currencies, etc., picked up in Germany and held at the Reichsbank in Frankfurt. It is assumed that Paragraph B2 of GOV 406 did not intend to require the turning over of the control or custody of such gold, foreign currencies, etc., from the organization which has been established to deal with it to CALA which has neither the personnel, experience or facilities to deal with the matter.

3. To turn over to CALA any records of SHAEF which relate to Germany would seriously interfere with the Control Council and Theater Staffs for Germany carrying out financial responsibilities in Germany.

4. American personnel selected to work with CALA are part of the staff of CG, USFET and are, therefore, responsible to CG, USFET for their actions. In view of this and in view of any possible responsibilities on CG, USFET with respect to currency and accounting matters in liberated areas, it is essential that CG, USFET be put in the channel of command and channel of communication from CALA to CCS.

5. Reference is made to S97305, 13 July 1945, for indication of our views on the allocation of stocks of Allied Military Marks held in London. It is assured that governments will work out arrangements for French to bear pro rata share of printing and transportation costs.

DECLASSIFIED
 Authority MM175059
 By W311 NARA Date 5/16/80

RG 260
 Entry FIN. DIV. & FIN. ADV.
FED. CENT. FILE
 File 90010 HISTORY
OF FED
 Box 394

- 2 -

6. CALA does not have any personnel adequately familiar with financial problems of Austria. It has been envisaged that responsibility for dealing with financial problems in Austria, including liquidation of matters heretofore undertaken, will be dealt with by the Austrian Control Commission and Military Government Staff in Austria in a manner comparable to that envisaged for Germany.

7. Your comments are requested. This cable has been approved by General Hildring and principles have been discussed with Mr. McCloy who agrees in principle.

DECLASSIFIED
 Authority NMD 775059
 By W311 NARA Date 5/16/00

RG 260
 Entry FIN. DIV. & FIN. ADV.
FED. CENT. FILE
 File 90010 HISTORY
OF FILE
 Box 394

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

Incoming Message

DATED 211739

RECD 220520B JULY
 8/22

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

P R I O R I T Y

FROM : WARCAD
 TO : US GROUP CC
 REF NO : W-36000

Concerning functions Finance Division CALA urad July CC-13446 following is War Department analysis of situation with respect procedure necessary terminate former SHAEF Country Currency Sect ons including Currency Section Germany under overall policy governing dissolution SHAEF. Believe you should have this analysis in order coordination military views be complete before approached here other United States Agencies for concurrence such further steps you may recommend.

2. CALA may not be suitable agency but existing CCS directive appears necessitate Combined Agency directly responsible CCS for control matters referred to Para 1 B 1, 2, 3 4 GOV 406 during post-SHAEF period, for example pending Combined Agreement as to allocation between Com Gens United States and British Zones Occupation Germany and Austria of assets referred to Para 2 CC-13446.

3. Distinction is necessary between control and custody gold and other assets referred to Para 2 above. No question has been raised as to continuance United States custody but since Combined Control of these items prior to dissolution SHAEF was specifically required under CCS 551/7 Appendix "C" Para 6E and under SHAEF adm memo 49 of 7 March 45, it would seem ref D 564 that further disposition such assets required US-UK agreement at CCS or equivalent level. All cables governing control of such assets have been combined. Once allocation referred to Para 2 above is obtained unilateral control as well as custody assets would presumably be authorized pending determination by Reparation Commission in matters of restitution and reparation.

4. With respect closing out of accounts SHAEF Currency Section it appears that such books should be closed out on combined basis and books held under Combined Control and Custody and not broken up until assets over which Combined Control exists have been disposed of under combined instructions. In this connection arrangements have been made under combined agreement for outside audit combined accounts by combined auditors appointed by CCS. This

DECLASSIFIED	
Authority	<u>NMD 175059</u>
By	<u>W311</u> NARA Date <u>5/16/00</u>

RG	<u>260</u>
Entry	<u>FIN. DIV. & FIN. ADV.</u> <u>FED. CENTRAL</u>
File	<u>90010</u> HISTORY <u>DE FIA</u>
Box	<u>394</u>

auditing body is composed representatives Comptroller General United States and Comptroller and Auditor General of British Dept Exchequer and Accounts acting as agents for CCS and representing United States and British Govts respectively. United States and British members combined auditors are now deciding upon procedures prior exercising their auditing functions in theater.

5. Combined Military responsibility in continuing for limited period beyond gate dissolution SHAEF with respect to

A. In liberated areas accounting and billing for CAV supplies delivered under Combined Military authority to recipient govts and

B. In Germany and Austria furnishing Civ supplies under Combined Military authority to respective Zone Commanders.

6. Your views as to agency which should exercise functions indicated GOV 406 or as to how otherwise these matters may be handled under existing factors in situation wuld be appreciated. You may also wish ref Para 7 CC-13446 to discuss foregoing with Mr. McCloy and Gen Hilldring.

7. It is contemplated ref Para 5 CC-13446 that French will be charged through Treasury channels for pro rata share printing and transportation costs A.M. Marks turned over French mil authorities also that you will inform French mil in advance accordingly. Further advise this matter will be included in further reply CC-13446 to be coordinated with other interested agencies when your rely KEU wire foregoing has been received.

CC-13446, 15 July 45. Originator, Finance.
GOV-406 (W-30877) is AG IN 3348, 14 July 45.

ACTION : Finance

INFORMATION : Secretary General
DAS
PR
POLITICAL AFFAIRS
AG
AG RECORDS

AG IN 4035 22 July 45 1105B DMK/jdk REF NO: W-36000

327997

DECLASSIFIED	RG
Authority <u>MM175059</u>	Entry <u>260</u>
By <u>W311</u> NARA Date <u>5/1/60</u>	<u>FIN. DIV. & FIN. ADV.</u>
	<u>FED. CENS. FILE</u>
	File <u>90010 HISTORY</u>
	Box <u>394</u>

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

28 July 1945

Finance Division, USGCC, from Clay

AGWAR

Confidential

Priority

Re W-36000 from WARCAD

Following are views of US Group CC & USFET:

1. SHAEF Currency Section for Germany has been dissolved. Final report of that section as of 13 July 1945 has been forwarded to you and as of 13 July 1945 stocks of Allied Military Marks have been divided between currency section of finance division of US/BR/FR control council staffs and such finance divisions will each prepare monthly reports respecting their respective shares of Allied Military Marks. Finance Division of US Group CC/USFET has the books of the Headquarters Branch, SHAEF German Currency Section and the Finance Division of the British Control Commission has made copies of records desired by it.

2. CALA will handle accounts and prepare bills for civilian supplies delivered under combined Military authority to liberated areas and will handle assets and liabilities of currency sections of SHAEF Missions in liberated areas. CALA has all books and records of G-5 SHAEF relating to all matters arising in liberated areas.

3. Upon the dissolution of SHAEF there ceased to be any combined agency to deal with the accounting, currency or other financial problems in Germany and no such combined agency appears to be necessary. USFET and Hqs Com Z will have information on supplies under U.S. control. Br/Fr zone staffs will have supply information on their receipts and issues of supplies under the combined military program. By coordination and exchange of information USFET will then be enabled to provide an overall accounting to the War Department on the civilian supply program under combined military control. Likewise, the Br/Fr zone headquarters will be in a position to report to their respective governments. It may be desirable to establish a committee under CRAB to liquidate supply and accounting matters in Germany for the period of combined responsibility.

4. The gold and other assets held at the Reichsbank in Frankfurt have continuously been held by the US forces in the name of CG, ETO and now will be held in the name of CG, USFET. No distinction is made by us between control and custody. Babington Smith, Chief British finance officer under SHAEF, was fully aware of this and stated to Bernstein in discussing VOG 406 that he assumed that para. B 2 did not apply to gold, etc., held at Reichsbank in Frankfurt since such gold, etc., was not held by SHAEF but by CG, ETO.

DECLASSIFIED	RG	260
Authority <u>NMD 175059</u>	Entry	FIN. DIV. & FIN. ADV. FED. CENT. FILE
By <u>MSH</u> NARA Date <u>5/16/00</u>	File	90010 HISTORY OF FILE
	Box	394

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

5. The records of the Financial Branch, G-5 SHAEF have been distributed as follows: all of the records including currency and accounting records related to liberated areas have been turned over to CALA; all of the records including currency and accounting records relating to Germany are being held by USFET G-5. The British side of the Control Council has been furnished with copies of all records relating to Germany including currency and accounting records which they are interested in having. Nothing has occurred which will interfere with combined auditors of CCS discharging their functions either with respect to liberated areas or Germany.

6. The fact that combined military responsibility exists for a limited period after SHAEF's dissolution in furnishing civilian supplies to respective zone commanders in Germany and Austria does not necessitate any change in the finance divisions which have already been established by British and US at Control Council and theater levels, having in mind handling matters described in your cables.

General Hilldring agrees with this cable.

B BERNSTEIN
Colonel, GSC

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

327999

DECLASSIFIED	
Authority	MMD 175059
By	WMI/NARA Date 5/16/04

RG	260
Entry	FIN. DIV. & FIN. ADV. FED. CURRENCY
File	90010 HISTORY REF ID
Box	394

MEMO RE CHANGE-OVER FROM SHAEF TO USFET

At 0900, 10 August 1945, the following officers met in the office of Colonel Bernstein at USFET:

Col. B. Bernstein
Col. Ruttloff
Lt. Col. Cragon

Major Walitschek
Major [redacted]
Capt. Schilling

The meeting had been called by Col. Bernstein to discuss the report of the Currency Section for the month of July 1945, which had been prepared in accordance with the attached memo. It was explained to Col. Bernstein that the plan had been developed in view of cable GOV 406 requiring a combined agency to take over assets and liabilities of SHAEF. Col. Bernstein stated that we should not consider GOV 406 and should treat it as of no effect. He further stated that he wanted USFET to take over the assets and liabilities of the U. S. Army Branch, SHAEF, Currency Section, on the principle that there was no differentiation between the USFET and U. S. Army Branch Currency Sections except the change of name.

Accordingly, it was necessary to revise the Currency Section report as originally submitted. This was done the same day and submitted to Reports Officer about 1600, 10 August 1945.

(sgd) B. S. Schilling
B. S. SCHILLING
Capt. Inf.
Accounting Section

(sgd) K. L. Walitschek
K. L. WALITSCHEK
Major, QMC
D/Chief, Currency Section

(sgd) H. D. Cragon
H. D. CRAGON
Lt. Col., FD
Chief, Currency Section

DECLASSIFIED
 Authority NMD 775059
 By W311 NARA Date 5/16/94

RG 260
 Entry FIN. DIV. & FIN. ADV.
 File 90010 HISTORY
 Box 394

HQ U S FORCES EUROPEAN THEATER
 STAFF MESSAGE CONTROL
 INCOMING CONFIDENTIAL MESSAGE

WAFZ
 TOO 181617Z AUGUST

USFET MAIN 374/18
 TOR 182115B AUGUST

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

FROM : AGWAR SIGNED WARGOS
 TO FOR ACTION : USFET MAIN
 FOR INFO : USGCC MAIN, UK BASE FOR BRITISH CHIEFS OF STAFF
 REF NO : WX-51027 18 AUGUST 1945

USGCC GERMANY advises ref GOV 406 GOV 369 and VOG 564 SHAEF Central Currency Sect for GERMANY terminated as follows:

A. Stocks allied mil mark currency and postage stamps divided between currency sects of finance divs of UNITED STATES/ British/French Control Council Staffs.

B. Books of HQ Br SHAEF Central Currency Sect turned over to and now held by Fin Div of UNITED STATES Group CC/USFET with copies as desired furnished Fin Div British Control Commission.

C. All records relating to GERMANY turned over to and now held by G-5 USFET. British element control council furnished with copies as desired of all such records including currency and accounting records.

D. Gold and other assets held by UNITED STATES Forces at REICHSBANK FRANKFURT, as agreed between UNITED STATES and British Elements Control Council, under United States control and custody pending determination further disposition such assets.

For clarification of combined records in view divergent procedures regarding termination SHAEF Central Currency Sect for GERMANY containe d VOG 564 and GOV 406 respectively this cable has received US-UK clearance.

Concerning civ supply accounting confirmation from you of USGCC advices to following effect is also requested.

A. British and French Zone Staffs respectively will maintain records of Br and Fr receipts and issues civ supplies under combined Mil program, USFET and Communications Zone will maintain similar info on civ supplies coming under UNITED STATES control.

DECLASSIFIED		RG	260
Authority	MMD175059	Entry	FIN. DIV. & FIN. ADV. FED. CENTRAL RES.
By	W311 NARA Date 5/16/60	File	90010 HISTORY OF FILE
		Box	394

B. By means interzonal coordination and exchange info Br and Fr Zone Hq and Hq USFET will be able to provide to respective govts overall accounting on civ supply program under combined Mil Control.

Ref paragraph 3 above, you are authorized to establish committee under CRAB to liquidate supply matters GERMANY and maintain accounting relative thereto for period combined Mil responsibility.

Ref paragraph 1E GOV 406 French will be charged through treasury channels for pro rata share printing and delivery costs AM mark currency and postage stamps turned over to French Mil Authorities. You should arrange for French Mil Authorities to be informed now accordingly if not already so informed by UNITED STATES or British Mil at time of such turnover.

GOV 406 (WX-30877) is SMC IN 15267, 13/7/45, G-5
 GOV 369 (WX-15598) is FS IN 3714, 13/6/45, G-5.
 VOG 564 (S-96937) is SMC OUT 10224, 12/6/45, G-5.

ACTION : G-5
 INFORMATION : SGS
 G-4
 G-1
 AG RECORDS

SMC IN 11224 18 AUG 1945 2244B JOB/vcb REF NO: WX 51027

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

DECLASSIFIED
Authority NND 775059
By MSH NARA Date 5/16/00

RG 260
Entry FIN. DIV. & FIN. ADV.
FED. CENTRAL FILE
File 90010 HISTORY
OF CIA
Box 394

HEADQUARTERS U. S. FORCES EUROPEAN THEATER
STAFF MESSAGE CONTROL
OUTGOING CONFIDENTIAL MESSAGE

14/FIN/A DFRANKOWSKI

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

TO : AGWAR

FOR INFO: US GROUP CC

FROM : USFET MAIN, SIGNED EISENHOWER

CITE: ETGEC

REF NO : S-19620

TOO : 251130B

1. Reference WK-51027 dated 18 August 1945.

2. It is confirmed that stocks of AM marks and stamps were divided between US/BR/FR Control Council Staffs. Books of SHAEF Currency Section for GERMANY closed and now held by Fin.Div. US Group CC/USFET subject to CCS instructions concerning ultimate disposition.

3. Copies of records furnished to British Control Council include all SHAEF German files desired by them, not Currency Section records only.

4. Currency and accounting records relating to GERMANY now held by G-5 USFET include former 6th and 12th Army Group records and present US Zone records. G-5 USFET holds all SHAEF German files. Records for 21 Army Group and British Zone held by British. Similarly French are holding 1st French Army and French Zone records.

5. As indicated in USGCC cable of 28 July reply to W-36000 the gold and other assets held at the Reichsbank in FRANKFURT are being held pending determination further disposition such assets under control and custody of CG, USFET, in accordance with arrangements agreed to by Brigadier BABINGTON-SMITH, Chief, Finance Branch, G-5 SHAEF.

6. Proposal concerning civil supply accounting sub-paragraphs A and B agreeable. We shall explore exchange of information with British and French and report.

7. We are working on plans to set up a system of coordination of the accounts for supplies delivered to GERMANY under combined responsibility.

SMC OUT 5940

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

DECLASSIFIED	RG
Authority <u>NMD 775059</u>	Entry <u>260</u> <u>FIN. DIV. & FIN. ADV.</u> <u>FED. CENT. FILE</u>
By <u>WML</u> NARA Date <u>5/16/68</u>	File <u>90010</u> <u>HISTORY</u> <u>OF FILE</u>
	Box <u>394</u>

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

REF NO: S-19620

25 AUGUST 1945

(CONTINUED)

8. French Control Council already informed that charges will be made through Treasury Channels for pro rata share printing and delivery costs of AM mark currency and stamps.

9. It is understood that CALA will be terminated 15 Sept. 45. Plans are now being made for an agency to handle completion of CA Financial and CA Supply accounting matters following dissolution of CALA. As indicated in our S-19184 of 23 Aug 45 it is requested that GOV-406 be amended and new instructions issued that CALA and the new agency

A) limit their operations to liberated territories

B) follow normal channels of communication through the Commanding General, USFET and the authorized British Agency until such time as the Commanding General, USFET is expressly relieved of responsibility in respect of combined CA Financial and CA Supply accounting matters in liberated territories.

WX-51027 is SMC IN 11224, 18/8/45, G-5
 W-36000 is SMC IN 7794, 29/7/45, USGCC.
 S-19184 is SMC OUT 5354, 23/8/45, G-5.

ORIGINATOR : G-5

AUTHENTICATION: C. L. ADCOCK,
BRIG. GEN., GSC.

INFORMATION : G-4

G-1
AG RECORDS

SMC OUT 5940 25 AUGUST 1945 1344B AGD/wml REF NO: S-19620
 TOO : 251130B

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

DECLASSIFIED	RG	260
Authority <u>NMD 175059</u>	Entry	FIN. DIV. & FIN. ADV. FED. CENT. RES.
By <u>MSH</u> NARA Date <u>5/16/68</u>	File	90010 HISTORY OF FED
	Box	394

"THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE ACT, U.S.C. 50; 31 and 32. THE TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW."

U. S. CONFIDENTIAL
BRITISH CONFIDENTIAL

COMBINED CHIEFS OF STAFF

COMBINED CIVIL AFFAIRS COMMITTEE

GOV Airgram 23, 10 September 1945, Washington, D. C.

From : CCAC
To : CCALA
Subject : Revision of instructions concerning financial and accounting matters of combined military nature.
REFER : GOV 406 and 425 VOG 564 WARX 51027 S 19620

Provisions GOV 406 as applicable to CALA and combined agency eventually succeeding CALA are hereby amended as follows:

a. Above-mentioned provisions remain effective for liberated territories only i.e. combined administrative liquidating financial agency established accordance paragraph 1a GOV 406 will have branches by liberated country only.

b. Regarding termination SHAEF Central Currency Section for Germany, steps taken as outlined VOG 564 approved. In conformity such steps it is understood from CG USFET reference S 19620 that following measures which are also hereby approved have been put into effect:

- (1) Stocks A.M. mark currency notes and stamps divided accordance paragraph 1e GOV between US/UK/French Control Council Staffs.
- (2) Books of SHAEF Central Currency Section for Germany closed and now held by Financial Division US Group CG/USFET subject to CCS instructions as to final disposition. All SHAEF German files now held by G-5 USFET. Copies records furnished to British Control Council including Currency Section records and all SHAEF German files desired by British CC.
- (3) Included in currency and accounting records pertaining Germany now held by G-5 USFET are former Sixth and Twelfth Army Group records and present U. S. Zone

DECLASSIFIED	
Authority	MM175059
By	W311 NARA Date 5/16/00

RG	260
Entry	FIN. DIV. & FIN. ADV. FED. CENTRAL RES.
File	90010 HISTORY OF FID
Box	394

records whereas British military authorities hold records of 21st Army Group and British Zone. Similarly French First Army and French Zone records held by French military authorities.

- (4) Pending determination further disposition gold, foreign currencies, foreign securities, valuable papers and other assets uncovered in Germany and Austria by elements of former Allied forces under SCAEF are now held under control and custody of elements Allied forces which held such assets at time dissolution of SHAEF.
- (5) Reference WARX 51027 plans are being formulated among elements Control Council for coordination accounts for civilian supplies delivered to Germany under combined military responsibility.

c. Concerning channels communication you will be guided by following:

- (1) In matters policy with respect to liberated countries, such channels will be to CCS through CG USFET and British Chiefs of Staff.
- (2) In technical matters relative cash and civilian supply accounting and auditing of combined accounts with respect to liberated countries, such channels will be direct to CCS with messages to be repeated for coordination as prescribed paragraph 2c GOV 425; with respect to matters concerning liquidation former SHAEF Control Currency Section for Germany, such channels will be set forth sub-paragraph c (F) above except that direct channels with CCS, with messages repeated for coordination to CG USFET and appropriate British agency, will be maintained so far as combined audits mentioned GOV 425 of accounts former SHAEF Central Currency Section for Germany are concerned.

2. Reference paragraph 1g GOV 406 assumed that no further advances are being made by CALA G-5 liberated country currency sections to pay services or for civil affairs purposes and that these functions CALA Currency Sections have been discontinued.

J. R. WILSON
Group Captain

W. M. CAMERON
Colonel, GSC

5 copies - CALA
5 " - USFET
5 " - USFA
15 copies - CCALA
5 " - AFHQ
2 " - BCS

Combined Secretariat

DECLASSIFIED	RG	260
Authority <u>MMD175059</u>	Entry	FIN. DIV. & FIN. ADV. FED. CENTRAL RES.
By <u>W311</u> NARA Date <u>5/16/00</u>	File	90010 HISTORY REF ID
	Box	394

**HEADQUARTERS
U. S. FORCES EUROPEAN THEATER
Office of Military Government (U. S. Zone)
Financial Branch**

(Main) APO 757
12 October 1945

GE-FIN 321-3

SUBJECT: Functions of Currency Section

TO : Chief, Financial Branch, Office of Military Government (U.S.Zone), US Forces European Theater, APO 757.

1. The Currency Section was granted broad responsibilities and authority in the attached letter of 7 Sept. 1944, File AG 040-1 GE-AGM, issued by the Supreme Commander, Allied Expeditionary Force.

2. The Currency Section in connection with such responsibilities is presently following the procedures and practices outlined in the attached memorandum. All of these functions are prescribed in the letter of 7 Sept. 1944, Part III of JGS 1067/6 and cable implementing these provisions (Ref: Cable No. W-44757 of 5 August 1945 from AGWAR) or other directives issued to the Currency Section.

3. If you approve continuance of our present operations as outlined in the attached memorandum, please indicate your concurrence by signing in the space below and have the paper returned to us for our file.

4. The Currency Section in carrying out the functions specified in the attached memorandum will continue to exercise due care and discretion.

(sd) H.D. Cragon
H. D. CRAGON
Lt. Col. FD
Chief, Currency Section

Approved: (sgd) Joseph M. Dodge, 29 Oct.
JOSEPH M. DODGE
Chief, Financial Branch

HDC/leh

Incl: 2
Letter of 7 September 1944
Memorandum of 12 Oct. 1945.

328007

DECLASSIFIED	
Authority	MMD 175059
By	W311 NARA Date 5/16/00

RG	260
Entry	FIN. DIV. & FIN. ADV. FED. COUNCIL
File	90010 HISTORY OF PTD
Box	394

**HEADQUARTERS
U. S. FORCES EUROPEAN THEATER
Office of Military Government (U. S. Zone)
Financial Branch**

(Main) APO 757
12 October 1945

SUBJECT: Outlining Functions of Currency Section.

1. The Currency Section, Financial Branch, Office of Military Government (U.S. Zone) performs the following functions:

- (a) Receives, holds and issues such stocks of Allied Military Marks and German legal tender currency as may be necessary to meet the requirements of U.S. Forces European Theater, including Military Government;
- (b) Opens and operates such bank accounts as may be authorized by Chief, Financial Branch, Office of Military Government (U.S. Zone);
- (c) When so authorized by the Director, Office of Military Government (U.S. Zone), makes advances to governments and their political sub-divisions, para-statal institutions, banks, industrial enterprises and others in the absence of other loan sources and holds all evidence of debt or obligations arising out of such transactions;
- (d) Reimburses U.S. Military and Naval Disbursing Officers for expenditures of a Military Government nature and receives from such Disbursing Officers surplus funds and collections arising from Military Government operations;
- (e) Reimburses Military Government, U.S. Military and Naval Disbursing Officers for counterfeit German currency and/or Allied Military Marks in accordance with specific directives;
- (f) Reimburses Military Government, U.S. Military and Naval Disbursing Officers, directly or indirectly, for mutilated and unusable Allied Military Marks in accordance with specific directives;
- (g) Receives and holds stocks of Allied Military Postage Stamps and makes deliveries in bulk as may be directed by PTT Officers of this Headquarters;

328008

DECLASSIFIED	
Authority	<u>NMD 775059</u>
By	<u>MSH</u> NARA Date <u>5/16/00</u>

RG	<u>260</u>
Entry	<u>FIN. DIV. & FIN. ADV.</u> <u>FED. RES. SYS.</u>
File	<u>90010</u> HISTORY OF FED.
Box	<u>394</u>

- (h) Acts, if so required, as a special agency for the deposit of foreign exchange assets such as gold and silver bullion and coins, foreign securities, foreign currencies and other like valuables.
- (i) Maintains such records and accounts as may be required by the United States Government to correctly reflect its transactions and to indicate supply, control and movements of all funds made available to Currency Section;
- (j) Maintains a Counterfeit Detection Sub-Section; and
- (k) Acts, in so far as may be required, in an advisory capacity to U.S. Group Control Council on all matters relating to currency.

2. All Allied Military Marks and German legal tender currency advanced to or received from Military Government and United States Military and Naval Disbursing Officers is evidenced by receipts. With respect to each such transaction with a Military or Naval Disbursing Officer, the Currency Section reports by radio the details thereof to the War or Navy Department, as appropriate, which in turn reports the transaction to the U.S. Treasury Department.

3. The Currency Section has no further responsibility for funds disbursed by it to the respective pay services for military purposes, except that a monthly report is furnished through U.S. Group Control Council to the United States Treasury, War and Navy Departments showing:

- (a) Balance Sheet and such supporting schedules as are appropriate;
- (b) Statements of receipts of funds classified as fully as practicable according to:
 - (1) Source, i.e. from whom received
 - (2) Character or purpose
 - (3) Type of currency if other than German or Allied Military Marks
- (c) Statements of disbursements and advances of funds to show:
 - (1) Recipients
 - (2) Character or purpose
 - (3) Type of currency if other than German or Allied Military Marks
- (d) Statements of amounts of AM Marks Currency issued, redeemed, destroyed and outstanding.

DECLASSIFIED	
Authority	NMD 775059
By	W311 NARA Date 5/16/00

RG	260
Entry	FIN. DIV. & FIN. ADV. FED. CREDIT
File	90010 HISTORY OF FED
Box	394

HEADQUARTERS
UNITED STATES FORCES, EUROPEAN THEATER
Office of Military Government (U. S. Zone)
Financial Branch

GE-FIN 123.5-2

(Main) AFO 757
9 November 1945

SUBJECT: Looted Valuables

TO : Lt. Col. H.D. Cragon, Chief, Currency Section

1. Reference is made to the matter of accepting from responsible U. S. military authorities financial assets, valuables, and looted materials which have come into the possession of such responsible military authorities as looted property, or property which there is reasonable cause to believe or suspect have been looted, and which are tendered to the Currency Section for safeguarding and custody in the Foreign Exchange Depository.

2. It seems desirable that such valuables be received and held in safe custody by the Currency Section for the following reasons:

a. It is undesirable that custody of such materials be dispersed through numerous military agencies now holding or collecting such valuables which do not have appropriate facilities for safeguarding or custody.

b. The restitution process would be complicated if custody of such materials were dispersed among many holders.

c. A substantial amount of the looted material is already held by the Currency Section.

d. Mr. McCloy, Assistant Secretary of War, has requested and this Headquarters has undertaken to provide at an appropriate time a plan for the disposition of looted materials now held or subsequently acquired, or the proceeds thereof, held by the Currency Section. The intelligent preparation of any such plan would be unnecessarily complicated if custody of such materials were dispersed among many collecting agencies.

3. Accordingly, you are authorized to receive for safeguarding and custody valuables such as gold and silver bullion and coin, foreign currencies, foreign securities, precious stones or jewels, jewelry, gold teeth, and other similar valuables. You should obtain from the agency presenting any such materials a statement in detail as to the nature and source of any such materials. You should not accept any materials of the type which are properly handled by some other agency or Military Government, such as, for instance, paintings which are handled by the Monuments, Fine Arts and Archives Section of the Reparations, Deliveries and Restitutions Branch.

(sgd) A. U. Fox
A. U. FOX
Acting Deputy Chief

I CERTIFY THAT THIS IS A TRUE COPY:

(sgd) Paul S. McCarroll
PAUL S. MCCARROLL, Capt. AC
Deputy Chief

328010

DECLASSIFIED
Authority <u>MM175059</u>
By <u>W311</u> NARA Date <u>5/16/80</u>

RG	<u>260</u>
Entry	<u>FIN. DIV. & FIN. ADV.</u> <u>FED. RES. FILE</u>
File	<u>90010</u> HISTORY <u>OF FIA</u>
Box	<u>394</u>

Excerpt from JSC 1067/6, 26 April 1945, PART III

"49. All Foreign Exchange transactions, including those arising out of exports and imports, shall be controlled with the aim of preventing Germany from developing a war potential and of achieving the other objectives set forth in this directive. To effectuate these purposes the Control Council should

"a. Seek out and reduce to the possession and control of a special agency all German (public and private) foreign exchange and external assets of every kind and description located within or outside Germany."

BA-113-G

April 28, 1956

Mr. Charles Jordan
American Joint Distribution Committee
119 Rue Saint Dominique
Paris (VII), France

Re: Projected 1956 Budget for JDC-Claims Conference
Operation in Latin America

Dear Charlie:

In my early discussions with you when I assumed the position as JDC representative in Latin America, I expressed my belief, and you concurred, that because of the scope and ramifications of our operation, it would be advisable to devise a careful and detailed budget which would serve as a financial guide and instrumentality for administrative control.

Accordingly, Joe Loewenstein and I have reviewed the financial aspects of our entire JDC-Claims Conference Latin American operation. After much deliberation, we have projected a 1956 budget which is being submitted herewith for your consideration.

With respect to Claims Conference cash requirements, we have confined ourselves to Argentina, Uruguay and Brazil, since all other Latin American countries receive their payments from New York.

The projected budget is predicated on many obvious needs for a revitalized JDC program and new approach, and on the increased Conference program which involves more extensive geographical coverage, an increase in the number of allocations, and the consequent necessity for appropriate implementation.

It is obvious from the statements appended herewith, that from an operating budget viewpoint we are self-sustaining. However, because of the large amount of cash required to meet Claims Conference allocations, the excess of campaign income over operating expenses is certainly insufficient to meet Claims Conference obligations.

328012

Our calculations indicate that an additional amount of approximately AP 2.60,000 will still be needed for Argentina and Uruguay for the year 1956, and Cr. 3,047,000 for Brazil. With respect to Brazil, it must be emphasized that this does not include an additional Cr. 1,300,000 (Exhibit H) for Claims Conference allocations which we may or may not be called upon to pay in 1956.

Because of the many urgent requests being received for Claims Conference payments and our low cash position, we must request the immediate transmission of AP 1,500,000 at this time, to tide us over until September 1956. At that time we will need an additional AP 1,000,000, which together with the first funds to be received on account of the 1956 Magbit Campaign in Argentina, should be sufficient for the balance of the year. In addition, we request authorization to immediately draw upon ICA for Cr. 2,115,000 needed in Brazil, which will tide us over until September. At that time we will require an approximate additional Cr. 52,000 for the balance of the year.

Following are the exhibits embracing this budget:

Summary Statement of 1956 Cash Requirements for
Argentina, Uruguay and Brazil.....Page 1

ARGENTINA AND URUGUAY

<u>Exhibit A:</u> Operating Budget for 12 Months Ending December 31, 1956 (Buenos Aires Office)	2
<u>Exhibit B:</u> 1955 Magbit Campaign.....	3
<u>Exhibit C:</u> 1956 Magbit Campaign.....	4
<u>Exhibit D:</u> Budget for Salaries for 12 Months Ending December 31, 1956.....	5
<u>Exhibit E:</u> Budget for 12 Months, Comite Auxiliar Montevideo.....	6
<u>Exhibit F:</u> Cash Requirements for 12 Months Ending December 31, 1956, for Argentina and Uruguay.....	7

BRAZIL

<u>Exhibit G:</u> Cash Requirements for the Balance of 1956 for Brazil.....	8
<u>Exhibit H:</u> Organizations in Brazil Which May or May Not Use Their 1956 Claims Conference Allocations.....	9

328013

As you know, this is the first time a detailed budget has been set up for South America. While it is based on realistic needs and known factors, I would like to point out that we may be called upon for unanticipated emergency requirements as they may arise.

Very sincerely yours,

Sidney Nelson
Sidney Nelson

cc. Mr. Moses Leavitt
Miss Dorothy Speiser
Mr. Saul Kagan
Mr. Simon Schargo

328014

**AJDC BUENOS AIRES
LATIN AMERICAN HEADQUARTERS**

PROJECTED 1956 BUDGET FOR JDC-CLAIMS CONFERENCE OPERATIONS

TABLE OF CONTENTS

Summary Statement of Cash Requirements for 1956, for Argentina, Uruguay and Brasil	Page 1
---	---------------

ARGENTINA AND URUGUAY

<u>Exhibit A:</u> Operating Budget for 12 Months, Ending December 31, 1956 (Buenos Aires office) ...	2
<u>Exhibit B:</u> 1955 Magbit Campaign	3
<u>Exhibit C:</u> 1956 Magbit Campaign	4
<u>Exhibit D:</u> Budget for Salaries for 12 Months Ending December 31, 1956	5
<u>Exhibit E:</u> Budget for 12 Months, Comite Auxiliar Montevideo	6
<u>Exhibit F:</u> Cash Requirements for 12 Months Ending December 31, 1956, for Argentina and Uruguay	7

BRAZIL

<u>Exhibit G:</u> Cash Requirements for the Balance of 1956 for Brasil	8
<u>Exhibit H:</u> Organizations in Brasil which May or May Not Use Their 1956 Claims Conference Allocations	9

AJDC BUENOS AIRES
LATIN AMERICAN HEADQUARTERS

SUMMARY STATEMENT OF 1956 CASH REQUIREMENTS FOR

ARGENTINA, URUGUAY AND BRAZIL

328016

	<u>Argentine</u>	<u>Pesos</u>	<u>Cruceros</u>
<u>ARGENTINA AND URUGUAY</u>			
Cash Balances as of January 1st, 1956			
JDC Buenos Aires	969.135,-		
Comite Auxiliar Montevideo and JDC Accounts (equivalent of 24,400 Urug.Pesos)	<u>244.000,-</u>	1.213.135,-	
Total Campaign Receipts expected for year 1956 (Exhibits B and C)		<u>2.615.000,-</u>	
<u>TOTAL CASH AVAILABLE</u>		<u>3.828.135,-</u>	
 Disbursements			
Claims Conference Requirements	4.811.560,-		
Administration Expenses Argentina and Uruguay	1.114.000,-		
Distribution of Campaign Receipts (UHS and ORT) (x)	<u>495.100,-</u>		
<u>TOTAL DISBURSEMENTS (EXHIBIT F)</u>		<u>6.420.660,-</u>	
 <u>BALANCE REQUIRED FOR ARGENTINA AND URUGUAY</u>		 <u>2.592.525,-</u>	
 <u>BRAZIL</u>			
 <u>BALANCE REQUIRED FOR 1956 (EXHIBIT G)</u>			 <u>3.046.958,-</u>

(x) OSE Share payable in Israel

AMERICAN JOINT DISTRIBUTION COMMITTEE - BUENOS AIRES - ARGENTINA

LATIN AMERICAN HEADQUARTERS

OPERATING BUDGET FOR 12 MONTHS ENDING DECEMBER 31, 1956

(Currency: Argentine Pesos)

	<u>Total for 12 months ending Dec. 31, 1956</u>	<u>Actual expenses & Income for 3 months ended March 31, 1956</u>	<u>Estimated for 9 months, end- ing Dec. 31, 1956</u>
<u>EXPENSES</u>			
Local Salaries			
Regular-Exhibit D	250.920,-	33.240,-	217.680,-
Overtime	3.535,-	535,-	3.000,-
Employer's share of social security tax	36.833,-	4.833,-	32.000,-
Rent (net of rent) from sublet space	8.502,-	1.416,-	7.086,-
Maintenance	6.000,-	1.452,-	4.548,-
Postage-Telephone & Telegrams	25.000,-	9.277,-	15.723,-
Office Supplies	10.000,-	5.393,-	4.607,-
Travel & related expenses	200.000,-	54.833,-	145.167,-
Insurance	756,-	356,-	400,-
Subscriptions	6.000,-	1.424,-	4.576,-
International & Latin American Conferences (Paris & others)	200.000,-	1.000,-	199.000,-
Publicity and Promotion	70.000,-	4.280,-	65.720,-
Miscellaneous	8.454,-	5.313,-	3.141,-
Furniture & Equipment Unforseen	5.000,- 23.000,-		5.000,- 23.000,-
	<u>854.000,-</u>	<u>723.352,-</u>	<u>730.648,-</u>
<u>Total Expenses</u>			

INCOME

1955 Maghit Campaign -Net (Exhibit B)	868.600,-	381.932,-	36.200,- 450.468,-
1956 Maghit Campaign -Net (Exhibit C)	1.251.300,-		1.251.300,-

328017

EXHIBIT B

AJDC BUENOS AIRES
LATIN AMERICAN HEADQUARTERS
1955 MAGBIT CAMPAIGN
(Currency Argentine Pesos)

Date received	Total	Credited by JDC B.A. in 1955	Credited by JDC B.A. in 1956
September 1955	800.000.-	800.000.-	
October 1955	750.000.-	750.000.-	
November 1955	200.000.-	200.000.-	
January 1956	100.000.-		100.000.-
March 1956	500.000.-		500.000.-
April 1956	36.200.-		36.200.-
Total received in cash	2.386.200.-	1.750.000.-	636.200.-
Balance due from 1955 campaign	613.800.-		613.800.-
Total JDC participation	3.000.000.-	1.750.000.-	1.250.000.-
Deductions			
3% deducted by Magbit for the DAIA	90.000.-		90.000.-
Net income	2.910.000.-	1.750.000.-	1.160.000.-
Distributions of net income			
United Hias Service .7%	203.700.-	56.000.-	147.700.-
ORT .7%	203.700.-	60.000.-	143.700.-
OSE (x)	-	-	-
Total distributions	407.400.-	116.000.-	291.400.-
Net income of the 1955 Campaign retained by JDC Buenos Aires	2,502,600.-	1.634.000.-	868.600.-

(x) Payable in Israel.

EXHIBIT C

AJDC BUENOS AIRES
LATIN AMERICAN HEADQUARTERS

1956 MAGBIT CAMPAIGN
(Currency-Argentine Pesos)

	<u>Total</u>	<u>To be credited by JDC B.A. in 1956</u>
Date expected to be received		
September 1956	700.000,-	700.000,-
October 1956	500.000,-	500.000,-
November 1956	200.000,-	200.000,-
December 1956	100.000,-	100.000,-
	<u>1.500.000,-</u>	<u>1.500.000,-</u>
Deductions		
3% for DAIA	<u>45.000,-</u>	<u>45.000,-</u>
Net income	<u>1.455.000,-</u>	<u>1.455.000,-</u>
Distribution of net income		
United Hias Service .7%	101.850,-	101.850,-
ORT .7%	101.850,-	101.850,-
OSE (°)	-	-
	<u>203.700,-</u>	<u>203.700,-</u>
Net income (xx)	<u><u>1.251.300,-</u></u>	<u><u>1.251.300,-</u></u>

(°) It is assumed that OSE's participation will again be paid in Israel.

(xx) Special attention is directed to the fact that the foregoing represents only the cash which is expected to be received in 1956 on account of the 1956 Magbit Campaign which ends in April 1957. The likelihood is that the total receipts of the 1956 campaign will be approximately the same as for the 1955 campaign.

AJDC BUENOS AIRES
LATIN AMERICAN HEADQUARTERS
BUDGET FOR SALARIES FOR 12 MONTHS
ENDING DECEMBER 31, 1956
(Currency: Argentine Pesos)

	Total for 12 months ending December 31, 1956	Actual for 3 months ended March 31, 1956	Estimate- ted for 9 months ending December 31, 1956
FELIX TRONIK Chief Accountant	106.700.—	14.300.—	92.400.—
ERNA GOLDBLUM Secretary	44.640.—	10.700.—	33.940.—
BEATE FRIES POLLACK Secretary	49.245.—	6.845.—	42.400.—
TERESA SNAJER Secretary	44.440.—	-	44.440.—
CARLOS DE LA PUENTE Office boy	1.395.—	1.395.—	-
ROBERTO PASMANTER Office boy	4.500.—	-	4.500.—
	<u>250.920.—</u>	<u>33.240.—</u>	<u>217.680.—</u>

EXHIBIT E

COMITE AUXILIAR DEL JOINT - MONTEVIDEO, URUGUAY
BURGET FOR 12 MONTHS ENDING DECEMBER 31, 1956
(In Uruguayan Pesos)

	Total for 12 months ending Dec. 31, 1956	Actual Expendi- tures for 3 months ended march 31, 1956	Estimated for 9 months end- ing December 31, 1956
<u>EXPENSES</u>			
Local Salaries			
Jacobo Jacobsohn	8.400.—	1.875.—	6.525.—
Employer's share of Social Security Tax	—.—	—.—	—.—
Publicity	1.222,70	222,70	1.000.—
Rent	1.190.—	290.—	900.—
Cables & Telegrams	1.580,77	230,77	1.350.—
Telephone-Postage	744,70	194,70	550.—
Part-time help	1.022,10	122,10	900.—
Transportation	9.081,99	81,99	9.000.—
Office Maintenance	1.304,44	404,44	900.—
Subscriptions	278,35		278,35
Government Stamps	50,65	14,65	36.—
Office Equipment	61,75	61,75	—.—
Miscellaneous	1.062,55	162,55	900.—
<u>Total Expenses</u>	<u>26.000.—</u>	<u>3.660,65</u>	<u>22.339,35</u>
<u>INCOME</u>			
1955 Magbit Campaign (x)	0.—	—.—	—.—
<u>NET EXPENSES IN URUGUAYAN PESOS</u>	<u>26.000.—</u>	<u>3.660,65</u>	<u>22.339,35</u>
<u>NET EXPENSES IN ARG. PESOS EQUIVAL.</u>	<u>260.000.—</u>	<u>36.606,50</u>	<u>223.393,50</u>

(x) JDC Share of Campaign funds from Uruguay are not paid to JDC in Uruguay.

AMERICAN JOINT DI
CASH REQUIREMENTS FOR 12 MO
FOR ARGENTINA

Total for 12 months ending December 31, 1956	Paid January 1, 1956 to March 31st, 1956	April	Ma
--	---	-------	----

CLAIMS CONFERENCE

(ARGENTINA) (In Argentine Pesos)

Grants to individuals (1956)	77.200,-	27.700,-	5.500,-	5.
Union Israelita Polaca (1956)	300.000,-			75.
Kiun (1956)	75.000,-	37.500,-		18.
Escuelas Laicas, Editorial Jibuj (1956)	75.000,-			37.
Palacio de la Torah (1956)	150.000,-			150.
Nueva Comunidad Israelita (1956)	240.000,-			240.
Culto Israelita de Belgrano (1956)	200.000,-			200.
Asociación Filantrópica Israelita (1955)	300.000,-			
Dr. Swarcowsky-for URO services	36.000,-	36.000,-		
U.R.O. (1956)	111.000,-	21.000,-	30.000,-	
Hamidrasha Ha-Ivrit:				
-Teacher Training Scholarships	140.000,-			35.
-Teacher Placement Bureau (5.000 US dollar allocation)	200.000,-			
	1.904.200,-	122.200,-	35.500,-	761.

URUGUAY (Uruguayan Pesos)

Grants to individuals (1956)	9.636,-	2.409,-	803,-	
Vaad Hajimuj (1955)	5.000,-	2.500,-		
Afilantis Nueva Congregación (Cash Relief) (1956)	60.000,-	15.000,-		
Nueva Congregación and Asilo de Huérfanos (1956)	108.500,-			
Afilantis-Childrens Home-Maintenance (1956)	15.000,-		3.750,-	3.
Afilantis-New Building of Childrens Home (1956)	50.000,-			
U.R.O. (World Jewish Congress) (1956)	12.600,-	3.000,-	3.200,-	
Maccabi - Haocaj (1956)	20.000,-	20.000,-		
Cursos religiosos y Escuela Integral Ortodoxa (1955)	10.000,-		10.000,-	
Total in Uruguayan Pesos	290.736,-	42.909,-	17.753,-	4.

Total equivalent in Argentine Pesos

2.907.360,-	429.090,-	177.530,-	45.
-------------	-----------	-----------	-----

Total Claims Conference in
Argentine Pesos

4.811.560,-	551.290	213.030,-	807.
-------------	---------	-----------	------

ADMINISTRATION EXPENSES

(In Argentine Pesos)

J.D.C. Buenos Aires (Exhibit A)	854.000,-	123.352,-	81.183,-	81.1
Comite del Joint en Uruguay (Exhibit B)	260.000,-	36.606,-	24.821,55	24.8
	1.114.000,-	159.958,-	106.004,55	106.0

DISTRIBUTION OF CAMPAIGN FUNDS

UNITED HIAS

1955 Campaign	147.700,-			147.7
1956 Campaign	101.850,-			

ORF

1955 Campaign	143.700,-			143.7
1956 Campaign	101.850,-			

Total Distribution of Campaign Funds

495.100,-			291.4
-----------	--	--	-------

UNMITTED

DECEMBER 31, 1956

Payments to be made in 1956 in months of

	July	August	September	October	November	December
	5,500,-	5,500,-	5,500,-	5,500,-	5,500,-	5,500,-
	18,750,-	75,000,-		75,000,-		
	18,750,-			18,750,-		
			150,000,-			
	30,000,-			30,000,-		
	35,000,-	35,000,-				
			50,000,-	50,000,-	50,000,-	50,000,-
	108,000,-	115,500,-	205,500,-	179,250,-	55,500,-	55,500,-
	803,-	803,-	803,-	803,-	803,-	803,-
		108,500,-	15,000,-			15,000,-
	3,750,-	50,000,-		3,750,-		
	3,200,-			3,200,-		
	7,753,-	159,303,-	15,803,-	7,753,-	803,-	15,803,-
	77,530,-	1,593,030,-	158,030,-	77,530,-	8,030,-	158,030,-
	185,530,-	1,708,530,-	363,530,-	256,780,-	63,530,-	213,530,-
	81,183,-	81,183,-	81,183,-	81,183,-	81,183,-	81,183,-
55	24,821,55	24,821,55	24,821,55	24,821,55	24,821,55	24,821,60
122	106,004,55	106,004,55	106,004,55	106,004,55	106,004,55	106,005,60
			47,530,-	33,950,-	13,580,-	6,790,-
			47,530,-	33,950,-	13,580,-	6,790,-
			95,060,-	67,900,-	27,160,-	13,580,-
55	291,534,55	1,814,534,55	564,594,55	430,684,55	196,694,55	333,115,60

AJDC BUENOS AIRES
LATIN AMERICAN HEADQUARTERS

CASH REQUIREMENTS FOR THE BALANCE
OF THE YEAR 1956 FOR BRAZIL

(CURRENCY CRUZEIROS)

	<u>Payments to be made for the balance of 1956</u>			
	<u>April</u>	<u>May and June</u>	<u>July, August and September</u>	<u>October, November and December</u>
<u>Claims Conference</u>				
Grants to individuals (1956) (1)	15.400,-	30.800,-		
Congregacao Israelita Paulista (1955)	275.000,-	275.000,-		
Congregacao Israelita Paulista (1956)	125.000,-	125.000,-	125.000,-	125.000,-
Asilo Dos Velhos (1956)	75.000,-	75.000,-	75.000,-	75.000,-
Organizacao Feminina Israelita Ofidas (1956)	125.000,-	125.000,-	125.000,-	125.000,-
Linath Hasedek (1956)	87.500,-	87.500,-	87.500,-	87.500,-
Federacao das Sociedades Israelitas (1956)	150.000,-	150.000,-	150.000,-	150.000,-
Federacao das Sociedades Israelitas (scholarship 1956)	27.000,-	27.000,-	27.000,-	27.000,-
Sociedade Israelita de Beneficencia "Esra" (1956)	50.000,-	50.000,-	50.000,-	50.000,-
Kupat Gemilat Chesed (1956)	150.000,-	150.000,-	150.000,-	150.000,-
"UNIAO" Associacao Beneficente Israelita (1956) (2)	200.000,-	100.000,-	100.000,-	150.000,-
URO (1956)	105.000,-	105.000,-	105.000,-	105.000,-
<u>Total Claims Conference</u>	<u>1.384.900,-</u>	<u>1.195.300,-</u>	<u>994.500,-</u>	<u>894.500,-</u>
Administration Expenses (Estimated)	12.500,-	25.000,-	37.500,-	37.500,-
<u>Grand total</u>	<u>1.397.400,-</u>	<u>1.220.300,-</u>	<u>1.032.000,-</u>	<u>932.000,-</u>
<u>Cash Balance JDC Sao Paulo as of March 31st 1956</u>		234.742,20		
Received from ICA in April 1956	800.000,-			
Amount to be received from ICA in April 1956	<u>500.000,-</u>	<u>1.300.000,-</u>	<u>1.534.742,20</u>	
Cash balance as of April 30, 1956		<u>137.342,20</u>	137.342,-	
<u>Balance Required in Cruzeiros</u>		<u>3.046.958,-</u>	<u>1.082.958,-</u>	<u>932.000,-</u>

(1) According to N.Y. Accounting letter N° 2169/3258 of January 24, 1956, the Conference grants to individuals

CASH REQUIREMENTS FOR

OF THE YEAR 1956 F

(CURRENCY CRUZEIRO)

Claims Conference

Grants to individuals (1956) (1)
 Congregacao Israelita Paulista (1955)
 Congregacao Israelita Paulista (1956)
 Asilo Dos Velhos (1956)
 Organizacao Feminina Israelita Ofidas (1956)
 Linath Haredak (1956)
 Federacao das Sociedades Israelitas (1956)
 Federacao das Sociedades Israelitas (scholarship 1956)
 Sociedade Israelita de Beneficencia "Esra" (1956)
 Kupat Gemilat Chesed (1956)
 "UNIAS" Associacao Beneficente Israelita (1956) (2)
 UBO (1956)

Total Claims Conference

Administration Expenses (Estimated)

Grand total

<u>Cash Balance JDC Sao Paulo as of March 31st 1956</u>		234.742,20
Received from ICA in April 1956	800.000,-	
Amount to be received from ICA in April 1956	<u>500.000,-</u>	<u>1.300.000,-</u>
 Cash balance as of April 30, 1956		
 <u>Balance Required in Cruzeiros</u>		 <u><u>3.046.958,-</u></u>

328026

(1) According to N.Y. Accounting letter N° 2169/3258 of January 24, 1956, the Conference grants to individuals will continue through June 30, 1956.

ANNEX
HEADQUARTERS
FOR THE BALANCE
FOR BRAZIL

(NUMEROS)

Payments to be made for the balance of 1956

<u>April</u>	<u>May and June</u>	<u>July, August and September</u>	<u>October, November and December</u>
15.400,-	30.800,-		
275.000,-	275.000,-		
125.000,-	125.000,-	125.000,-	125.000,-
75.000,-	75.000,-	75.000,-	75.000,-
125.000,-	125.000,-	125.000,-	125.000,-
87.500,-	87.500,-	87.500,-	87.500,-
150.000,-	150.000,-	150.000,-	150.000,-
27.000,-	27.000,-	27.000,-	27.000,-
50.000,-	50.000,-	50.000,-	50.000,-
150.000,-	150.000,-	150.000,-	150.000,-
200.000,-	100.000,-	100.000,-	
105.000,-		105.000,-	105.000,-
<u>1.384.900,-</u>	<u>1.195.300,-</u>	<u>994.500,-</u>	<u>894.500,-</u>
12.500,-	25.000,-	37.500,-	37.500,-
<u>1.397.400,-</u>	<u>1.220.300,-</u>	<u>1.032.000,-</u>	<u>932.000,-</u>
<u>1.534.742,20</u>			
<u>137.342,20</u>	<u>137.342,-</u>		
	<u>1.082.958,-</u>	<u>1.032.000,-</u>	<u>932.000,-</u>

AJDC BUENOS AIRES
LATIN AMERICAN HEADQUARTERS

ORGANIZATIONS IN BRAZIL WHICH MAY OR MAY NOT USE THEIR 1956

JDC - CLAIMS CONFERENCE ALLOCATIONS

Cruseiros

Kupat Gemilat Chesed, Sao Paulo

Cr. 600.000 to be paid by JDC to this organization. This would be JDC's share of a Joint-ICA supplementary fund to the Kupat, of Cr. 1.200.000

600.000.--

SIBRA, Porto Alegre

Towards the construction of a Home for the Aged, as per Claims Conference 1956 allocation

750.000.--

UNIAO Associação Beneficente Israelita, Rio de Janeiro

One scholarship for a social worker

40.000.--

OFIDAS, Sao Paulo

Towards the construction of a new building, as per 1956 Claims Conference allocation

500.000.--

Federação da Sociedades Israelitas Brasileiras, San Paulo

Balance due as per Claims Conference 1956 allocation for additional social work scholarships

72.000.--

1.962.000.--

AMERICAN JOINT DISTRIBUTION COMMITTEE

HEADQUARTERS FOR OVERSEAS OPERATIONS

CABLES & TELEGRAMS
JOINTFUND-GENEVA

64, RUE DU STAND
GENEVA
SWITZERLAND

TELEPHONE
26 32 60

19 October 1960

To : Miss Dorothy Speiser - AJJDC New York
From: Jerome J. Jacobson - AJDC Geneva
Re : Distribution of Successor Organizations' Income

Jer. Jacobson

Mr. Jordan transmitted a message asking to write you immediately on the availability of successor organization funds and the probable dates of distribution to the operating agencies.

At a series of meetings over the weekend we reached agreement with Mr. Kagan on the available amounts for distribution and the steps for implementation.

The following was agreed for distribution:

- a) From Berlin immediately to be paid out to successor organizations - DM 2.7 million.
Of this amount approximately 42% will go to JTC and approximately 52% will go to JRSO. It is impossible at this moment to furnish precise shares because the funds arise from different categories of settlement to which different apportionment percentages apply. These funds are in hand and JRSO has been instructed to proceed immediately to pay out. Hence, JTC will receive some DM 1.134 million and JRSO will receive DM 1.404 millions. In JRSO JDC's share is 33% of 85%, thus about DM 393,822 is immediately payable on this. So far as JTC is concerned, there is an outstanding allocation of 500,000 DM for religious and cultural purposes which must be satisfied and if no other deductions are made for reserves or administration, JDC should receive as its share of the remaining 634,000 DM some 133,000 DM. The JTC distribution should be available by the end of October. The amount accruing to JDC from the Berlin funds is therefore of the order of 527,000 DM from both successor organizations and should be paid by the end of this month.
- b) Bavarian Indemnification Settlement. - Under this settlement JRSO's share is DM 13 million. We are awaiting payment by the Land, all documents having been completed. This payment should be received by JRSO by the end of October since the Land Authorities indicated in Munich two weeks ago that they are prepared

1079965
4151300

03100

328029

AMERICAN JOINT DISTRIBUTION COMMITTEE

HEADQUARTERS FOR OVERSEAS OPERATIONS

CABLES & TELEGRAMS
JOINTFUND-GENEVA

84, RUE DU STAND
GENEVA
SWITZERLAND

TELEPHONE
26 32 60

-2-

Miss Dorothy L. Speiser

19 October 1960

to make payment upon completion of the necessary documents. In reviewing the JRSO financial position Mr. Kagan agreed with us the entire amount is to be distributed to the operating agencies. Hence 12,265,000 DM will be available as soon as the funds are paid and the balance of 735,000 DM will be available about 2 weeks thereafter because of some guaranty documents which shall have to be furnished to the Bavarian authorities. With respect to the total amount 85% under JRSO allocations goes to the JDC and JAFI combined, or DM 11.05 million. From this Mr. Kagan points out that 600,000 DM must then be deducted to cover the JDC and JAFI commitments to United Help, leaving 10,450,000 of which JDC's share is 33% or DM 3,448,500. As indicated, this will be available in two instalments. There is, however, an administrative problem in JRSO which Mr. Kagan is proceeding to try to clear up by correspondence with all the members of the JRSO Executive Committee. JRSO's authority to distribute is limited to a remainder of about 5 million DM and a new allocating decision must be obtained from the Executive Committee. It is assumed the pattern will remain unchanged and will be approved by correspondence instead of requiring a formal meeting of the Executive Committee.

- c) Ministerialkonten. - The Finance Ministry has recently reached a final settlement with the successor organizations on this complex, for which a final payment of DM 5.8 million accrues to the successor organizations. Of this DM 480,000 must be set aside as a reserve to cover the ATO share, providing DM 5.32 million for the successor organizations. In this settlement the JRSO share is 50.85% and the JTC share is 41.65%. (JDC does not participate in the French Branch shares.) This money should be received during the next two months, allowing for the ratification by the courts of the settlement and withdrawal of claims.

These....

328030

AMERICAN JOINT DISTRIBUTION COMMITTEE

HEADQUARTERS FOR OVERSEAS OPERATIONS

**CABLES & TELEGRAMS
JOINTFUND-GENEVA**

**64, RUE DU STAND
GENEVA
SWITZERLAND**

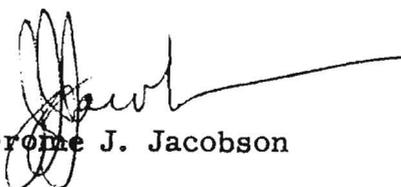
**TELEPHONE
26 32 60**

-3-

Miss Dorothy L. Speiser

19 October 1960

These are the presently available and foreseeable funds. Other negotiations are still in progress but it is too early to predict the results.


Jerome J. Jacobson

cc: Mr. Jordan

JJJ/meh

328031

4 July 1960

To : Mr. Charles H. Jordan
Mr. Eran Laor

EMERGENCY
JRSO

Subject: Claims in Berlin of the Israeli Custodian General

You will recall during our meeting in Paris I raised the problem in which certain claims of the Israeli Custodian General in Berlin have interfered with and complicated the situation of the successor organizations. I mentioned that in a previous meeting with Dr. Bergmann in Duesseldorf I had expressed the view that the Custodian's action caused difficulty for the successor organizations. Also as noted at the Paris meeting, Dr. Bergmann met subsequently with the successor organizations and Kagan in Frankfurt. The following is both a summary of the facts as well as the content of our meeting in Frankfurt.

1. Facts - The successor organizations have filed a series of claims in Berlin under the Restitution Laws for the turnover of certain heirless and unclaimed property, mainly securities and bank accounts seized from individuals in territories overrun by the Nazis and shipped to the Reich Finance Ministry in Berlin. This group includes the property of about 5800 people. Under an implementing law to the Restitution Laws claimants were permitted to file for compensation in lieu of restitution in natura where property could be shown to have been seized in territories overrun by the Nazis and to have been shipped into what is now the territory of the Federal Republic. While the successor organizations acquired a claim to restitution of actual property which claimants failed to file for under the Restitution Laws something of a conflict resulted from the second law (the BRueG) which provided the claim for compensation in lieu of restitution, so that in practice JRSO Berlin acting for all three successor organizations has been constantly reviewing its blanket claim for restitution in natura to drop off the property for which a bona fide claimant filed in time for compensation under the BRueG. Unless this were done the Bundesfinanzministerium correctly points out it is subjected to double compensation because the JRSO would get the property itself while the claimant would get compensation for its loss.

Against this background the Custodian General and JRSO jointly obtained a list of between 17,000 and 26,000 persons from the authorities in Berlin before the closing dates of the BRueG. The Custodian General of Israel filed

JUL 6 1960

some...

328032

4 July 1960

some 17,000 claims under the BRueG acting as the representative of Jews and immediately circulated the lists around the world inviting claimants to come forward. It is reported that about 1500 individuals responded and Dr. Bergmann says that about half were in Israel and the other half abroad.

2. The problems - The action of the Custodian gives rise to a number of curious problems.

(a) In law he would not appear to be able to claim on behalf of someone who is not an Israeli national. Nonetheless he takes the position that he will not discuss this because at present for other reasons the position in Israel is that it has authority to act for the Jewish people (the overtones of the Eichmann case).

(b) While it is probably true that the action of the Custodian serves to preserve the claim of an Israeli national who didn't file in time and this claim passes to the true claimant, the Custodian is not willing to circumscribe his claims to these limits. Instead he proposes that the successor organizations join with him in reaching a global arrangement with the Finance Ministry to turn over all of the property to the Israeli Treasurer who would undertake to receive individual claims for a thirty-year period (from the time of the enactment of the BRueG) which conforms with the Statute of Limitations and the Israeli Government will undertake to satisfy all claims and indemnify the Finance Ministry against claimants. To the successor organizations the Custodian proposes, in return for their support, to negotiate a lump sum - probably one-third - provided the successor organizations participate in equal proportion in the indemnity given by the Israel Government to the Finance Ministry.

(c) The normal strategy of the successor organizations in the absence of the involvement by the Custodian would be to negotiate with the Finance Ministry on the basis of sampling as to the probable magnitude and value of unclaimed property in reconciling the Restitution Law with the BRueG and to obtain the largest global payment, leaving the burden with the Finance Ministry to adjudicate and settle the individual claims under the BRueG.

(d) While in theoretical terms of absolute law there may not be any conflict between the two sets of claims - JRSO and Custodian - in practical terms the latter serves to paralyze the former, and adjudicating the separation of the two sets would lead to several years of examination and trials.

J J J To
Date

3
Mr. Charles M. Jordan / Mr. Eran Laor
4 July 1969

(e) To evaluate the consequences of the Custodian's claims upon the JRSO claims must be resolved as a factual matter. It is not known whether the Custodian's claims actually overlap the JRSO claims and if so to what extent. Consequently, one point decided upon in Frankfort was to check the list of Custodian claims under the BRueG against the list of JRSO claims. Obviously if there is no duplication, there is no area whatever of difference since they would be completely different claims. However, it is assumed that at least some part is a duplication. This would serve to separate the portion which falls wholly to JRSO, except to the extent an individual has filed, and the portion duplicated would require still further examination. The second point we requested in Frankfort is that the Custodian furnish JRSO the full list of individuals who responded to the circularization by the Custodian. This is so far a list of 1500 of which half are said to be outside Israel. The Custodian offered to furnish us a sampling but I insisted we receive the total list. Checking this information against our claim may again serve to indicate the area of the JRSO claim for which the Custodian has no valid legal basis by reason of pertaining to claims outside Israel's jurisdiction. A third result to be obtained would be the showing whether some portion of the response received by the Custodian from individuals is a duplication of claims already filed in time by the individual, so that the Custodian's intervention is in any case redundant. The Custodian has agreed to furnish the full list and details of individual replies. These examinations will be made by JRSO as rapidly as possible.

3. Positions

- (a) The Custodian proposed subordinating the JRSO claim to the Israeli claim and reaching internal agreement with Israel.
- (b) The Finance Ministry would possibly welcome a total settlement as proposed by the Custodian because it would relieve the Finance Ministry of the tedious administrative burden as well as the cost of adjudicating the individual claims of this category.
- (c) I stated that the positions of the JRSO and the Custodian are not interdependent as suggested by him, but may be parallel and, hence we might better negotiate two agreements. From the viewpoint of the successor organizations our task is to settle our claims as early as possible and get out of business. The action

by....

328034

Page

4

J J J To

Mr. Charles H. Jordan / Mr. Eran Laor

Date

4 July 1960

by the Custodian is a source of annoyance or inconvenience to us and may mean that instead of JRSO obtaining 3 million DM as we estimate, we may find our entitlement reduced, perhaps for illustration only to 1 or 2 million DM. In that eventuality we should negotiate the best terms we can in the circumstances and wind up our affairs. From the JRSO viewpoint there is no reason why it should seek to preserve a fund and obligation which carries on for a thirty-year period. If it is the wish of the Israeli Government, after sorting out all the facts to undertake a thirty-year obligation as a means of gaining the use of funds to which Israel is not the proper successor that should remain the problem of the government but without involving or keeping alive the successor organizations for those purposes.

The real area of difference will be determined from the overlap in which Israel has no proper standing because the late claimants are not Israelis. When this has been determined we shall be in a better position to formulate what should be our position.

Jerome J. Jacobson

cc: Mr. Kagan
Dr. Kapralik
Mr. Leavitt ✓
Dr. Rosenthal

JJJ/meh

328035

SEN. S. EAGLE

131 111
JGR
S

April 4, 1960

Mr. Milton Sirkin
Number One Lincoln Road
Miami Beach, Florida

Dear Mr. Sirkin:

I write in connection with a matter in which I have taken a strong interest, and which is now before the U. S. Senate. In particular, I would like to ask your assistance in obtaining the support and help of Senator Eastman. Mr. Martin Popperstein and Judge Irving Cyren suggested that I bring this matter to your attention.

The situation, briefly stated, is as follows:

Some years ago an amendment to the Trading with the Enemy Act was passed which provided that the President could designate a successor organization which could file claims to heirless assets vested by the Office of Alien Property. These are assets which belonged to persons who were persecuted by the Nazis and who perished, together with all known relatives. The purpose of this Act was to enable the proceeds of these assets to be used in the United States for needy surviving victims of Nazi persecution.

In early 1955, President Eisenhower designated the Jewish Restitution Successor Organization under this Act, and the JRSO promptly filed claims to the heirless property involved. Since then, the JRSO and the Department of Justice have worked toward a solution to the problem of adjudication of these claims. The difficulty is that there are thousands of claims, many of which involve small amounts of property and almost all of which involve extremely complicated and difficult questions of proof. This, of course, is inevitable in a situation in which the extermination of an entire family is the basis for the JRSO claim.

328036

April 4, 1960

In recent years, the Government and the JSSO have agreed that the only solution for this problem is a "bulk settlement" of these claims. It has been agreed that \$500,000 would be an appropriate amount, although the original legislation had a ceiling of \$3,000,000. Most important, legislation providing for this "bulk settlement" has recently passed the House of Representatives after hearings and full debate, and is now before the Senate. The Bill designation is HR 6462.

The particular reason why we would like the help of Senator Sauthers is that this legislation comes before the Senate Judiciary Committee. The Chairman of the subcommittee of the Judiciary Committee, Senator Olin Johnston of South Carolina, is strongly opposed to a Bill which has nothing to do with this problem but which also involves the Trading With The Enemy Act, that Bill being S 107, a Bill sponsored by Senator Sauthers. On the other side, Senator Sauthers is equally opposed to legislation proposed by Senator Johnston which would provide for the general return of vested German and Japanese assets.

It has been indicated that the Senate Judiciary Committee would favorably report HR 6462, which is a relatively minor matter in this context, were it not fearful that Senator Sauthers would try to use it as a vehicle by which S 107 could be attached on the floor of the Senate as an amendment. Persons familiar with the legislative process in Washington think this is very unlikely. Nevertheless, the possibility stands as a block to the prompt action on HR 6462 which everyone, including the Administration, desires.

In these circumstances, it would be extremely helpful if you could explain the situation to Senator Sauthers and obtain his support for HR 6462. The person most familiar with this matter in Washington is Mr. Seymour Rubin, who acts as Washington counsel for the JSSO and who would be most pleased to meet with Senator Sauthers or his assistants and go into the matter in any desired detail.

Thanking you very much for your help, I remain

Sincerely yours,

Moses A. Levitt

328037

original letter from MAL
Judge Cyren in Conf
IRSO files.

April 4, 1960

Judge Irving Cyren
Eleventh Judicial Circuit
of Florida
Dade County Court House
Miami, Florida

Dear Judge Cyren:

This will acknowledge your letter of April 1, 1960.
In accordance with your suggestion and after consultation
with Mr. Pappas, I have written to Mr. Milton Girtin.

Sincerely yours,

James A. Leavitt

328038

SEN. & ENCL.

March 29, 1960

Judge Irving Cypen
420 Lincoln Road
Miami Beach, Florida

Dear Judge Cypen:

I write in connection with a matter in which I have taken a strong interest, and which is now before the U.S. Senate. In particular, I would like to ask your assistance in obtaining the support and help of Senator Smathers. Mr. Martin Peppercorn suggested that I bring this matter to your attention.

The situation, briefly stated, is as follows:

Some years ago an amendment to the Trading With The Enemy Act was passed which provided that the President could designate a successor organization which could file claims to heirless assets vested by the Office of Alien Property. These are assets which belonged to persons who were persecuted by the Nazis and who perished, together with all known relatives. The purpose of this Act was to enable the proceeds of these assets to be used in the United States for needy surviving victims of Nazi persecution.

In early 1955, President Eisenhower designated the Jewish Restitution Successor Organization under this Act, and the JRSO promptly filed claims to the heirless property involved. Since then, the JRSO and the Department of Justice have worked toward a solution to the problem of adjudication of these claims. The difficulty is that there are thousands of claims, many of which involve small amounts of property and almost all of which involve extremely complicated and difficult questions of proof. This, of course, is inevitable in a situation in which the extermination of an entire family is the basis for the JRSO claim.

(continued)

328039

March 29, 1960

In recent years, the Government and the JRSO have agreed that the only solution for this problem is a "bulk settlement" of these claims. It has been agreed that \$500,000 would be an appropriate amount, although the original legislation had a ceiling of \$3,000,000. Most important, legislation providing for this "bulk settlement" has recently passed the House of Representatives after hearings and full debate, and is now before the Senate. The Bill in question is HR 6462.

The particular reason why we would like the help of Senator Smathers is that this legislation comes before the Senate Judiciary Committee. The Chairman of the sub-committee of the Judiciary Committee, Senator Olin Johnston of South Carolina, is strongly opposed to a Bill which has nothing to do with this problem but which also involves the Trading With The Enemy Act, that Bill being S 105, a Bill sponsored by Senator Smathers. On the other side, Senator Smathers is equally opposed to legislation proposed by Senator Johnston which would provide for the general return of vested German and Japanese assets.

It has been indicated that the Senate Judiciary Committee would favorably report HR 6462, which is a relatively minor matter in this context, were it not fearful that Senator Smathers would try to use it as a vehicle by which S 105 could be attached on the floor of the Senate as an amendment. Persons familiar with the legislative process in Washington think this is very unlikely. Nevertheless, the possibility stands as a block to the prompt action on HR 6462 which everyone, including the Administration, desires.

In these circumstances, it would be extremely helpful if you could explain the situation to Senator Smathers and obtain his support for HR 6462. The person most familiar with this matter in Washington is Mr. Seymour Rubin, who acts as Washington counsel for the JRSO and who would be most pleased to meet with Senator Smathers or his assistant and go into the matter in any desired detail.

Thanking you very much for your help, I remain

Sincerely yours,

Moses A. Leavitt

328040

Jewish Restitution Successor Organization

3 EAST 54th STREET
New York 22, N. Y.

WRA

MEMORANDUM

March 14, 1960

GEN. C. ...
JR 80

To: Mr. Moses A. Leavitt

From: Saul Kagan

I am enclosing for your information the pertinent pages from the Congressional Record of Tuesday, March 1, containing the debate preceding the passage of the JRSO heirless property bill. You will find that even here the opponents of the legislation tried to introduce the Arab refugee issue.

[Signature]
Saul Kagan

Enc.

328041

MEMBER ORGANIZATIONS

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

OPERATING AGENTS

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

to the bill and continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. Brown]; and, pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 458 makes in order the consideration of H.R. 2485 to amend the War Claims Act, as amended, regarding compensation for certain World War II losses. The resolution provides for an open rule, waiving points of order, and 2 hours of general debate.

The purpose of the bill is to provide for the payment of compensation to American nationals who suffered injury or death under specified circumstances, or who suffered property losses as a result of military operations during World War II in certain European countries and in areas attacked by Japan.

Payments will be made to claimants under the bill out of the War Claims Fund, which consists of proceeds resulting from the sale of vested property, and not out of appropriations. The balance presently available for transfer to the War Claims Fund is approximately \$100 million.

Losses must have been suffered originally by American nationals, and the claims based thereon must have continuously remained American-owned up to the time they are filed.

Where a corporation does not qualify for payment, its American national stockholders may receive payment proportional to their ownership interest in the corporation. Awards in excess of \$10,000 on corporate claims will be reduced by the Federal tax benefits received by the corporation in prior years arising out of the loss on account of which the claim is filed.

Claims for disability or death will be paid in full; all other claims will be paid in full up to \$10,000, with pro rata reduction thereafter if the War Claims Fund is not sufficient to pay all awards.

Other nations have long since paid their own citizens for similar losses and I, therefore, urge the adoption of this resolution.

There is some controversy, I understand, over H.R. 2485. I know of no controversy, however, over the adoption of the rule, and I therefore reserve the balance of my time.

Mr. BROWN of Ohio. Mr. Speaker, the gentleman from Missouri has explained this bill and also the rule. When this measure came before the Rules Committee we had called to our attention a minority report on the measure as reported by the Committee on Interstate and Foreign Commerce.

However, I know of no opposition to the rule. I have had no requests for

time on the rule, and I yield back the remainder of my time.

Mr. BOLLING. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

SETTLEMENT OF CLAIMS OF SUCCESSOR ORGANIZATIONS FOR RETURN OF VESTED HEIRLESS PROPERTY

Mr. HARRIS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6462) to amend the Trading With the Enemy Act, as amended, so as to provide for certain payments for the relief and rehabilitation of needy victims of Nazi persecution, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. The question is on the motion offered by the gentleman from Arkansas [Mr. HARRIS].

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 6462, with Mr. THOMPSON of Texas in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Arkansas [Mr. HARRIS] will be recognized for 30 minutes, and the gentleman from Michigan [Mr. BENNETT] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Arkansas [Mr. HARRIS].

Mr. HARRIS. Mr. Chairman, let me attempt to give you a brief explanation of the bill H.R. 6462 which was introduced by our esteemed former member of the Interstate and Foreign Commerce Committee, Representative Dollinger, and which was reported unanimously by the committee.

The purpose of the legislation is to provide a \$500,000 lump sum settlement of all claims of successor organizations for return of heirless vested property pursuant to section 32(h) of the Trading With the Enemy Act. Now, I realize that this explanation still requires a lot of explaining and I shall ask you to bear with me while I shall attempt to do my best to explain the explanation.

In the first place let me explain what "heirless vested property" is. Under the provisions of the Trading With the Enemy Act, property located in the United States which was owned by enemy nationals was vested by the United States at the beginning of World War II. After the vesting it was recognized by the Congress in Public Law 671, 79th Congress, that certain enemy nationals whose property was vested were only technically enemies. Therefore, the Congress authorized that property taken from such persons should be returned to them upon a showing that they belonged to political, racial, or religious groups which, under

the law of the enemy nation in which they resided, did not enjoy full rights of citizenship.

Some property vested by the Alien Property Custodian was returned to persons qualified under Public Law 671. However, in some cases persons who were entitled to return of property were exterminated by our wartime enemies together with their entire families. The claimants and their heirs having perished, no claimants are left to claim return of property owned by such persons. Therefore this property is still in the hands of the Alien Property Custodian and is referred to as "heirless property."

Thus I think you can see what is meant by the term "heirless property."

Now let me explain the term "successor organizations." After World War II the United States and our allies followed the policy that the assets of persecuted persons who died without heirs should be used for the rehabilitation and resettlement of surviving persecuted persons belonging to the same political, racial, or religious groups as the persons who died without heirs.

This policy was embodied in the final act of the Paris Conference on Reparations of January 1946 and in other agreements and treaties to which the United States is a party. These agreements and treaties are set out in appendix A of the committee report beginning on page 7.

Pursuant to this national policy, the 83d Congress enacted Public Law 626, which added the present subsection (h) to section 32 of the Trading With the Enemy Act. That subsection provides that vested enemy property which was taken from persecuted persons who died without heirs may be returned to one or more organizations designated by the President. Since the organizations designated by the President are succeeding to the interests of the heirless persecuted persons, they are referred to as successor organizations.

Public Law 626, 83d Congress, provided that these successor organizations must use vested property returned to them for the rehabilitation and settlement of persons in the United States who came to the United States as persecuted persons and who suffered deprivation of liberty in their original homelands.

By Executive Order No. 10787, dated June 13, 1955, the President designated the Jewish Restitution Successor Organization, a charitable member organization incorporated under the laws of the State of New York, as a successor organization which would be entitled to claim the return of vested enemy property of deceased persecuted persons who died without heirs.

If other organizations apply and qualify, they would be designated as successor organizations of persons belonging to other racial, political, or religious groups. Thus far, however, no other organizations have sought to apply and qualify.

The Jewish Restitution Successor Organization has pending with the Alien Property Custodian a total of 1,800 claims but no payments have been made by the Custodian because of the difficulties en-

countered in bringing adequate proof of the ownership of specific assets.

The purpose of the legislation is to avoid the necessity of protracted proceedings before the Alien Property Custodian which would tie up substantial manpower in the Office of the Alien Property Custodian and which would be costly to the claimant organization as well as the Government. The lump sum settlement of \$500,000 would wipe out the 1,800 pending claims under Public Law 626, 83d Congress.

In a report submitted by the Department of Justice, the Department estimates that in the case of approximately 500 claims out of the total of 1,800 claims filed, the successor organization might be successful in obtaining a return under section 32(h) and that the value of such returns would total \$500,000. Under these circumstances, the committee felt that it would save the Government money and would expedite the windup of the affairs of the Office of Alien Property if a lump sum settlement of \$500,000 was provided for, to close out the 1,800 claims brought by the successor organization under Public Law 626, 83d Congress.

I believe this explanation will enable the Members of the House to follow the complex terminology of this legislation dealing with "heirless property" and "successor organizations."

I hope that this explanation will satisfy the Members of the House that the lump sum settlement provided for in this legislation is in the public interest and that this legislation is merely intended to carry out more expeditiously the program enacted into law by the 83d Congress.

Let me say that the committee was unanimous in reporting this legislation and I trust that the House will follow suit in approving this legislation.

The Subcommittee on Commerce and Finance has done a very fine job. It conducted hearings on this legislation which was introduced by our former colleague and distinguished friend from New York, Mr. Dollinger, who is now serving with great distinction in the capacity of a district attorney for his area. He introduced and sponsored the bill in the last Congress, and I believe in a preceding Congress;

The subcommittee under the chairmanship of the gentleman from Illinois [Mr. MACK] conducted hearings and went into this problem thoroughly. I think it would be appropriate at this time to recognize the gentleman from Illinois [Mr. MACK], chairman of the subcommittee, for 15 minutes for a further explanation of the bill.

(Mr. HARRIS asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The gentleman from Illinois is recognized for 20 minutes.

(Mr. MACK of Illinois asked and was given permission to revise and extend his remarks.)

Mr. MACK of Illinois. Mr. Chairman, although the bill now before the House, H.R. 6462, has a long history, it is in fact a simple measure. It proposes a bulk settlement of many thousands of

individual claims which are now pending before the Office of Alien Property of the Department of Justice. These claims were authorized to be filed pursuant to section 32(h) of the Trading With the Enemy Act, as amended. That section was added to the Trading With the Enemy Act in 1954, pursuant to bills which were sponsored in this House by Representatives Crosser and Wolverton, ranking members of the Committee on Interstate and Foreign Commerce, and in the other body by Senators Taft, Dirksen, and Hennings. Both this procedural bill, H.R. 6462, and the antecedent legislation, have been bipartisan in nature, have had administration and widespread popular support, and have sought to deal with a tragic problem arising out of the course of the last war.

Briefly stated, the history of this legislation is as follows: The Trading With the Enemy Act authorized the vesting by the Alien Property Custodian of all "enemy" property. Thus, vesting orders took title in the United States to all property found here of so-called enemy nationals, even if those persons had been deprived of their nationality by their own governments. It was apparent that, whatever might be done in the United States with respect to other properties, the United States was not prepared to keep title to property belonging to those persons who had been the first victims of nazism, and who had in many instances fought and died in our cause. Thus, immediately after the war, section 32 was added to the Trading With the Enemy Act. That section, in general, provided that the Custodian should return, on the filing of claims, the property of persons who had been subjected to persecution on grounds of race, religion or political belief.

In the years that followed, it became clear that a number of these eligible claimants—persecutees—would never appear to file their claims. The reason was that they, together with their entire families, had perished in the infamous concentration camps. The surviving persecutee, or the persecutee who left a son or daughter, could file his claim and regain his property. But a substantial amount of property remained vested, which had been owned by persecutees, but as to which there was in fact no claimant—because the claimant and his family had been exterminated.

In these circumstances, and with the distinguished and bipartisan sponsorship I have mentioned, subsection (h) was added to section 32 of the act. The effect of subsection (h) was to make it possible for a "successor organization" to file claims to the property of persecutees who had died without known heirs—or what has come to be known as "heirless property." It was declared to be the policy of the United States, as reflected in this subsection, that such heirless property should be returned to a successor organization. Its proceeds were to be used by that organization—or organizations—for the relief and rehabilitation of needy surviving persecutees who were in the United States. A successor organization was to be designated by the President.

I should point out that many safeguards surrounded this legislation, reflecting the clear decision of the Congress both that the proceeds of heirless property should be used for relief and rehabilitation, and that the proper application of these proceeds should be insured. The purposes were defined, and were limited to needy persons, and to persons in the United States. The organization which applied for designation as a successor organization had to undertake to make periodic reports of its use of the funds, and it had to be screened and named only by Presidential designation. No part of the proceeds could be used by the organization for legal or similar expenses, so that all of these proceeds are to be devoted to the intended purposes.

It is appropriate at this point to mention that the domestic action of the United States, in allocating heirless assets for relief and reconstruction of surviving persecutees, follows a consistent line of American foreign policy. Thus, the Inter-Allied Reparation Agreement of 1946, signed at Paris, in which the United States played a leading role, provided for utilization of heirless assets found in the European neutral countries in a similar way. And various postwar agreements to which the United States was a party—with the European neutrals—also contained language looking toward use of heirless assets for this same purpose. Moreover, heirless assets found in the Western Zones of Germany have been used for these purposes, first under military government law, and then under statutes of West Germany.

Because of the nature of Nazi persecution, it is of course clear that the great bulk of the persecutees, and of the heirless property, was of Jewish origin. Thus, the organization which applied for Presidential designation was a New York membership corporation known as the Jewish Restitution Successor Organization. This organization had previously been designated in the American Zone of Germany, and had performed there in a manner which earned the commendation of General Clay and others connected with Military Government. It undertook the obligations required by the statute; and in January 1955 it was designated by President Eisenhower.

The JRSO, as this organization is known, then began the task of filing claims pursuant to the statute. Obviously, this was a task of enormous difficulty, since by definition no one was extant who could make information or documentation available to the successor organization. Nevertheless, with the assistance and cooperation of the Office of Alien Property, such information as could be gleaned from vesting orders and similar documents, and from surveys, was obtained, and some thousands of claims were filed with the Office of Alien Property.

From the outset, it was apparent that to process each of these claims would be an impossible administrative task. The very nature of the problem made that clear. Therefore, a solution which had been adopted elsewhere—as, for example, with the active support of the

United States, in the American Zone of Western Germany—was suggested; this solution was to make a reasonable appraisal of the properties claimed and then to arrange a bulk settlement of the claims.

A bulk settlement of these claims appears to be in the interest of all concerned. The principle of a bulk settlement has been supported by the administration, and testimony in favor of such a settlement was adduced in testimony before the Subcommittee on Commerce and Finance of the Committee on Interstate and Foreign Commerce on March 13, 1958, and on July 24, 1959. Statements favoring a bulk settlement are in the record from the Department of State and from various charitable organizations—Catholic Relief Services, the American Jewish Committee, Church World Services, and the American Jewish Congress. The only question raised about the desirability of the bulk settlement was raised by the Department of Justice as to amount, when the suggested amount of the settlement was \$1 million; and by the Bureau of the Budget, which has pointed out that the provable claims, under present standards of law which would be applicable to individual claimants, are in the maximum amount of \$500,000. Thus, it is entirely agreed by all that a bulk settlement is necessary to obviate long and tedious—and expensive—administrative proceedings, which would burden both the administration and the successor organization.

As to the question of amount, the committee considered the matter carefully and has come to the conclusion that the amount in the present bill, which is \$500,000, is a reasonable amount of such a settlement. In this connection, the committee has given due weight to a communication of the Assistant Attorney General in charge of the Office of Alien Property, under date of April 10, 1959, stating that:

I favor the proposed bulk settlement of heirless property claims in the amount of \$500,000.

It has also considered the fact that, in the nature of things, claims involving "heirless property" ought not to be subject to the same standards of proof as individual claims. When an individual presents a claim to his property, he ordinarily has some proof—bank books, documents, or the like. On the other hand, the successor organization is hampered by the fact that it is proceeding in a situation in which, by definition, the original claimant and all of his relatives—or those who had some knowledge—were swept away, generally in the dead of night, and bundled off to concentration camps from which they have never returned. In these circumstances, to expect clear documentation is to demand the impossible.

Even so, however, it is clear that heirless property exists in amounts substantially larger than the amount stated in this bill. Thus, in the original enabling legislation—section 32(h)—a ceiling amount of \$3 million was set, after hearings. In previous Congresses, bulk settlement legislation in the amount of \$1 million has been proposed. Here, it

seems to be the opinion of the Office of Alien Property that \$500,000 would be the amount of claims provable under present standards, applicable to individual claimants. But there exists substantial other claims, some of which in fact are in the process of adjudication before the OAP, which add greatly to this amount. Thus, one claim involving allegedly looted diamonds amounts to several hundreds of thousands of dollars; and no final decision has been handed down on the claim of the successor organization to that fund. In addition, claimed amounts are involved in so-called omnibus accounts—accounts of Swiss banks, held in the United States, where it is not known who were the owners of the funds deposited in the names of the Swiss banks. And if there were access to all of the burned, destroyed and unavailable records, it seems clear that very large amounts indeed would be discovered.

One additional point remains, which is strongly in favor of the bulk settlement technique embodied in this bill. In view of the difficulties inherent in section 32(h) of producing adequate proof to prosecute claims under this section and in view of the cost involved in securing such proof, only the JRSO had sufficient interest to apply for and receive a designation as a successor organization. Under the proposed legislation, however, there will be an opportunity for other successor organizations to apply and to be designated. These organizations would rehabilitate and settle in the United States persons belonging to racial and religious groups other than the Jewish group.

The bill provides that if there is more than one designated successor organization, the sum of \$500,000 shall be allocated among such organizations in the proportion in which the proceeds of heirless property were distributed pursuant to agreements to which the United States was a party, by the International Committee for Refugees and successor organizations thereto. The proportional formula used in these agreements is a 90-10 formula which corresponds roughly to the number of persons in the different groups who would benefit from this legislation.

This formula has the acceptance of the actual and potential successor organizations which have been and may be designated under this legislation.

As I have said, this legislation has the enthusiastic support of all interested organizations and its adoption is definitely in the public interest in order to save the Government agency involved—the Office of Alien Property—time and money and thus to expedite the windup of the affairs of this office.

As I said when I started my presentation today, I hesitated to bore you with all of the details of this matter. However, I felt that I should discuss the background of the legislation so that the House would be fully familiar with the problems with which they are confronted today.

Actually, I feel that this legislation would carry out the intent of Congress that was provided previously in legis-

lation passed in the 83d Congress. This bulk settlement seems to be agreeable to all parties. The only argument that has arisen at any time is not whether we should make the bulk settlement but as to how much. In fairness, I should state that the Bureau of the Budget has offered to compromise at \$250,000. The subcommittee feels that \$500,000 is the proper amount, and that the Office of Alien Property has acquired twice that amount from heirless persecutees.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. MACK of Illinois. I yield to the gentleman from West Virginia.

Mr. BAILEY. May I inquire of the gentleman if there was a protest filed by the American Legion against this legislation?

Mr. MACK of Illinois. Not to my knowledge.

Mr. BAILEY. I see in the hearings on page 538 a letter addressed to the gentleman as chairman of the subcommittee and signed by Miles D. Kennedy, director of the American Legion of Washington, D.C., on June 30, 1959. Let me read it.

Mr. MACK of Illinois. I am familiar with the letter. I do not think it refers to this legislation. As I recall, it referred to general return legislation.

Mr. BAILEY. That is true. Nevertheless, they are opposed to the legislation contained in this bill.

Mr. MACK of Illinois. I do not have the letter before me.

Mr. BAILEY. I have it right here in front of me, and I should like the privilege of reading it into the Record.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. MACK of Illinois. I yield to the gentleman from Arkansas.

Mr. HARRIS. I, of course, would be glad to have the gentleman read the letter into the Record. I think probably we should explain, however, that this is only one of many bills that was included during the course of the hearings when the matter was scheduled. I think the gentleman will find that the letter to which he refers, in which the American Legion expressed interest, did not relate to this bill but to a bill before the committee which deals with the return of vested property to the German Government and German nationals.

Mr. MACK of Illinois. That was my understanding, as I recall the contents of the letter.

Mr. BAILEY. This bill does not propose the return of any property?

Mr. HARRIS. No, it does not provide any return to the German Government or to German nationals, or to any enemy government or enemy nationals.

Mr. BAILEY. I thank the gentleman for his partial explanation.

Mr. BENNETT of Michigan. Mr. Chairman, I yield 5 minutes to the gentleman from Texas (Mr. ALGER).

Mr. ALGER. Mr. Chairman, I take this time more in bewilderment than in trying to enlighten my colleagues. As a member of the subcommittee earlier when we held these hearings I did not get to ask all these questions. I want to share some of them with you. It is possible that some may have been re-

solved earlier here and to your satisfaction.

I would not feel right without explaining to you my own uncertainty, shared with you for what it is worth.

My first observation, before I got to my questions, is simply why this business property? There is nobody to get this property. It is to be turned over to one organization or more, if others come forward, and that makes it more equitable, of course, to do what? There are no rules, no guidelines such as we in Congress normally lay down. Why does not the United States keep this money? This is a welfare program. I am not against it necessarily, but at least I have to find out what we are going to do. Let us call it what it is. As a member of that subcommittee, I want it understood I did my best at that time to help. While I have a high regard and friendship for the gentleman from New York, Mr. Dollinger, I think there was possibly a prejudice to a degree for this legislation. At least I felt we hurried through it. I must contest the statement the gentleman from Arkansas made earlier when he complimented the gentleman from Illinois for the thoroughness of our work unless that work was done since the tail end of the last Congress because at that time we had not had sufficient executive study and executive sessions to resolve some of the questions. So I would like to ask several questions now.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. ALGER. I gladly yield to my colleague.

Mr. HARRIS. I do not think the gentleman should give the impression to the House, which I just received from the gentleman's statement, that the committee has not thoroughly gone into this matter. I refer the gentleman to the hearings in the 86th Congress, which I hold in my hand. The gentleman was not a member of the committee in the 86th Congress when it held hearings on April 16; May 19, 20, 27; June 23, 24, 29, 30; July 1, 23, 24; and August 6, 1959. I think that means it held pretty extended hearings. I refer the gentleman to these hearings for his consideration.

Mr. ALGER. Now if I may, Mr. Chairman, I repeat my earlier statement. If you can add further to the enlightenment of this body and myself, I said earlier, and I repeat, please do so. When I was a member of this subcommittee at the tail end of the last Congress, some of these questions were not answered. Possibly, you are prepared now to answer them. My question then is this. On page 4, I see the statement in the letter from Mr. Walsh in which he says in the last paragraph:

The Bureau of the Budget has indicated that if Congress should feel that any settlement of this matter was proper, the amount of such settlement should not exceed \$250,000. This Department would have no objection to a settlement in that amount.

Was that referring to different claims than the \$500,000 we are talking about now? I could not make it out here whether that was so.

Mr. MACK of Illinois. Mr. Chairman, will the

Mr. ALGER. I gladly yield to my colleague.

Mr. MACK of Illinois. If I understood the gentleman correctly, he is asking if the Bureau of the Budget—is it the Bureau of the Budget?

Mr. ALGER. Yes; I am referring—if you want to see this.

Mr. MACK of Illinois. No.

Mr. ALGER. This is on page 4.

Mr. MACK of Illinois. The Bureau of the Budget made the statement that the settlement should not exceed \$250,000—that is correct.

Mr. ALGER. I see—\$250,000—is the Budget Bureau's position on this.

Mr. MACK of Illinois. Yes; though, of course, that is just an estimate that they are making. They felt that \$250,000 should be paid even though the claims involved should exceed \$250,000.

Mr. ALGER. I understand.

Mr. MACK of Illinois. The only controversy at all, as I understand it, is whether it should be \$250,000 or \$500,000; is that correct?

Mr. ALGER. That is my question at the moment. I thought everyone agreed that \$500,000 was all right here, from listening to the debate.

Mr. MACK of Illinois. I appreciate having had the gentleman serve on the subcommittee with me several years ago when a similar bill came before our subcommittee. At that time the amount was \$1 million and since that time almost everyone is agreed on \$500,000. All of the members of my subcommittee agreed unanimously, and I think most of the committee members of the full committee agreed that that was the appropriate amount.

Mr. ALGER. But, the Bureau of the Budget still believes that \$250,000 would be sufficient; is that correct?

Mr. MACK of Illinois. You know the Congress has acted on other occasions differently from what the Bureau of the Budget has felt.

Mr. ALGER. I may say to the gentleman, I disagree with the Bureau of the Budget on many occasions.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BENNETT of Michigan. Mr. Chairman, I yield 5 additional minutes to the gentleman from Texas.

Mr. ALGER. I am not taking sides. I will say to the gentleman, I am merely asking whether there was a difference. Now we determine that there is a difference between \$500,000 and \$250,000. Secondly, let me ask, if I may, of the gentleman from Illinois.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. ALGER. I gladly yield to my colleague.

Mr. HARRIS. On the point that the gentleman from Texas was just inquiring about, I call to the attention of the gentleman the fact that the Department of Justice recommended \$500,000 as a maximum to be provided in this bill.

Mr. ALGER. I thank the gentleman. Secondly, may I ask: Are there any guidelines on the expenditures of these sums? Possibly, I have been hasty in my conclusions.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. ALGER. I yield to the gentleman.

Mr. GROSS. I read on page 4 of the report from the letter from Mr. Walsh that the Justice Department says that the amount of such settlement should not exceed \$250,000—not \$500,000 but \$250,000.

Mr. ALGER. That is the paragraph I referred to earlier.

Mr. GROSS. The gentleman from Arkansas (Mr. HARRIS) said the Justice Department recommended a payment of \$500,000.

Mr. HARRIS. But I call the gentleman's attention to the fact that Mr. Walsh was quoting what the Bureau of the Budget had indicated. He said that the Bureau of the Budget recommended that the settlement should not exceed \$250,000, and that the Department would have no objection to a settlement of that kind.

Mr. GROSS. They would have no objection to \$250,000 rather than \$500,000.

Mr. HARRIS. Of course not, but in the body of the letter the Department of Justice suggest \$500,000 as the maximum settlement.

Mr. ALGER. I thank the gentleman. I want to assure the gentleman that I am not opposed to this legislation categorically. I am asking questions that are troubling me. My next question has to do with the fees involved. I think I understood the gentleman to say there would be no fees?

Mr. MACK of Illinois. That is correct. There will be no fees coming out of this fund. No attorney's fees.

Mr. ALGER. I thank the gentleman. Next, the formula of 90-10, will you describe that a little more.

Mr. MACK of Illinois. Yes. If I understand what the gentleman is referring to, in the event there should be another organization designated, then there would be no funds in addition to the \$500,000. But if a second successor organization came in, its share would come out of the \$500,000. As I understand, the division would be 90-10, on the basis of the relative size of the racial and religious groups involved.

Mr. ALGER. Who would get the 90 and who would get the 10?

Mr. MACK of Illinois. I think the Jewish group would get 90 percent. I think the 10 percent would go to any other group that might put in a claim.

Mr. ALGER. Other than the Jewish organization?

Mr. MACK of Illinois. I think the formula would establish the distribution on the basis of 90 percent being Jewish and 10 percent belonging to other religious groups. The 10 percent of course would be paid after the organization has made application and has qualified. I might say also that under the original legislation this organization was the only one that applied. From that I would assume it may be the only one that would qualify.

Mr. ALGER. I thank the gentleman. I must conclude. I am not categorically opposed to this legislation. The questions I have asked, I have asked because I was troubled 2 years ago as a

member of the subcommittee. I am very concerned that there are no guidelines on how this money will be spent when it is turned over to the Jewish organization. We are simply turning the money over to them. There are no people involved any more who are persecutees. We do not know who they are. The persecuted ones are dead.

The CHAIRMAN. The time of the gentleman from Texas (Mr. ALORR) has again expired.

Mr. HARRIS. Mr. Chairman, I yield to the distinguished majority leader, the gentleman from Massachusetts (Mr. McCORMACK).

Mr. McCORMACK. Mr. Chairman, I think this is a very equitable disposition of this very humane and yet troublesome problem.

Mr. Chairman, included among the assets of enemy nationals which the United States vested during World War II were assets belonging to persons who, as it turned out, had been victimized by the Nazi regime for racial, religious or political reasons. Recognizing the absurdity of treating these persons as "enemies" of the United States, Congress in 1946 amended the Trading With the Enemy Act to provide that their vested assets be returned to them or, if they were no longer living, to their survivors. However, in some cases whole families were wiped out as the result of the Nazi persecutions so that no one was left to claim the vested property. In 1954 Congress provided that the unclaimed property of persecutees in such cases, in a total amount of not more than \$3 million, be transferred to American charitable organizations specifically designated by the President as successors in interest. The designated organizations are required to use such "heirless" property for the relief of persons now in the United States who are survivors of persecuted groups.

One organization, the Jewish Restitution Successor Organization—JRSO—of New York City, has been designated by the President under this legislation. It has filed several thousand claims but has found that proof of prevesting ownership of specific vested properties is an almost impossible burden under the standards of existing law and has not as yet received any payments.

H.R. 6462 would make a bulk settlement of the heirless property claims by providing an outright payment of \$500,000 of vested funds to be divided among the JRSO and any other organization which may be designated by the President upon application within 3 months. Acceptance of payment under the bill would discharge all claims filed by the JRSO.

The investigations of the claims filed by the JRSO to date indicate that \$500,000 is a reasonable figure for a bulk settlement. The single payment of this sum under H.R. 6462 will provide funds promptly for the relief of the Nazi victims whom Congress intended to aid in the 1954 legislation. At the same time the bill will remove the burden of administration imposed on the Government by that legislation. In short, the bill is fair and its enactment will be ad-

vantageous to the Government as well as to its beneficiaries.

I ask unanimous consent, Mr. Chairman, to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. BENNETT of Michigan. Mr. Chairman, I have no further requests for time, and I yield back the remainder of my time.

Mr. HARRIS. Mr. Chairman, I have no further requests for time, and I suggest the Clerk read.

The Clerk read, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 32(h) of the Trading With the Enemy Act is amended by striking out all that follows the first sentence in the first paragraph down through the third paragraph, and inserting in lieu thereof the following: "In the case of any organization not so designated before the date of enactment of this amendment, such organization may be so designated only if it applies for such designation within three months after such date of enactment.

"The President, or such officer as he may designate, shall, before the expiration of the one-year period which begins on the date of enactment of this amendment, pay out of the War Claims Fund to organizations designated before or after the date of enactment of this amendment pursuant to this subsection the sum of \$500,000. If there is more than one such designated organization, such sum shall be allocated among such organizations in the proportions in which the proceeds of heirless property were distributed, pursuant to agreements to which the United States was a party, by the Intergovernmental Committee for Refugees and successor organizations thereto. Acceptance of payment pursuant to this subsection by any such organization shall constitute a full and complete discharge of all claims filed by such organization pursuant to this section, as it existed before the date of enactment of this amendment.

"No payment may be made to any organization designated under this section unless it has given firm and responsible assurances approved by the President that (1) the payment will be used on the basis of need in the rehabilitation and settlement of persons in the United States who suffered substantial deprivation of liberty or failed to enjoy the full rights of citizenship within the meaning of subdivisions (C) and (D) of subsection (a) (2) of this section; (2) it will make to the President, with a copy to be furnished to the Congress, such reports (including a detailed annual report on the use of the payment made to it) and permit such examination of its books as the President, or such officer or agency as he may designate, may from time to time require; and (3) it will not use any part of such payment for legal fees, salaries, or other administrative expenses connected with the filing of claims for such payment or for the recovery of any property or interest under this section."

Sec. 2. The first sentence of section 33 of such Act is amended by striking out all that follows "whichever is later" and inserting a period.

Sec. 3. Section 39 of such Act is amended by adding at the end of subsection (b) the following new sentence: "Immediately upon the enactment of this sentence, the Attorney General shall cover into the Treasury of the United States, for deposit into the War Claims Fund, from property vested in or transferred to him under this Act, the sum of \$500,000 to make payments authorized under section 32(h) of this Act."

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the only purpose of my taking the floor at this time is to get information. May I ask the chairman to whom the money that we are dealing with in this bill belonged, what nationality?

Mr. HARRIS. I will say to the gentleman that the fund originally was property that was confiscated by our Government from enemy nations, Germany and Japan, primarily.

Mr. HOFFMAN of Michigan. Then the Government took charge of that fund because there was no one who needed it was entitled to it legally.

Mr. HARRIS. No; not at all. When we went to war with these nations, their nationals had certain property within the United States. The Government took title to that property as being property belonging to citizens of an enemy country.

Mr. HOFFMAN of Michigan. We took it over.

Mr. HARRIS. We took it over. It so happened that they did the same thing to us.

Mr. HOFFMAN of Michigan. In other countries they took over property that belonged to our citizens.

Mr. HARRIS. That is true.

Mr. HOFFMAN of Michigan. And there is no one now who is legally entitled to the property our Government took over; is that right?

Mr. HARRIS. Yes. The Congress has taken action on numerous occasions, stating how this property should be disposed of.

Mr. HOFFMAN of Michigan. Perhaps I did not make myself clear. This property, generally speaking, was taken over from the Japanese and German nationals during the war.

Mr. HARRIS. That is true.

Mr. HOFFMAN of Michigan. That was common practice in warring countries, but there were likewise citizens of our country in Germany and Japan, for example, whose property was confiscated by those governments; is that right?

Mr. HARRIS. That is true.

Mr. HOFFMAN of Michigan. Now we are giving this property represented by this fund to these Germans and Japs to distribute as they wish.

Mr. HARRIS. No, we do not. We would give it to one or more successor organizations to help settle persecutees who sought refuge in this country.

Mr. HOFFMAN of Michigan. Should we not give it to our citizens who lost property in Germany and Japan to pay them for their losses?

Mr. HARRIS. No, not in this bill.

Mr. HOFFMAN of Michigan. Why not?

Mr. HARRIS. Because that comes under a different program which we are dealing with in the next bill.

Mr. HOFFMAN of Michigan. But if the United States has this property which was taken from citizens of our enemies, and if we have citizens who lost their property in other countries by the action of the governments of those

countries why should we not use this fund to pay them for their losses?

Mr. HARRIS. That is precisely what we are doing, not in this bill but in our other bill which will come up next.

Mr. HOFFMAN of Michigan. But why could we not see this? Why do you give this money not to anyone who has a legal claim but to an organization to distribute?

Mr. HARRIS. Primarily because the 83d Congress passed a bill which added subsection (h) to the present law providing for the distribution of property vested as enemy property that was taken from the persecuted persons who died without heirs.

Mr. HOFFMAN of Michigan. Why should not our people who lose their property in Germany, for instance, be paid out of this fund?

Mr. HARRIS. We provide in the bill that is to be called up right after this one how this should be dealt with and how they should be reimbursed for their losses.

Mr. HOFFMAN of Michigan. Where is the money coming from?

Mr. HARRIS. It comes from the same source.

Mr. HOFFMAN of Michigan. You mean this fund?

Mr. HARRIS. Yes.

Mr. HOFFMAN of Michigan. This is only \$500,000.

Mr. HARRIS. This is only \$500,000 out of a total of about \$165 million or more, which is in the hands of the Alien Property Custodian at the present time. We had several hundreds of millions of dollars in this fund to start with following World War II. We paid out beginning in 1948 over \$100 million from the war claims fund to our prisoners of war and civilian internees. We have paid out several million dollars to groups in the Philippines out of this fund because of their losses. Therefore this fund has been partly disposed of by the direction of the Congress to pay compensation for damages and injuries resulting from the war.

Mr. HOFFMAN of Michigan. This creates, then, a priority?

Mr. HARRIS. Just as there has been for others.

Mr. HOFFMAN of Michigan. This creates a priority over our own citizens?

You first priority over our own citizens. You are doing this first. You will do the other at another time?

Mr. HARRIS. We are going to get to that other bill just as soon as we get through with this one.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. HOFFMAN] has expired.

[Mr. HOFFMAN of Michigan (at the request of Mr. Gross) was allowed to proceed for 5 additional minutes.]

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN of Michigan. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I think the point might better be understood if we realize that this bill is in connection with persons who were not enemies but who were persecuted by the Nazi regime because of racial and religious background.

This bill is in that direction, not paying back those who were enemies.

Mr. HOFFMAN of Michigan. I understand that.

Mr. McCORMACK. We recognized that back in 1954 and put through legislation in the sum of not more than \$3 million, but they are unable to ascertain who some of the individuals were. So this bill is to bring relief in the direction of those who were persecuted, such as those of Jewish faith, some Catholics, and some others, because of racial or religious reasons.

Mr. HOFFMAN of Michigan. In Germany?

Mr. McCORMACK. In Germany.

Mr. HOFFMAN of Michigan. I have understood that the people who were persecuted, or many of them, had been liquidated.

Mr. McCORMACK. That is one of the difficulties involved here. Many of them they are unable to locate. For example, they found a million dollars, as I understand it, our forces did, in American currency that the Gestapo had, and while they cannot trace it they are satisfied that money belonged to unfortunate persons who were liquidated by the Hitler regime.

Mr. HOFFMAN of Michigan. Did they leave heirs?

Mr. McCORMACK. There is the difficulty. This organization here is a conduit through which the \$500 million will be utilized.

Mr. HOFFMAN of Michigan. But that does not go to the heirs of the fellows who were persecuted.

Mr. McCORMACK. If they can locate them.

Mr. HOFFMAN of Michigan. If you cannot locate them, who do you give it to? Who do you repay?

Mr. HARRIS. I would say first that this bill is to provide for the solution of an administration.

Mr. HOFFMAN of Michigan. Saying that the administration approves it does not make it perfect to me. It is the best we can do, I suppose.

Mr. HARRIS. I am saying it involves the solution of an administration problem relating to people who were in the same class as those who died without heirs, and who were persecuted. It is property left by those who were persecuted and exterminated and who have no heirs who might claim this property.

Mr. HOFFMAN of Michigan. That is, to someone who has been persecuted?

Mr. HARRIS. Yes.

Mr. HOFFMAN of Michigan. You are getting around to benefit by association instead of suik by association.

Mr. HARRIS. Maybe so.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN of Michigan. I yield to the gentleman from Iowa.

Mr. GROSS. I would like to ask the chairman this question: Is there a precedent for this kind of legislation, where there may be no heirs?

Mr. HOFFMAN of Michigan. Let me interrupt. It goes, according to his statement, to someone else who has been persecuted. If you have been persecuted, you can get in on it.

Mr. GROSS. I sometimes think I am being persecuted, but I guess not. I would like to get an answer.

Mr. HOFFMAN of Michigan. Why does not the gentleman move to strike out the last word. The gentleman is in my party.

Mr. GROSS. Mr. Chairman, I move to strike the last word. Does the legislation create a precedent?

Mr. MACK of Illinois. No; this does not establish any precedent at all.

Mr. GROSS. Will the gentleman cite other legislation for the same purpose?

Mr. MACK of Illinois. Yes; I would be glad to cite one.

Immediately after World War II there were quite a few persecutees in West Germany.

At that time the Allied Forces had a similar program for the purpose of providing benefits for these persecutees, and they had a similar program for the heirless property, and they provided a bulk settlement in that instance just as we are providing at this time. That was some 12 years ago, I believe.

Mr. GROSS. So this deals with living heirs—

Mr. MACK of Illinois. This thing we are talking about at this particular time—

Mr. GROSS. The example you are using.

Mr. MACK of Illinois. That is the reason I went through all of the detail of the background and the history of this legislation. But the thing we are dealing with at this time is nothing more than a group settlement procedure for the heirless property and it is for property which was left by the persecutees who were exterminated by the Nazis.

Mr. GROSS. I still am not convinced that there is any real precedent for specifically doing what we are asked to do here today.

Mr. MACK of Illinois. It follows exactly the same pattern that was established immediately after World War II in the occupied areas.

Mr. GROSS. Does the gentleman think that this could in any way start a chain of events by which support might be given to those refugees, living refugees, over in the Middle East? I understand there are about a million of them living in tents, filth, and squalor over there.

Mr. MACK of Illinois. I think the gentleman is overconcerned. This only applies to persecutees, and this will wind up the program enacted in legislation which was adopted by the 83d Congress. The President has designated a successor organization, and this bill today is a group settlement to wind up this entire program.

Mr. GROSS. Then, there is no money in this bill for those refugees and persecutees, the millions of them that are presently eking out a bare existence in the Middle East; is that right?

Mr. MACK of Illinois. The people are the persecutees residing in the United States.

Mr. GROSS. No one is going to take any better care of them than has been taken in the past, which is a bare existence, is that not right—those home-

less, half-starved people who are living in camps in the Middle East? There is nothing being done for them by virtue of this bill?

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes. Gladly.

Mr. HOFFMAN of Michigan. If this is Government money, as apparently it is, and we have trouble getting rid of it, why not apply it on the national debt?

Mr. GROSS. That is an excellent suggestion.

Mr. HOFFMAN of Michigan. I thank you.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Arkansas.

Mr. HARRIS. I would like to try to clear this up and explain to the House just why we bring this legislation here. Following World War II the United States and its allies adopted a policy providing that the assets of persecuted persons who died without heirs should be used for the rehabilitation and the settlement of surviving persecuted persons belonging to the same political, racial, or religious group as the person who died without heirs. Now that is the policy that was followed. This was embodied in a final act at the Paris Conference in 1946, together with other agreements and treaties which were included, which this country became a party to.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

(Mr. GROSS asked and was given permission to proceed for 2 minutes additional.)

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. HARRIS. Pursuant to this policy that was embodied in the Paris Conference on Reparations in January 1946, the 83d Congress added subsection (h) to section 32 of the Trading With the Enemy Act. At that time this Congress implemented the treaty agreement which we entered into at the Paris Conference in 1946. In trying to administer the law that this Congress adopted when it implemented the Conference it ran into some administrative difficulties. Now this bill would provide the machinery to clear up those difficulties in order to carry out the policies which were adopted at that time. That is as clear an explanation as I can give the gentleman.

Mr. GROSS. I do not understand why Japanese property is involved in this matter since 90 percent or more of those to be benefited are of one nationality that I never understood had been persecuted by the Japanese. Why is Japanese property being thrown into this pot?

Mr. HARRIS. I would say to my distinguished friend that there is Japanese property involved in this bill.

Mr. GROSS. An earlier speaker said there was German and Japanese property.

Mr. HARRIS. Yes, we vested the property in the United States that was

Japanese and German property. However, no Japanese property is involved in the bill. The property involved is primarily property which formerly belonged to Jewish persons who were exterminated by the Nazis.

The CHAIRMAN. The time of the gentleman from Iowa [Mr. Gross] has again expired.

Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore having resumed the chair, Mr. THOMPSON of Texas, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 6462) to amend the Trading With the Enemy Act, as amended, so as to provide for certain payments for the relief and rehabilitation of needy victims of Nazi persecution, and for other purposes pursuant to House Resolution 457, he reported the bill back to the House.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

WAR CLAIMS ACT OF 1948

Mr. HARRIS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2485) to amend the War Claims Act of 1948, as amended, to provide compensation for certain World War II losses.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 2485, with Mr. THOMPSON of Texas in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

(Mr. HARRIS asked and was given permission to revise and extend his remarks.)

Mr. HARRIS. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, I feel I should advise the House at this time that this bill, H.R. 2485, deals with legislation providing for the payment of our own American nationals for damages they received from the enemy as a result of the war. I think I should also advise the House that this is not a unanimous report. The Committee on Interstate and Foreign Commerce brings it to the attention of the House after hearings have been held by the subcommittee whose chairman is the distinguished gentleman from Illinois [Mr. MACK].

Some 14 years have now passed since the end of World War II. Still American nationals who suffered injury or death under the circumstances specified in this legislation or who suffered

property damage or loss as the result of military operations, have been waiting for compensation for the losses they have suffered.

The bill, H.R. 2485, which the Committee on Interstate and Foreign Commerce has brought before the House today, is the result of many years of efforts of writing comprehensive legislation in the field of World War II claims of American nationals.

More than 14 years have passed since the end of World War II and still American nationals who suffered injury or death under circumstances specified in the legislation or who suffered property losses as a result of military operations during World War II are awaiting compensation for the losses they have suffered.

If Congress does not act soon many of the persons who suffered these losses will have died and thus only the heirs will secure benefits from this legislation.

Other nations have long since paid their own citizens for similar losses and it is high time that our own citizens be similarly compensated.

What is responsible for the fact that comprehensive war claims legislation has not been enacted almost 15 years after the close of World War II?

The explanation lies in the circumstances that war claims legislation has been tied in closely with enemy property legislation. The writing of adequate and comprehensive war claims legislation is difficult enough a task but the tie-in of this legislation with the highly controversial problem of return of enemy property has proven an almost insuperable stumbling block to prompt and effective legislative action on the subject of war claims.

Let me attempt to give you a brief and very sketchy outline of the history of this legislation up to the present time.

At the beginning of World War II assets located in the United States belonging to the German Government and German nationals and to the governments of other enemy countries and their nationals were vested by the Alien Property Custodian by virtue of the authority granted to the President under the Trading With the Enemy Act as amended by the First War Powers Act of 1941.

At that time the United States seized an estimated \$54 million of Japanese-owned assets and \$541 million of German-owned assets.

The Trading With the Enemy Act provides that after the end of the war such property shall be disposed of "as Congress shall direct."

Already during World War II Congress gave consideration to the problem of the ultimate use and disposition of these assets.

In so doing, the Members of the Congress concerned with the problem of ultimate disposal of enemy property were mindful of the history of the World War I alien property program.

I do not want to go into detail of that history, which is outlined briefly on pages 3 and 4 of our committee report. I want to state only that during World War I, as during World War II, the

United States placed under the control of the Alien Property Custodian assets of the German Government and of German nationals. These assets were to be retained as security for Germany's obligation to pay war damage claims of the United States and of its nationals.

In 1923 Congress passed the Winslow Act, which authorized the return of vested property up to \$10,000 in value to all former owners of such property. It was assumed at the time of the passage of this law that the remaining enemy assets would be sufficient to pay the war claims of American citizens as adjudicated by the Mixed Claims Commission, United States and Germany.

In 1923, Congress enacted further return legislation providing for the return of 80 percent of all vested property still held by the Alien Property Custodian after returns made under the earlier Winslow Act of 1923.

Germany assumed the obligation to make periodic payments over a period of years for the purpose of paying the war claims of American citizens. After making three of these payments, Germany defaulted on her obligation in 1921 and as a result of this default Congress in 1934 stopped further returns to Germany under the Settlement of War Claims Act of 1928.

The result of the alien property program and the War Claims program after World War I was that 80 percent of the assets held by the Alien Property Custodian were returned and the remaining 20 percent have never been returned.

On the other hand, Germany defaulted on her obligation to pay the war claims of the United States and of our American nationals.

This World War I experience must be kept clearly in mind if we are to understand the events following World War II with regard to international agreements and legislation dealing with the twin problem of enemy property and war claims.

Already during World War II bills were introduced in the House which sought to prevent a recurrence of the events which led to the unfortunate experiences with war claims and enemy property following World War I.

The various bills which were referred to our committee culminated in the enactment of the War Claims Act of 1948, which provided that no property or interest of Germany or Japan or any national of either such country shall be returned to former owners thereof or their successors in interest and that the United States shall not pay compensation for any such property or interest therein.

Furthermore, the Congress provided in 1948 that vested enemy property should be liquidated and the proceeds paid into the War Claims Fund in the Treasury.

Thus, the War Claims Act of 1948 established first of all the principle of "no return." In enacting this legislation the Congress followed the policy incorporated in the Paris Reparation Agreement of 1945 in which the United States and 17 allied nations—other than Russia and Poland—agreed to limit their

war claims against Germany largely to the assets located in their respective countries and agreed to dispose of such assets in such a way as to preclude their return to German ownership or control.

This policy decision was reached because the Allies agreed that it was in the best interest of all concerned not to burden the vanquished nations with obligations to pay reparations which would hinder the rehabilitation of these nations in such a way that these nations might become a fertile ground for economic and political unrest.

In the second place this policy decision was also based on the recognition that industrial properties owned by German corporations and individuals had been used by their owners for the purpose of advancing the political and economic aims and objectives of the German Government, and thus had been used to advance the war aims of the German Government.

In establishing the War Claims Fund and in providing that the proceeds resulting from the liquidation of vested enemy property should be paid into this fund, Congress established a tie-in between enemy property and war claims.

This was done in the War Claims Act of 1948 and in the same act it was provided that certain categories of war claims of U.S. citizens and particularly claims of American military and civilian personnel who had suffered great hardships and privations in enemy prisoner-of-war and concentration camps should be paid out of the newly established War Claims Fund.

This legislation was a result largely of the outstanding efforts made of two members of the Life State and Foreign Commerce Committee who concerned themselves with this legislation.

One of these members is still with us in the Congress today—our esteemed colleague, Representative LINDLEY BECKWORTH, of Texas. The other member whom many of you will remember was our beloved colleague, Representative Carl Hinshaw, of California. Due to their efforts largely, American citizens who were imprisoned and interned were compensated insofar as they could be compensated for the cruel hardships, tortures, and privations suffered by them at the hands of our enemies in prisoner-of-war camps and civilian concentration camps.

Since 1948 numerous amendments have been enacted by the Congress to the War Claims Act of 1948 adding additional categories of claimants but thus far no comprehensive war claims legislation has been enacted designed to provide a measure of compensation for other Americans who suffered injury, death, or property losses.

The bill, H.R. 2485, then today represents the culmination of the effort which began during and shortly after World War II.

I have stated already that the questions of return of enemy property and of compensating American war claimants are closely tied together. The delay in enacting the legislation has in my opinion been due largely to the efforts of

those who are seeking the return of vested enemy property to former owners.

The legislation before the House today seeks the division of these two problems from each other. It is the opinion of the majority of the committee and I strongly support this view that these two problems cannot be dealt with simultaneously and that we must take the long delayed first step with enacting legislation which provides a measure of compensation to our own citizens who suffered war losses on account of military action during World War II.

The legislation does not propose to deal with the problem of return of enemy property. This question, the majority of the committee feels must be left to future international negotiations and possibly to future legislation.

The three members of our committee who have signed the minority views disagreed with the course of action proposed by the majority of the committee in this legislation. They feel—and I want to pay tribute to their good faith—that it is unwise for the United States to pursue any further the course which was pursued by our Government following World War II. They feel that if necessary the American taxpayer should be called upon to pay war damages of American citizens. They feel that it would be unfair to the German and Japanese owners of property in the United States to use their property to pay American war claimants in spite of the fact that their respective governments agreed to compensate their own nationals for any losses which they suffered as the result of the taking of their property located in the United States.

I want to stress this and I want to repeat again—when the United States and Germany agreed that reparations would be limited to German property located in foreign countries, the U.S. Government waived more extensive claims for reparations. In return the German Government agreed that German citizens whose property was located in the United States, which would be taken by our Government, would be compensated by the German Government.

To date the German Government has not carried out this obligation which the German Government assumed at Bonn Conference in 1922, and which obligation was reaffirmed in the Paris Protocol of 1934. This protocol was approved by the U.S. Senate on April 1, 1935.

Then the agreement to use German assets in this country for the payment of war claims of our citizens was ratified as provided for in the Constitution by the Senate in 1956.

I have taken this time to elaborate on the history of H.R. 2485 in order to give the Members of the House an opportunity to understand and appreciate the complexity of the issues involved in this legislation.

I want to pay tribute to the chairman of the Subcommittee on Commerce and Finance of our Committee on Interstate and Foreign Commerce—our esteemed colleague, Representative PETER MACK, of Illinois—and to the majority and minority members of his subcommittee who labored long and hard during the

TRANSLATION

AGREEMENT

BETWEEN

THE JEWISH RESTITUTION SUCCESSOR ORGANIZATION (JRSO)

of the one part

and

THE LANDESVERBAENDE BAVARIA, HESSE, WUERTTEMBERG - HOHENZOLLERN,
THE SUPREME COUNCIL OF BADEN and THE ZENTRALRAT DER JUDEN IN
DEUTSCHLAND (ZENTRALRAT).

of the other part.

I. GENERAL PROVISIONS.

1. It is the object of this Agreement to provide funds for the communal relief, welfare and cultural needs of the Jewish Communities of the former U.S.Zone in Germany, their associations and institutions.
The parties agree that these funds shall be turned over to and administered by a Trust Verein (Verein or Foundation). The Trust Verein shall utilize its assets for the general benefit of the Jewish Communities, their associations and institutions, in the former U.S.Zone of Germany (excluding Bremen).
2. The Trust Verein shall make such grants to the said Communities, as appear necessary after impartial and expert examination. The Statutes of the Trust Verein shall make provision giving priority to the needs of Communities who have not received or shall not receive important shares in the settlement of a claim or claims by JRSO for damages or destruction to former Gemeinde or Community property. An important share shall mean an interest of 25% or more in the claim to which the Community is entitled by reason of a pre-existing agreement with the JRSO.
3. All agreements made by the JRSO which were concluded before the date of entry into force of this Agreement and which provide for the distribution of any former Gemeinde or Community property or claims in lieu thereof, shall remain in full force and effect, and shall not be impaired in any way

328050

by this Agreement, except to the extent that subsequent legislation has given the overhang as more fully described in II (d) below to the Community or Landesverbaende party to the Agreement, or to the extent that II (b) of this Agreement has not decided otherwise.

II. PAYMENTS BY THE JRSO TO THE TRUST VEREIN.

The JRSO will make the following payments:

- a) Following the entry into force of this Agreement and as soon as the Trust Verein has been duly entered in the Vereinregistry or the Foundation approved by the respective Land and as soon as the waivers described under Para IX (1) below have been secured, one million Dmarks to the Trust Verein.

This payment shall not take place if and when the Trust Verein has received four million Dmarks from indemnification claims.

- b) Fifty percent of the amounts (expenditures connected herewith not deductible) as they become available of each and every settlement with any Land or Laender concluded by JRSO for indemnification claims pertaining to or received for damages to synagogues and former communal property.

From payment to the Trust Verein shall be deducted the amounts which JRSO makes to the Communities by virtue of existing agreements. Deductible are also such amounts which are being or shall be paid by JRSO to Landesverbaende or Communities by virtue of the so-called Ueberleitung - Agreements.

- c) If JRSO concludes agreements, with any Land or Laender for advance payments on account of settlements of indemnification claims concerning Community property, 50% of such advance payments shall, in conformity with existing special agreements, be turned over to Communities, Landesverbaende and/or Trustees for the benefit of the Trust Verein. These payments deriving from receipt of advances are to be considered as remittances to the Trust Verein, if they are being made in fulfillment of the obligation stipulated under II (b) of this Agreement. JRSO will be relieved from its obligation for payment of one million Dmarks, as stipulated under II (a) provided that such advance payments reach the amount of at least four million Dmarks.
- d) Any recoveries which the Communities may obtain from any Land or Laender by virtue of para 142 BEG, especially in connection with para 148 (3) BEG (overhang) are not affected by this Agreement.

III PAYMENTS OF FUNDS RECEIVED FROM REICHS CLAIMS SETTLEMENT

JRSO shall pay 500,000 Dmarks out of its portion of the settlement with the Federal Republic of Germany of their monetary restitution claims against the Reich. Seventy five thousand Dmarks of this sum shall be payable directly to the Zentralrat for that portion of the budget of the Zentralrat to provide legal aid and other legal assistance to the needy surviving Jewish victims of persecution in Germany, including Jewish Communities. The remaining 425,000 Dmarks shall be paid to the Trust Verein as soon as the Verein has been duly entered in the Vereinregistry or the Foundation approved by the respective Land.

This payment is in full and final satisfaction of any and all other claims of whatever nature of the Zentralrat, the Communities and the Landesverbaende of the former U.S. Zone against the JRSO.

IV The shares due to the JRSO shall in no event be reduced or diminished by reason of any advance payments which have been made by any Land or Laender to the Landesverbaende or Communities. Hence, in keeping with this paragraph, if any Land attempts to assert a claim of offset by reason of any payment made to any Community or Landesverband, then the Landesverbaende shall be entitled to a reasonable opportunity to intervene with the Land to have such offset waived or charged against the overhang. If the Land shall refuse to waive the offset it shall be chargeable only against the share due to the Community, the Landesverband, or the Trust Verein.

V The Landesverbaende and the Zentralrat shall be informed and consulted by JRSO with respect to the negotiations concerning the indemnification claims. Moreover, no discussions should be undertaken by any Community or Landesverband in respect of the overhang without consulting and keeping JRSO informed throughout.

VI FOUNDATION OF TRUST VEREIN

a) The Trust Verein shall be established as a body corporate (eingetragener Verein or Foundation) according to the provisions of German law and following the principles and practices of the Trust Verein created in the former British Zone. The Board of the Trust Verein authorised to receive and dispose of the funds provided in the Agreement shall be composed of eight members. JRSO shall be entitled to appoint three members to that Board.

The appointment of alternates is permissible. The Zentralrat has the right to delegate an adviser to the Board of the Trust Verein without voting rights. Five members, which include the Chairman and Vice-Chairman, shall be appointed by the Landesverbaende. All members shall be persons of high repute. Paid officials or employees of the Jewish Communities or the Landesverbaende shall not be eligible to serve as members of the Board of the Trust Verein. The Trust Verein shall be established before any funds are payable under this Agreement.

- b) The Landesverbaende acting together as a single body shall designate two persons to represent them in the drafting of the Statute of the Trust Verein and in preparation of its establishment, and the JRSO shall appoint two persons for the same purpose.
- c) The Landesverbaende have the right to nominate a manager (Geschaefstfuehrer), but only on the understanding that the final appointment of the manager shall rest with the Board of Trust Verein (see (d)).
- d) Whenever a vacancy occurs in the position of the manager, the Landesverbaende shall have the right within one month from the occurrence of the vacancy to nominate a candidate for the position of manager. If the Board of the Trust Verein does not accept the recommendation made by the Landesverbaende, then the Landesverbaende shall be entitled within one month after such rejection to nominate a second candidate for manager. If the Trust Verein again rejects the recommendation of the Landesverbaende, the Trust Verein shall then be free itself to elect a manager. In any event the approval of the manager must be by at least five affirmative votes of the Board of the Trust Verein.

VII CEMETERIES and SYNAGOGUES

The Jewish Communities in the former U.S.Zone shall be responsible for the maintenance of those Cemeteries which are still used for burial (open cemeteries). The ownership of the closed cemeteries and synagogues still registered in the name of the JRSO shall be transferred into the ownership of the Landesverbaende or Communities in conformity with the special arrangements concluded with the Landesverbaende to this effect.

VIII ARBITRATION

All disputes arising from this Agreement shall be submitted to arbitration according to the terms of this Agreement. The Arbitration Board shall consist of three persons, each party appointing one member, the umpire to be nominated by the two arbitrators. In case of disagreement on the umpire, the latter shall be nominated by the Schweizerische Israelitische Gemeindebund.

The terms and conditions of the arbitration agreement shall be stipulated in a special arrangement.

IX RELEASE and WAIVER

- 1) This Agreement represents a full and total settlement with respect to the assets, rights and claims of the JRSO and accordingly the Landesverbaende and the Zentralrat each agrees for itself and its members that there are no further claims of any nature or kind whatsoever on the part of either of them or any Community or communal organization of the former U.S. Zone in respect of any property or interests of the JRSO anywhere. This Agreement shall not become operative until a similar waiver at the option of the JRSO is secured by the Landesverbaende from the Zentralwohlfahrtsstelle and the Zentralrat in favor of the JRSO with respect to the former U.S. Zone and the U.S. Sector of Berlin.
- 2) Nothing in this Agreement is intended to bar any Community of the former U.S. Zone or the Zentralwohlfahrtsstelle from applying to the JRSO for a grant towards its relief and welfare needs on the same grounds that any other organization or body may apply.

X ENTRY INTO FORCE

This Agreement will come into force on ratification by each Landesverband of the former U.S. Zone, by the Zentralrat and by the Jewish Restitution Successor Organization.

ARBITRATION AGREEMENT

All disputes arising from this Agreement between the Jewish Restitution Successor Organization and the Landesverbande, Bavaria, Hesse, Wuerttemberg-Hohenzollern, the Supreme Council of the Jews of Baden and the Zentralrat der Juden in Deutschland (Zentralrat) shall be submitted to arbitration.

The Arbitration Board shall consist of three persons, the Jewish Restitution Successor Organization of the one part and all other parties to the agreement of the other part appointing one arbitrator, the umpire to be nominated by the two arbitrators.

In case of disagreement on the umpire, the latter shall be nominated by the Schweizerische Israelitische Gemeindebund.

SEVENTH FLOOR

3 EAST 54th STREET

ELDORADO 5-5600

REC. & EMER. *JR* *ASU*
Ward

FILE - (JRSC)

May 11, 1959

Dear Jack:

I am rather concerned about a turn of events which has been called to my attention, and in which I know you have been interested. Could you be of help?

You will recall that the matter of our much worked over bulk settlement of the claims of the Jewish Restitution Successor Organization has gone through many stages. A few weeks ago, at a meeting which Kingsley attended with Si Rubin, at the office of the Director of Alien Property, it was decided that that office would actively sponsor a settlement of \$500,000 and would so notify the Attorney General and all those concerned. Senator Dirksen has indicated his willingness to sponsor such legislation if it had the backing of the Administration. I understand that contrary to the recommendation of the Office of Alien Property, Judge Walsh advised Senator Dirksen that the Bureau of the Budget recommended that the bulk settlement be made on the basis of \$250,000.

It would seem to us that this is quite a come-down and especially as only the Office of Alien Property could justifiably evaluate the total claims and a reasonable settlement thereof, and therefore it is rather hoped that through your intervention the recommendation of \$500,000 from the Office of Alien Property prevail as the recommendation of the Administration, and that Senator Dirksen be given the green light to initiate the required legislation.

I would appreciate it tremendously if, despite your fantastically crowded schedule, you could give this your personal attention.

Kindest regards.

Sincerely yours,

Edward M. M. Warburg

The Honorable Jacob K. Javits
Senate Office Building
Washington, D. C.

328056

GEN. & EMERG.

Jerry Post

June 27, 1958

Letter #1335
Mr. Jerome J. Jacobson
AJDC - Paris

Dear Jerry:

The Executive Committee of the JRSO considered at its last meeting the proposed agreement with the communities of the American Zone and the Zentralrat. The Executive Committee did not examine the full text of your draft but only concerned itself with the key points. The Executive Committee confirmed our readiness to provide DM 1.5 million to the Trust Fund in the manner indicated in your letter. It further reaffirmed the position that 50% of the proceeds of the indemnification payments should go to the Trust Fund and that all existing agreements with local communities should remain in force. In this connection, the Executive Committee is very firm of the opinion that we should not turn over any part of the proceeds arising from Munich community indemnification claims until the legal position of the management of the Munich community has been clarified. This will mean, when the time arrives, that we must work in full concert with the Zentralrat and take upon ourselves the possible brunt of litigation or any other action which the Orenstein group may wish to take against us. I would at this point not make any references to this decision in order to avoid any public battles before it is necessary. I am only wondering whether the Bavarian Ministry of Finance will agree to the payment of the full 100% of the amount due to us under the Law on the understanding that we shall pay over to the communities their share in accordance with the individual agreements which we have previously reached and on the basis of the overall agreement. I believe that with the help of the Zentralrat we will be able to persuade the Bavarian authorities that this is the only thing that makes sense in view of the divergent distribution formulas agreed upon between us and the various local communities in Bavaria.

The Executive Committee is also very strongly of the opinion that the Landesverbände must take over title to such synagogues that are still in the name of the JRSO. In turning over title to the synagogues, we will leave it to the Landesverbände to decide which of those synagogues they wish to transfer to individual communities. We only will have to make sure that the titles to the historic synagogues are retained by the Landesverbände in order to secure a central supervision. I know that we are likely to encounter some difficulties in connection with the transfer of synagogues. I believe that we must remain firm on this point. There is a general feeling here which I am sure is well known to you that we have gone to the limit in making concessions to the communities and they must now assume a greater share of their obligations.

328057

June 27, 1958

I reviewed your draft but not as thoroughly as would have been possible under other circumstances. I am sure, however, that Rosenthal and Katzenstein have done so already and will call your attention to any possible points requiring clarification. The following questions arose when reading the draft:

- a) Paragraph I (1) - I believe that it will be necessary to indicate in defining the purposes for which funds may be used that cultural needs are not excluded by definition. I am not clear whether the term "communal" is intended to encompass cultural programs as well.
- b) Paragraph II provides for payment by the JRSO of DM 1.5 million within 9 months after the legal establishment of the Trust. It makes payment conditional on the fulfillment "of all of the requirements of this Agreement by the Communities." In Paragraph VII, (1) waiver requirements are set out. It would appear that Paragraph II should make it clear that our payments are not only conditioned upon the establishment of the Trust, but also upon receipt of waivers, etc.
- c) Paragraph II (b) - I don't know whether any reference would have to be made to possible bulk settlements of these claims. Our main problem will be to separate payments received on account of claims connected with specific pieces of property. Many of our agreements with the individual communities divide the indemnification proceeds in relation to the distribution of the real estate involved. You may find in discussions that this is not so much a problem of the text of the Agreement with the community but rather an essential factor to be borne in mind during the negotiations with the Laender so that there is clarity as to the relationship between the payment by the Laender and the specific claims which we have presented.
- d) Paragraph II (e) - I believe that it will be necessary to make clear that consultation concerning the negotiations with the Laender will be undertaken with each Landesverband for the respective Land. I don't think that it would be necessary to consult with the Bavarian Landesverband on the Hesse negotiations and vice versa. On the other hand, of course, the Zentralrat will have to be kept informed of all negotiations. I have no strong feelings about it and it's certainly not an issue of principle, it is rather a matter of convenience.
- e) Paragraph III (a,b) - Wouldn't it be advisable to state in both paragraphs that the five members of the Trust as well as the two persons to represent the Landesverbände in the drafting of the statute shall be jointly appointed by the Landesverbände.
- f) Paragraph IV, V - I don't clearly see how it is intended to transfer title of cemeteries and synagogues to the Landesverbände "pari passu with the implementation of payments under Article II." Payments will be made in 3 installments over a 9 month period. We certainly want to make sure that there are no hitches in the transfer of title to the Landesverbände before we have paid.

328058

June 27, 1958

The decision of the Executive Committee certainly gives the green light to proceed to formalize the Agreement. I am sure that a number of questions will develop in the actual line by line discussion of the draft with van Dem and the representatives of the Landverbands. These negotiations were never easy. Please keep us informed of further developments.

With best regards.

Cordially yours,

Saul Kagan

328059

REC. & EX. 11/11/58

(Handwritten initials)

JEWISH RESTITUTION SUCCESSOR ORGANIZATION
3 East 54th Street
New York 22, New York

M E M O R A N D U M

March 17, 1958

To: Executive Committee

From: Saul Kagan

In connection with the distribution among the three successor organizations of the proceeds arising from the Bulk Settlement of Claims against the Reich, it was necessary to take account of the fact that the JRSO sold in its earlier Bulk Settlements with some of the laender of the U.S. zone, certain categories of claims which were subsequently included in the Bulk Settlement with the German Federal Government, concerning claims against the Reich.

At the meeting of the Executive Committee on December 5, 1955, it was agreed that the sum involved in the previous disposition of such claims amounted to DM 12.8 million. The Executive Committee then agreed that the proportionate share of the other successor organizations in this amount would be made available to them.

The Jewish Agency and the AJDC agreed to actually cover this obligation by virtue of the fact that the two agencies were the sole beneficiaries of JRSO funds at the time when the payments in question were received by the JRSO. A very recent review of the information concerning the amounts actually received by the JRSO from the laender on account of claims against the Reich would indicate that a somewhat larger amount than the DM 12.8 million originally estimated was involved, i.e., DM 13,440,000. The Jewish Agency and the AJDC have again agreed to make available to the other successor organizations their share in the increased amount.

In order, however, to give formal effect to this change, the consent of the Executive Committee of the JRSO is necessary. As no actual disbursement of additional JRSO funds will be required, it would be appreciated if you would indicate on the attached copy of this memorandum your agreement and return it to me.

(Handwritten signature of Saul Kagan)
Saul Kagan

328060

cc: Mr. Leavitt ✓

WMA
J.R. 10
S.A. & EMERE

March 11, 1958

Mr. Jacob Blaustein
Post Office Box 238
Baltimore, Md.

Dear Mr. Blaustein:

This will refer to your letter of March 8th containing copy of D. Deitelbaum's letter to the Editor of the New York Times. Mr. Leavitt is on the west coast and I will, of course, mention it to him upon his return. I discussed this matter with a few of our Public Relations people who assure me that the Times will not dream of publishing this type of letter which is prima facie libelous. Even if the Times should seriously consider publishing it, they would telephone us and try to discuss it with us. You may note that the letter is dated February 24th and the Public Relations people think that the Times already disregarded it.

You may recall that we had previous problems with this individual who appears rather disturbed. There is no truth to any involvement of Bernard Katzen in a law suit against the Conference. I believe the confusion stems from the first report which appeared in some Yiddish newspapers and the London Jewish Chronicle when Agudas Israel was meeting in Jerusalem last December and discussed a possible law suit by that organization against the JRSO. At that time the London Jewish Chronicle reporter filed a dispatch to the effect that the law suit is intended against the Claims Conference, and that Mr. Katzen is being considered as the lawyer to handle it.

(Confidentially, Isaac Lewin denies that he made any statements to the press on this whole subject as far as the JRSO is concerned.) Since the story appeared Agudas Israel cabled us here to inform us that there was no truth whatsoever in any discussion by that organization of a law suit against the Conference. Mr. Deitelbaum did not obviously catch up with the later issues of the Chronicle. I don't know what Hebrew monthly Mr. Deitelbaum has in mind as there was no copy of this article attached to his letter. I don't know of an article in a "well known" Hebrew monthly. There was once upon a time an article in a small publication issued by

328061

a Rabbi in this country, whose specific demands on the Conference were not met. He wrote an abusive article. No particular importance should be attached to this. I don't have to tell you about the stories published in Mr. Goodman's London Jewish Post. I am sending them to you from time to time. It seems to me that we should at this point ignore Mr. Deitelbaum, and rely upon the good sense and responsibility of the New York Times not to publish his letter without contacting us.

Sincerely yours,

Saul Kagan
Secretary

SK:nl

W.A. HN
GEN. & EMERG.

For. Rest.

February 17, 1958

Mr. Dewey Stone
53 Arlington Street
Brockton, Massachusetts

Dear Dewey:

It was very good to see you in California. I would appreciate very much your help in a matter concerning the Jewish Restitution Successor Organization (JRSO). On the morning of February 21, 1958 the Subcommittee on Commerce and Finance of the House Committee on Interstate and Foreign Commerce will hold hearings concerning a bill, H. R. 7830, which was introduced by Congressman Dollinger authorizing an overall settlement of the numerous claims filed by the JRSO to heirless and unclaimed property vested by the Office of Alien Property.

You may recall that sometime ago, you enlisted the support of Representative McCormack in the original legislation which established the principle that heirless assets originating with victims of Nazi persecution should be applied for the relief of needy surviving Nazi victims in the United States. A bill, P.L. 626, embodying this principle and authorizing the President to designate a successor organization to claim and distribute such property was passed by Congress on August 23, 1954. The JRSO was designated by the President as the successor organization for Jewish heirless property.

The JRSO has filed thousands of claims but time has proved that the administration and prosecution of these claims places an almost impossible burden on both the JRSO and on the Office of Alien Property. The reason for this administrative burden is inherent in the type of claims filed by the successor organization. By definition these claims concerned principally assets of persons who died in concentration camps without heirs and, of necessity, documentation is very scanty. There are numerous other elements in the administration of the present law which made it imperative to seek a more effective way to achieve the objective of the original bill. H.R. 7830 is designed to cut across the administrative obstacles and to make a reasonable estimate of the heirless persecutee assets. The bill which calls for a one million dollar lump-sum settlement of such claims also provides that a part of the assets will be made

328063

February 17, 1958

available for the benefit of non-Jewish victims of Nazi persecution in the United States who are in need. The non-Jewish organizations abstained from applying for designation as successor organizations under P.L. 626 as they were not prepared to bear the considerable administrative burden which would be involved.

H.R. 7830 has been endorsed by the National Catholic Welfare Conference and also by the Church World Service. It would be extremely helpful if Congressman McCormack could convey to Congressman Peter F. Mac Jr., the Chairman of the Subcommittee, his endorsement of the proposed legislation which is merely intended to give effect to the will of the Congress in assuring that some portion of the heirless assets of victims of Nazi persecution should accrue to the benefit of those who survived.

I hope very much that you will be able to contact Mr. McCormack in the next days. Please call me if you need any additional information concerning this matter as we are all anxious to see a successful conclusion of an issue which the leading Jewish organizations have been espousing for more than ten years.

Cordially yours,

Moses A. Leavitt

P.S. In this connection the following may be of interest to you. I understand that the same meeting of the Subcommittee on February 21st will also consider a bill sponsored by Representative McCormack which would transfer \$5,000,000 from the assets vested by the Office of Alien Property to the War Claims Fund to be used in payment of claims of religious organizations (principally Catholic church organizations which have filed claims in connection with destruction to church property in the Philippines, etc.) under the War Claims Act of 1948.

328064

AMERICAN JOINT DISTRIBUTION COMMITTEE

HEADQUARTERS FOR OVERSEAS OPERATIONS

CABLES & TELEGRAMS
JOINTFUND - PARIS

119, RUE SAINT-DOMINIQUE
PARIS (VII*)

TELEPHONE { 87-83
INVALIDES } 87-55
79-37

10 March 1958

- Mr. Saul Kagan - New York
- Mr. E. Laor - Geneva
- Mr. M. A. Leavitt - New York

File

Jerry

Sumner

Jerry

In furtherance of my report on my discussions with Sir Henry for settling the problem of the DM 12,800,000 - Dritte Masse subject, I have just had the following letter from Dr. Kapralik under date of March 6. He writes:

"Dear Jerry,

Sir Henry has requested me to inform you that he would recommend to the Council the acceptance of the offer from JRSO to increase the DM 12,800,000 to DM 13,440,000. He also asked me to request you to procure a letter from JRSO to the above effect. If this comes to hand he will see that the tentative agreements arrived at in Rome regarding the actual way of payment would follow."

In the circumstances this indicates in line with my report that Sir Henry has discussed the problem with Oscar Joseph, Dr. Kapralik and the others involved and there is accord for acceptance of this solution. It therefore is necessary for a letter to be furnished along the lines suggested by Kapralik's letter. I would assume that in addition there ought be included also the endorsement of the Jewish Agency and the JDC to the JRSO letter requested because the operating agents are the actual guarantors.

Since, as you will note, the question of implementing other allocations is tied up with this solution, it is important that this matter be settled as expeditiously as possible.

Sincerely,

MAR 13 1958

Jerome J. Jacobson

JJJ

ad

cc: Mr. Jordan
Dr. Rosenthal

328065

JJJ/meh : dictated but not read.

AMERICAN JOINT DISTRIBUTION COMMITTEE

HEADQUARTERS FOR OVERSEAS OPERATIONS

CABLES & TELEGRAMS
JOINTFUND - PARIS

119, RUE SAINT-DOMINIQUE
PARIS (VII*)

TELEPHONE { 87-83
87-55
INVALIDES 79-37

JRSO letter # 357

CONFIDENTIAL

14 February 1958

Mr. Saul Kagan
3 East 54th Street
New York N. Y.

Re: 12.8 million DM complex

Dear Saul:

I sent you the following cable today:

"SETTLED WITH SIR HENRY AT FIVE PERCENT OF TWELVE
POINT EIGHT MILLION LETTER FOLLOWS REGARDS JERRY"

In our telephone conversation you explained that Moe Leavitt had agreed that I try to reach a settlement on a token basis but that in any event if the condition warranted it I could go up to five percent which you regarded in keeping with Dr. Rosenthal's letter to me based on his conversations with Mr. Laor and after seeing Katzenstein's letter and enclosures to me.

I met with Kapralik right after our telephone conversation; in fact he was waiting for me in the hotel.

I had a long frank conversation with him in which I told him a great many people had gained the impression that there was something personal and aggressive in the way he had handled the claim of the JTC. I told him that while I did not share these views and I recognized his right to a different viewpoint I did not think that he handled his presentation well at Rome and that it was subjective. Kapralik told me what he had said before, that this problem was started by Oppenheim who kept pressing it and that Sir Henry picked it up. He Kapralik and Lachs then looked into it and felt that the difference was so great in their experience that they couldn't accept these figures without detailed explanation. Kapralik showed me his written report to Sir Henry in which Lachs and Oppenheim joined. It conceded that the letter from the Bavarian authorities established the amount of 1 million for bank accounts and securities as properly within the calculation and hence not to be added to the 12.8 million. However, our figures had taken 1.5 million in Bavaria for securities and bank accounts and Kapralik's report referred to evidence at Frankfurt that the 12.8 had to be increased by 500,000 DM to reflect the error in Bavaria. From this viewpoint your suggestion of a token offer would make no practical sense and only seem to create a sense of justification. In any event I did not discuss with

Kapralik.....

AMERICAN JOINT DISTRIBUTION COMMITTEE

HEADQUARTERS FOR OVERSEAS OPERATIONS

CABLES & TELEGRAMS
JOINTFUND - PARIS

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

TELEPHONE { 87-83
INVALIDES { 87-56
79-37

- 2 -

to: Mr. Saul Kagan. NY

14 February 1958

Kapralik any ideas for a settlement. I simply told him I had to see Sir Henry and would explore the possibility of a settlement.

I showed Kapralik Katzenstein's letter to me and the enclosures. He commented that some of the material had not been presented to JTG at Frankfurt. I mentioned I had not carefully examined the material before, but would do so preparatory to meeting Sir Henry.

I was surprised to learn that Kapralik was not only aware of Rosenthal's proposal of 10% of the 12.8 million as a settlement, but in fact his report to Sir Henry mentioned that Rosenthal was the only one who had the consideration to propose a concrete settlement. His written report did not mention any figure from Rosenthal and did speak of a suggestion by Rosenthal that the CEF should waive its rights. I had not had any previous word in Frankfurt that Rosenthal made his proposal to Kapralik. I had the impression that it was only discussed among ourselves. In the circumstance Rosenthal's letter to me that he would perhaps support a 5% settlement was irreconcilable with the situation as I found it. I promptly told Kapralik that on re-examination of the position in the light of Katzenstein's material sent to me, Rosenthal changed his mind since he didn't think his suggestion was justified. I added that I could not associate myself with a suggestion that the CEF should forgo any rights it has. If we find rights to exist then I can not ask any agency to give them up when they are being so strenuously claimed.

I deal here with all of the discussion before I saw Sir Henry, because on the basis of these facts as known to Kapralik and reported to Sir Henry, I could not in any seriousness go and start by proposing a token amount when they knew of a discrepancy of 500,000 DM and had, though informally, an offer of 10% or 1.28 million Marks.

I called Sir Henry early in the morning and when his servant told him I was calling, I was told he was indisposed and would be available in about ten minutes. I believe he called Kapralik, because when I called Sir Henry again his wire was busy. It remained so for a long time at which I suspected he called Kapralik and so I immediately called Kapralik to see if his line was also busy. I got through to Kapralik but his phone only started to ring and he was on the line. Knowing the position of his phone in a long hallway he had to be close by it for this to happen. It is of no importance except to indicate that Sir Henry probably checked with Kapralik before talking to me and it was useful that I first spoke to Kapralik.

I SAW.....

AMERICAN JOINT DISTRIBUTION COMMITTEE

HEADQUARTERS FOR OVERSEAS OPERATIONS

CABLES & TELEGRAMS
JOINTFUND - PARIS

119, RUE SAINT-DOMINIQUE
PARIS (VII*)

TELEPHONE { 87-83
87-55
INVALIDES } 79-37

- 3 -

to: Mr. Saul Kagan, NY

14 February 1958

I saw Sir Henry in the early afternoon. He said he was glad to see me because he wanted to talk about the Frankfurt meeting with me. I told him it was the purpose for my call upon him though I was in London on other business because you had called me from New York and asked me to see Sir Henry. This was Moe Leavitt's and your suggestion.

I then told him I was afraid the problem was reaching a point where it was producing more heat than light and if we allowed it to continue this way it might impair relations which had been so fruitful and productive over the years. I explained that while I had not participated in the meeting, I had tried to keep myself informed of the view of both sides and had sought the basic material. I told him I had a letter and documentation from Katzenstein and that I had shown them to Kapralik the previous night. I said that in my view there had been an error of 500,000 DM in the Bavarian figures. I pointed out that Kapralik conceded with respect to Bavaria that 1 million out of 1.5 million was no longer in question because of the letter from the Bavarian authorities. However, it seemed to me that Kapralik was being too narrow in his examination because he rejected the material respecting Hesse because here there was no letter from the Germans about the item. I said in my view the files of JRSO nonetheless reveal the background because there is a very complete memo of Ferencz to Kagan in 1953 which reveals the names of the Germans who claimed a million back in respect of the bank accounts and that surely these records disclose the transaction. The only way one could rule out this documentation in any reasonable analysis would be to charge that it was prepared now and anti-dated, which is preposterous and I know that no one in JTC has any such thought in mind.

As to Wurttemberg-Baden, there is equally an internal memo of Katzenstein, which in 1952 explained the items to Ferencz of the global settlement. Like the other settlements this one has the same explanation. I emphasized that if he thought there was a paucity of such documentation he had to realize that when these settlements were made in 1951 and 1952, that were not in contemplation of a Dritte Hesse agreement to come in 1956, nor with any view that a combined position would be taken with JTC so as to have in future to justify conduct of JRSO. I said I was prepared to offer that the 12.8 million figure be increased by 500,000 DM since in my examination this was the only justification.

Sir Henry said he understood all that I explained and was not looking for any unreasonable amounts. He said this was the first concrete offer and it should have come at Frankfurt since this was found there. I said

there.....

AMERICAN JOINT DISTRIBUTION COMMITTEE

HEADQUARTERS FOR OVERSEAS OPERATIONS

CABLES & TELEGRAMS
JOINTFUND - PARIS

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

TELEPHONE { 87-83
INVALIDES { 87-55
79-37

- 4 -

to: Mr. Saul Kagan, NY

14 February 1958

there was some indication made at Frankfurt of an offer which showed that JRSO intended to do something but as I had explained earlier, the atmosphere was perhaps too charged.

Sir Henry then raised a new line saying that it is odd that with respect to items outside the joint account JRSO had done well for itself whereas for items that came within the account their negotiations left much to be desired. He said he had to take account of the fact that the Laender received 25 million DM for what JRSO insists they received only 12.8 million DM. When they asked this be straightened out with the Laender, JRSO refused. He said he is struck by the fact that settlements for pawnshop claims within the 12.8 million seem to indicate that here JRSO bargained badly.

I replied that to my knowledge only three items were under review all relating to bank accounts and securities. Since these were questioned they were dealt with. Now this was the first time that this claim was advanced and in these terms. I was quite prepared to deal with it and if Sir Henry thinks that JRSO shows a bad bargain in pawnshop settlements, I was ready to seek out the facts. I could not concede any meaning to the comparison he makes and if the events resulted this way, they were as they were. I would have to know what he is now claiming and from this I would open the inquiry further. However, whatever the result I didn't think it would make for a happy situation. I felt confident that JRSO would furnish a correct answer and I don't think the facts would justify any reversal. Yet, this would not improve anything because on the JRSO side resentments would naturally be present because of the indictment and he would remain dissatisfied if he did not upset the situation.

Sir Henry then responded that my offer served only to adjust what was conceded as being incorrect in the Katzenstein memorandum and that some token of general nature ought arise for JTC so that he could say to his staff people that he regards this as a satisfactory compromise and the issue is closed.

I replied that in that circumstance I would make a proposal to him which, if he accepts, I will undertake to put through, namely, without regard to any specific point I would suggest a 5% increase of the 12.8 million figure and that's it - the issue stands closed. It is simply the result of a conversation between the two of us in which we agree to revise the amount by 640,000 DM. Sir Henry said he readily agreed and so we closed the question.

I told.....

AMERICAN JOINT DISTRIBUTION COMMITTEE

HEADQUARTERS FOR OVERSEAS OPERATIONS

CABLES & TELEGRAMS
JOINTFUND - PARIS

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

TELEPHONE { 87-83
87-55
INVALIDES } 79-37

- 5 -

to: Mr. Saul Kagan, NY

14 February 1958

I told him I would advise you that I have settled the matter on these terms and that is all.

I then told Sir Henry that I was seeing Kapralik later in the day and would tell him we reached a settlement. Sir Henry asked me not to go into details but to leave it to him to tell Kapralik that he made a settlement. When I saw Kapralik I told him I had a general talk with Sir Henry and I hoped we could find a basis for closing the matter.

I emphasized that our relations had been so fruitful on both sides that it would be a pity if anything was allowed now to create frictions or doubts. Kapralik assured me he would abide by anything Sir Henry decides. I know he means this.

I want to dispel any feeling that there is something unfair or of design in the position he has taken. He is entitled to a different viewpoint and he is not a bad man because he has held it stubbornly and mistakenly. That is his privilege and his duty is to look out for the interests of the JDF. I can say there were circumstances which fed his suspicions and he cannot be blamed for these circumstances.

I think the case is closed.

Sincerely yours,

Jerome J. Jacobson
General Counsel

cc: Mr. Ch. Jordan
Mr. E. Laor
Mr. M. A. Leavitt
Dr. M. Rosenthal

JJJ/hk

328070

September 26, 1957

Mr. Saul Kagan
JRSO Frankfurt

Dear Saul:

Re: Paintings

- a) Portrait of a Man by Mierevelt - #21837/
Kogl 370/3
- b) Landscape with Flock of Sheep by
Zuccarelli - #21839/Kogl 372/5
This picture is also variously described as
"German 18th c. Sheep and shepherd" and
"German 18th c. Landscape"

I see that the old problem of the paintings is once again rising up to trouble you, and Marga has asked me to help her locate these two pictures in our files. I have gone very carefully over the whole material, particularly the following:

- a) Mimeographed lists headed "Schedule A" which were attached to the receipts signed by Ben Ferencz in 1949, listing the objects in numerical order.
- b) Several copies of what appear to be actual shipping lists, setting forth the contents of each crate shipped.
- c) List of paintings which were shipped to Israel as "Old Masters".
- d) Lists of paintings sold through Mr. Odell
and assorted pertinent correspondence.

It seems clear that neither of the paintings in question was included among the 35 "Old Masters" which went to Israel. I will give you a separate account of what I found for each of the two items.

A) Landscape with Sheep - #21839/Kogl 372/5. I had no difficulty locating this picture both on Schedule A and on the shipping lists. As you know, Frankfurt also located it on their lists, according to Dr. Katzenstein's letter of September 12. I also found a record of its disposition. It was sold by Mr. Odell on March 8, 1951 to a New York dealer, a Mrs. Elly Beckhardt at 899 Third Avenue, for the sum of \$10. The picture was originally appraised at \$20.

I frankly don't know what, if anything, can be done to recover this picture. I assume you will be giving Marga your instructions.

B) Portrait of a Man - #21837/Kogl 370/3 (also referred to as #21837/3)
This, I'm afraid, is a much tougher problem, since there is no conclusive evidence that the picture ever reached New York and there is no trace of its disposition. The picture is definitely listed in Schedule A, as item #199, under the above number, described as "Ptg. German ? 17th c. Portrait of a Man". I do not find it, however, on any of the shipping lists, at least not conclusively. One of the lists, for Crate #2, refers to a painting #21837/3, but it is described as "Champion 1913, oil on canvas, 58x56", and is valued at \$5. The description seems to coincide with that of another picture of a very similar number, i.e. #21857/3, which is called "Champion 1913, Landscape oil". Thus it is possible that the Champion picture was accidentally listed twice, once under a wrong number, or else it is possible that #21837/3 actually was the picture we are looking for, but that it was incorrectly described. Incidentally, Schedule A also lists the Champion picture under #21857/3.

It would seem more likely that the Portrait of a Man never reached New York, since I can find no trace of its disposition. As I said above, it is not among the 35 Old

328071

Masters which went to Israel. It is not on any of the lists submitted by Mr. Odell. If the painting ever did reach New York, only one more possibility remains. There was a small residue of pictures, which was considered unsalable by Mr. Odell. On November 23, 1951, you suggested to the Operating Agents that these paintings be shipped to Israel and that the Jewish Agency pay the expenses involved. There is a record in the file that Mr. Leavitt concurred with this suggestion. There is no indication, however, whether these pictures ever were shipped to Israel (and if so, to what agency there), or whether the matter was quietly forgotten and the pictures are still in some corner of the Jewish Museum. If "Portrait of a Man" ever reached New York, I would conclude that it is among that lot.

Hope that this is of help to you - it seems to be the best we can do with the information in the files. Perhaps it would be helpful if the actual original shipping lists could be traced. I don't know where these might be, whether in the insurance files of the JDC or with the shipping agency - if they are in fact still in existence. Perhaps Marga can discuss this with Margaret Feiler and get some idea of the procedures followed at that time.

I trust you are having your usual hectic trip. Everything quiet here.

Regards,

Toni

cc. Marga Cohen

328072

3042

REC. & EMER.

Just
Heo

Margaret Feiler

October 29, 1957

xxx

Mr. Saul Kagan
C.J.M.C.A.G.

JRSO Paintings

I have read Toni's memorandum to you of September 26, 1957, and I have also discussed it with her over the phone. I distinctly remember the various transactions involving the shipments and disposition of the paintings, although I cannot say whether the second shipment to Israel was ever dispatched.

I regret not to be able to be helpful in connection with clearing up the circumstances surrounding the "Portrait of a Man", since all records kept by me in behalf of JRSO during that period were turned over to JRSO, and no papers involving JRSO prior to March 1950 remained on file in our office.

WJ

MF:el

AMERICAN JOINT DISTRIBUTION COMMITTEE

Allocations and Payments

ALLOCATIONS

33% of DM 55,000,000	DM 18,150,000	
28.05% of 40,000,000	11,220,000	
28.05% of 5,000,000	<u>1,402,500</u>	DM 30,772,500.00

PAYMENTS

From sources other than Reich Claims Settlement and Berlin Bulk Settlement	DM 19,065,832.50	
Reich Claims Settlement - 1st Installment	3,588,296.00	
Reich Claims Settlement - 2nd Installment	3,588,296.25	
Reich Claims Settlement - 3rd Installment	2,805,000.00	
Berlin Bulk Settlement 1st Installment	309,251.25	
Berlin Bulk Settlement 2nd Installment	309,251.25	
Berlin Bulk Settlement 3rd Installment	<u>309,251.25</u>	DM <u>29,975,178.50</u>
BALANCE		<u><u>797,321.50</u></u>

NOTE: AJDC will receive against this balance the fourth Berlin Bulk Settlement installment in the amount of DM 309,251.25 so that a new cash remittance should not exceed the amount of DM 488,070.25.

328074

JEWISH AGENCY FOR PALESTINE

ALLOCATIONS and PAYMENTS

ALLOCATIONS

67% of DM 55,000,000	DM 36,850,000	
56.95% of 40,000,000	22,780,000	
56.95% of 5,000,000	<u>2,847,500</u>	DM 62,477,500.00

PAYMENTS

From sources other than Reichs Claims- and Berlin-Bulk-Settlement	DM 38,710,417.50	
Reichs Claims - Settlement 1st Installment	- 7,285,328.75	
Reichs Claims - Settlement 2nd Installment	- 7,285,328.75	
Reichs Claims - Settlement 3rd Installment	- 5,695,000.00	
Berlin-Bulk-Settlement 1st Installment	- 627,873.75	
Berlin-Bulk-Settlement 2nd Installment	- 627,873.75	
Berlin-Bulk-Settlement 3rd Installment	<u>627,873.75</u>	<u>60,859,696.25</u>
		DM <u>1,617,803.75</u>

NOTE: JAFFP will receive against this balance the fourth Berlin Bulk Settlement installation in the amount of DM 627,873.75 so that a new cash remittance should not exceed the amount of DM 989,930,00.

328075

JEWISH RESTITUTION SUCCESSOR ORGANIZATION

CASH POSITION AT June 30, 1957

Cash	DM 8,603,603	
Accounts Receivable	3,500,000	
NEW BUSINESS	<u>600,000</u>	DM 12,703,603
Accounts Payable	DM 3,350,000	
Reserve for Equity Claimants	2,000,000	
Reserve for Jewish Communities (Hesse, Bavaria, Bremen)	1,500,000	
Reserve for Jewish Communities (Baden-Württemberg)	600,000	
Reserve for one-year's Administrative Expenses	<u>250,000</u>	DM 7,700,000
BALANCE		DM <u>5,003,603</u>

328076

JEWISH RESTITUTION SUCCESSOR ORGANIZATION

3 East 54th Street
New York 22, N. Y.

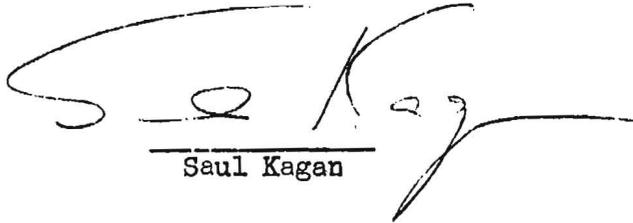
May 8, 1957

MEMORANDUM

TO: Executive Committee
FROM: Saul Kagan

Reference is made to item II. of the agenda of the JRSO Executive Committee meeting concerning the status of the Bulk Settlement of JRSO claims in the United States.

Enclosed please find a Bill introduced by Senator Dirksen which would authorize a lump sum settlement of claims for heirless assets vested by the Office of Alien Property. You will recall that since the completion of the filing of claims under P.L. 626, we have attempted to find a way whereby the settlement of our claims could be brought about through a lump settlement rather than through the process of disposition of each of the claims. A more detailed review of the Bill and the prospects of its enactment will be presented at the meeting.


Saul Kagan

328077

IN THE SENATE OF THE UNITED STATES

May 2, 1957

MR. DIRKSEN (by request) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

A BILL

To amend the Trading With the Enemy Act, as amended, so as to provide for certain payments for the relief and rehabilitation of needy victims of Nazi persecution.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 32 (h) of the Trading With the Enemy Act, as amended, is further amended by adding at the conclusion thereof:

"The President or such officer as he may designate is authorized and directed to pay the sum of \$1,000,000 to organizations designated by the President pursuant to the provisions of this subsection: Provided, That (1) any such organization shall have given the assurance required pursuant to this subsection that any sums received by it will be used on the basis of need in the rehabilitation and resettlement of persons in the United States who suffered substantial deprivation of liberty or failed to enjoy the full rights of citizenship within the meaning of subdivisions (C) and (D) of subsection (a) (2) hereof, as well as the assurances required under subparagraphs (iii) and (iv) of this subsection, and that such organization is qualified as a nonprofit charitable organization within the meaning of this subsection; (2) such organization shall previous to the effective date of this Act have been designated by the President pursuant to this subsection or, if not previously so designated, shall, not later than three months after the effective date of this legislation, apply for such designation on behalf of categories of persons not within the scope of a prior designation; (3) such sum shall be allocated among designated organizations in the proportions in which the proceeds of heirless property were distributed, pursuant to agreements to which the United States was a party, by the Intergovernmental Committee for Refugees and successor organizations thereto. Acceptance of payment pursuant to this paragraph shall constitute a full and complete discharge of any and all claims otherwise filed pursuant to this section 32 (h), and such payment shall be in lieu of and not in addition to returns pursuant to such other claims.

"The Attorney General is authorized and directed, immediately upon the enactment of this subsection, to cover into the Treasury of the United States, for deposit into the War Claims Fund, from property vested in or transferred to him under this Act, such sums, not to exceed \$1,000,000, as may be necessary to provide for payments pursuant to this subsection."

328078

OAP - Basic Example

REFERENCE REQUEST-FEDERAL RECORDS CENTERS

NOTE: Use a separate form for each request.

SECTION I-TO BE COMPLETED BY REQUESTING AGENCY

ACCESSION NO.

AGENCY BOX NUMBER

RECORDS CENTER LOCATION NUMBER

RG 131 Accsn. 65-B-1063

3 OF 3

16-87-52-2-3

DESCRIPTION OF RECORD(S) OR INFORMATION REQUESTED

BOX

1 (one) -3

Box ONE -
(Box contains Claims Files)

FOLDER (include file number and title)

REMARKS

NATURE OF SERVICE

FURNISH COPY OF RECORD(S) ONLY

PERMANENT WITHDRAWAL

TEMPORARY LOAN OF RECORD(S)

REVIEW

OTHER (Specify)

SECTION II-FOR USE BY RECORDS CENTER

RECORDS NOT IN CENTER CUSTODY RECORDS DESTROYED

WRONG ACCESSION NUMBER-PLEASE RECHECK

WRONG BOX NUMBER-PLEASE RECHECK

WRONG CENTER LOCATION-PLEASE RECHECK

ADDITIONAL INFORMATION REQUIRED TO IDENTIFY RECORDS REQUESTED

MISSING (Neither record(s), information nor charge card found in container(s) specified)

RECORDS PREVIOUSLY CHARGED OUT TO (Name, agency and date):

REMARKS

REVIEW - Friday, May 5, 2000

DATE

SERVICE

TIME REQUIRED

SEARCHER'S INITIALS

SECTION III-TO BE COMPLETED BY REQUESTING AGENCY

NAME OF REQUESTER
Abby Gilbert

TELEPHONE NO. FTS DATE 5/2/00
(202) 622-0743

RECEIPT OF RECORDS

NAME AND ADDRESS OF AGENCY

(include street address, building, room no. and ZIP Code)



review

Requester please sign, date and return this form, for file item(s) listed above, ONLY if the block to right has been checked by the Records Center.

SIGNATURE

DATE 5/2/00

RG 131-044
Entry 65 B-1063
File 6- - when
Box 1 (one)

328079

Senderbank Wien A. G.

TLE

Memorandum dated April 2, 1952 from
Mr. Harold Lee to Mr. Hill

(consisting of 16 EXHIBITS) for memorandum
dated July 27, 1952 from Harold Lee to Mr. Hill

F-6-1

ATL

ATT

RG 131-071P
Entry 65 B-1063
File 6- -wies
Box 1 (one)

DATE 8-5-52

TO: Miss Ashin

FROM: Albert Parker, Chief
Estates and Trusts Section

328080

RG 131-044
Entry 65-8-1063
File F-6 - Wien
Box 1 (one)

OB Lit 1707

Mr. James D. Hill, Chief
Litigation Branch

July 29, 1952

Harold Lee, Chief, Overseas Branch, Department of Justice

Bank Account Owned by Laenderbank Wien A.G.
F-6-1354

Enclosed herewith is a copy of Mr. Holloran's report of July 29, 1952, together with copies of the 18 Enclosures mentioned therein.

Inasmuch as it appears that the investigation here has been completed, we are closing our files on this case.

328081

RG 31-011P
Entry 65 B-1063
File 6- - Wien
Box 1 (one)

- 2 -

their boards of directors." (at page 96).

"A smaller but also influential institution in Austria is the Laenderbank Wien, which was formed by the Dresdner Bank in 1938 to take over its former subsidiary for Austria, the Merkurbank; the Vienna branch of the Zivnostenska Banka, Prague; and above all - the important business of the Banque des Pays de l'Europe Centrale. The new Laenderbank had total assets of RM 744 million in 1943 and operated through 13 branches, including 9 in old Austria, 3 in southern Moravia, and 1 in the Yugoslavian territory incorporated into the Reich. The Laenderbank assisted the Dresdner Bank in the penetration of eastern and southeastern Europe and shares with its parent bank in the administration of banking interests in that area...." (at page 106).

HL-962 requested investigation as to the postwar reorganization of the Bank to the extent that licenses affecting or purporting to affect the Bank's deposits in the United States were issued by military authorities.

Enclosure 3 is a copy of the 168th Federal Law of July 26, 1946, as set out at pages 337-338 of the Federal Law Gazette for the Republic of Austria, concerning the nationalization of certain enterprises, subject Bank among them. Under this law ownership of the Bank's stock was transferred to the Republic of Austria and the Bank was entered in the Vienna Commercial Register as a corporate body under Austrian law, as evidenced by the attached certificate dated September 18, 1947 of Dr. Straubinger of the Federal Ministry for the safeguarding of Property and Economic Planning (Enclosure 4). According to the Commercial Register and statement of Bank Director Fischmeister, the Bank was reorganized and its name changed to the Oesterreichische Laenderbank on February 18, 1948.

Enclosures 5 through 16 are copies of certificates and correspondence relating to the Bank's deposits with American banks, among them the Guaranty Trust Company. These enclosures make it apparent that certificates of the character involved here were issued by the Austrian National Bank, the Republic's fiscal institution, in accordance with U.S. Treasury General License No. 95 and with the approval of the appropriate Allied authority.

Enclosures 10 and 12, which are applications under General License 95 dated April 3, 1947 and May 18, 1948 for the release of subject's bank deposits as Guaranty Trust in the respective amounts of \$52,493.68 (with \$771.14 of a total \$53,264.82 being deposited elsewhere) and \$15,011. respectively, are both marked "no objections" by Gabriel T. Kerekes of the Economics and Finance Divisions, USACA Section, United States Forces in Austria. Kerekes' title in the first instance was

328082

RG 131-07P
Entry 65 B-1063
File 6- - Wien
Box 1 (one)

- 3 -

Chief of Foreign Exchange Trade Branch and in the second, Foreign Credits Advisor. Enclosure 11 is a copy of a letter addressed to Kerekes by Austrian National Bank on June 2, 1948 requesting his approval for the supplementary certificate of the subject Bank (Enclosure 12). In passing it will be noted that Enclosures 10 and 12 in setting out the terms for release of assets, state that no license shall be issued where citizens of Germany and other named enemy nations have a direct or indirect interest in the assets involved.

None of the officials of subject Bank or the Austrian National Bank interviewed, claim to remember any particular discussion with Kerekes about the licenses here involved other than along purely routine lines. Former colleagues of Kerekes at the now defunct USACA (U.S. Allied Commission for Austria), or its successor, USCOA (U.S. Commissioner for Austria), were unable to furnish any information concerning Kerekes' handling of these matters.

Inactive USACA and USCOA files have in the past been transferred to the Vienna Embassy and quantities of these were subsequently turned over to the Army Records Center, Kansas City, Missouri. A search of the records presently kept at the Embassy failed to uncover any material pertinent to this investigation, while the tabulation of the many hundreds of files sent to Kansas City proved so chaotic and uninformative as to be of little help. Of the records requisitioned from Kansas City only Enclosure 2 proved to have any bearing.

It seems inexplicable that Kerekes, holding a responsible position with the occupation authorities as a financial expert, should have offered no objection to the issuance of the certificates here involved. No evidence was uncovered as to any impropriety in his dealings with Bank and governmental officials, nor was he known to have been on particularly friendly terms with any of the Austrians handling this matter. It may, however, be deemed worthwhile to interview Kerekes concerning his part in these transactions.

A possible source of inquiry might be his handling of the subject Bank's application for certificates under General License No. 95. Enclosure 10, an application by Laenderbank for the release of \$53,264.82 at Guaranty Trust and other banks, was submitted to the National Bank on April 3, 1947, and approval by the latter on November 26, 1947. Although Kerekes did not enter his "no objections" until January 26, 1948, the certificate was issued on November 26, 1947, some 2 months before (Enclosure 13). Likewise, the application of May 18, 1948 was approved by the National Bank on May 28, 1948 (Enclosure 12) and Kerekes' "no objections" entered on June 11, 1948. Nevertheless the license was issued by the National Bank on May 21, 1948 (Enclosure 15). In both cases the license dates agree with those furnished by Guaranty Trust as set out at page 3 of HL-962.

328083

RG	131-07P
Entry	65 B-1063
File	H-6- - Wien
Box	1 (over)

- 4 -

His full name is Gabriel T. Kerekes, and according to former colleagues, he presently resides at 41-15 46th Street, Sunnyside, L.I. N.Y. It may be useful to Washington to know that files of the 430th Counter Intelligence Corps Detachment, Vienna, indicate that Kerekes was investigated by the New York Stock Exchange in 1938 for various irregularities allegedly committed while he was a customers' man; that he was suspended on one occasion by Foreign Funds Control where he worked from June 1941 to April 1943 and January to April 1946, for "loose financial dealings" among other things; and that he was investigated for possible dubious dealings in Austrian schillings while he served with USACA.

Washington further requested that we ascertain from the Bank's records whether the persons certified to be the owners of portions of the account as listed on pages 2 and 3 of HL-962 were 1) owners prior to the effective date of freezing and 2) enemy nationals.

Attached as Enclosures 16 and 17 are copies of letters prepared on April 19 and 23, 1952 by the Bank's bookkeeping Department at the direction of Director Fischmeister, indicating that the persons listed as above were credited with the stated dollar balances during the years 1947 and 1948, as well as in June 1941. The Bank's credit balance with Guaranty Trust in both cases is stated to be \$95,030.79. The small balance of \$114.25 owing to the Estate of Leo Neumann, United States, was inadvertently omitted from these statements, since the account as pointed out at page 3 of the translation of Enclosure 6 is now a notarial trust account in the name of Dr. Karl Veith.

Bank officials could give us no information as to the nationality or present addresses of these people, although they presumed that most, if not all, were former Austrian residents who became refugees. The Vienna CIC conducted a search of local records but it was found that the addresses were too indefinite or the names too common to produce any pertinent information on the nationality question. If Washington wishes this phase pursued further, it is suggested that inquiry be made of the Guaranty Trust for more definite information as to these persons.

It may be of further interest to Washington to know that since the end of the war, French authorities have been negotiating a settlement with the Austrian government of French war damage claims and for French equipment left in Austria. Also involved in these negotiations is the restitution claim of the Banque des Pays de l'Europe Centrale, which claims that its 1938 agreement with Dresdner Bank, was forced. These negotiations appear to be highly confidential and Austrian bank officials are reluctant to discuss them. Under these circumstances the matter was not pressed, although further investigation will be

328084

RG 131-074
Entry 65 B-1063
File F6 - - Wien
Box 1 (one)

- 5 -

undertaken if Washington so requests. A secret file at our Vienna Embassy indicates that in at least 2 proposed agreements, restitution to the Banque of some 25 million shillings to be reinvested in the Bank, was to have served as a partial consideration for release of French war damage claims. The file indicates at least some opposition of U.S. authorities since the disposal of certain Marshall Plan funds to France, was involved.

It would appear that the investigation requested by Washington has been completed, and it is therefore recommended that our file be closed.

328085

RG 131-044
Entry 65 B-1063
File Laenderbank
Box 6 - Wien
1 (orig)

- 6 -

List of Enclosures

1. Report No. 11583, Deutsche Revisions- und Treuhand A.G., re audit of books of Dresdner Bank, Berlin 1938;
2. Agreement between Banque des Pays de l'Europe Centrale, Dresdner Bank and Laenderbank Wien re settlement of balances, November 21, 1938.
3. Federal Law Gazette for Republic of Austria, September 16, 1946, pp.337 FF., re 168th Federal Law of July 26, 1946 (Nationalization Law).
4. Certificate Dr. Straubinger, Austrian Federal Ministry for Safeguarding of Property and Economic Planning, re ownership of Laenderbank Wien, September 18, 1947.
5. Letter, Austrian National Bank to Laenderbank Wien, among others, re unblocking of credit balances in U.S., March 7, 1947.
6. Letter, reply to Laenderbank to #5, March 21, 1947.
7. Letter, Austrian National Bank to Laenderbank re remittance to formers' dollar account, January 31, 1948.
8. Letter, reply of Oesterreichische Laenderbank to #8, April 3, 1948.
9. Letter, Oesterreichische Laenderbank to Austrian National Bank re further certificate for unblocking \$15,011. Credit in U.S., May 13, 1948.
10. Application, Laenderbank Wien for issue of certificate under General License No. 95, April 3, 1947.
11. Letter, Austrian National Bank to Mr. Kerekes, U.S. Allied Commission, Transmitting #12, June 2, 1948.

328086

NO 131-04P
Entry 65 B-1063
File 6- - Wien
Box 1 (one)

- 7 -

12. Application, Oesterreichische Laenderbank to Austrian National Bank for issue of certificate under General License No. 95, May 18, 1948.
13. Certificate, Austrian National Bank under General License No. 95 re \$52,493.68 balance of Laenderbank Wien at Guaranty Trust Co., November 26, 1947.
14. Certificate, same re \$771.14, May 5, 1948.
15. Certificate, same re \$15,011, May 21, 1948.
16. Letter, Oesterreichische Bank to Guaranty Trust transmitting 8 certificates issued by National Bank, June 28, 1948.
17. Statement, Oesterreichische Bank re listed accounts as of 1947 and 1948, April 19, 1952.
18. Statement, same re accounts as of June 1941, April 23, 1952.

328087

RG 31-044
Entry 65 B-1063
File 6- - Wien
Box 1 (one)

Enclosure 5

[Translation]

[Hahnert/JF/fl/5]

F/Schr/Be re No. 159/1947.

March 7, 1947.

Forwarded to:

Creditanstalt-Bankverein
Gewerbe-u. Handelsbank
Hypotheken-Kreditinstitut
Laenderbank
Mayer, Loos u. Co.
Nicolai u. Co.
Bank f. Ob. Oest. u. Salzburg, Lins
Pinschof u. Co.

Postal Savings Office
Schoeller u. Co.
Steinhaeusser u. Co.

Re unblocking of credit balances blocked in the U.S.A.

Referring to the notice published in the "Wiener Zeitung" of February 18, 1947, regarding the unblocking of assets blocked in the U.S.A., we wish to inform you that, in accordance with so-called evaluation proceedings, some of the amounts credited to the accounts of the Austrian credit banks can be released even before the usual release proceedings have been terminated. In this connection we need the following data:

- 1) Total amount credited to the accounts you have with banking institutes in the U.S.A. (itemized according to the institutes with which the accounts are kept),
- 2) your own assets,
- 3) specification of your customers and the amounts due to them listed according to
 - a) domicile in Austria (as far as the citizenship is evident from their notes, German and Japanese citizens must be classified under b)),
 - b) domicile in Germany, Japan, Hungary, Bulgaria, Rumania, Italy,
 - c) domicile in France, Belgium, Norway, Finland,

[page 2 of the original:]

Netherlands, Czechoslovakia, Luxembourg, Denmark, Greece, Switzerland, Liechtenstein, Poland,

- d) domicile in Jugoslavia, Albania,
- e) domicile in Portugal, Sweden, Spain,
- f) other foreign countries.

328088

RG 131-074
Entry 65 B-1063
File H-6 - Wien
Box 1 (one)

- 2 -

4) The details required under 3a) to f) who apply to the accounts closed as from June 14, 1941.

We further request you to state in the application form distributed by us all the details which apply to your firm and to forward the form to our address.

In accordance with the agreements concluded between the US Treasury Department and the Federal Ministry of Finance we will, after having received your information, issue a certificate for the amount concerned. A certificate for any amount in excess thereof cannot be issued until after termination of the examination proceedings to be instituted in your customers' case.

[initialled]

Vienna,
March 7, 1947.

328080

RG 131-04P
 Entry 65 B-1063
 File Ab - - Wien
 Box 1 (one)

Enclosure 5

S/Schr/35 Nr. 159/1947

7. März 1947.

Ergangen an:

- | | |
|-------------------------------------|---------------------|
| Creditanstalt-Bankverein | Postsparkassensamt |
| Gewerbe- u. Handelsbank | Schoeller u. Co. |
| Hypotheken-Kreditinstitut | Steinhäusser u. Co. |
| Länderbank | |
| Mayer, Loos u. Co. | |
| Nicolai u. Co. | |
| Bank f. Ob. Oest. u. Salzburg, Linz | |
| Pinschof u. Co. | |

Betreff. Deblockierung von in den USA gesperrten Kontoguthabungen.

Unter Bezugnahme auf die in der "Wiener Zeitung" vom 18. Febr. 1947 verlautbarte Kundmachung über die Deblockierung von in den USA gesperrten Vermögenswerten, teilen wir Ihnen mit, dass auf Grund eines sogenannten Schätzungsverfahrens noch vor Durchführung des üblichen Freigabeverfahrens den österreichischen Kreditinstituten ein Teil ihrer Kontoguthabungen freigegeben werden kann. Hierzu benötigen wir nachstehenden Angaben:

- 1) Gesamtbetrag Ihrer Kontoguthabungen, die Sie bei Bank-Instituten in den Vereinigten Staaten unterhalten (aufgegliedert nach den kontoführenden Instituten),
- 2) Ihr Eigenbesitz,
- 3) Angabe Ihrer Kunden und der auf sie entfallenden Beträge unterteilt nach
 - a) Domizil in Oesterreich (soweit aus Ihren Aufzeichnungen die Staatsangehörigkeit hervorgeht, sind deutsche und japanische Staatsangehörige unter b) einzureihen),
 - b) Domizil in Deutschland, Japan, Ungarn, Bulgarien, Rumänien, Italien,
 - c) Domizil in Frankreich, Belgien, Norwegen, Finnland,

328090

RG	131-04P
Entry	65 B-1063
File	6- - Wien
Box	1 (one)

Niederlande, Tschechoslowakei, Luxemburg, Dänemark, Griechenland, Schweiz, Liechtenstein, Polen,

- d) Domizil in Jugoslawien, Albanien,
 - e) Domizil in Portugal, Schweden, Spanien,
 - f) Übriges Ausland.
- 4) Die Angabe unter 3)a) bis f) ^{may be} auch für bereits ab 14. Juni 1941 geschlossene Konten.

Ferner ersuchen wir Sie, das von uns aufgelegte Antragsformular in den für Ihr Unternehmen in Betracht kommenden Punkten auszufüllen und uns gleichzeitig einzusenden.

Nach Erhalt Ihrer Mitteilung werden wir gemäß den zwischen dem amerikanischen Schatzamt und dem Bundesministerium für Finanzen getroffenen Vereinbarungen ein Zertifikat über einen entsprechenden Betrag ausstellen. Ausstellung einer Bescheinigung über einen darüber hinausgehenden Betrag ist erst nach Beendigung des für Ihre Kunden vorgesehenen Prüfungsverfahrens möglich.

Wien, am 7. März 1947.

328091

RG 31-07P
Entry 65 B-1063
File 6- - Wien
Box 1 (Gee)

Enclosure 6

Translation

Bolze/JF/mh/45

Laenderbank Wien
Aktiengesellschaft

Stamp: Received: March 29, 1947
" Release case: File No. 2/ general
" Settled. March 29, 1947. 7

2 Am Hof,
Vienna I,
March 21, 1947.

Oesterreichische Nationalbank,
Foreign Exchange Control,
4 Rockgasse,
Vienna I.

Your reference: F/Schr/Be ad Nr. 159
Your letter of: March 7, 1947.
Our reference: Foreign Exchange Dept. We/E.

Subject: Release of credit balances blocked in the U.S.A.

We are in receipt of your letter of March 7th on the above subject, and give you below the data requested:

1) Total amount of credit balances which we have with banking institutions in the U.S.A.

Irving Trust Comp., New York	\$681.49
The Chase Nationalbank, New York	9.56
Guaranty Trust Comp., New York	95,000.00
Hallgarten & Co., New York	75.48
Bankers Trust Comp., New York	4.61
	<u>\$95,771.14</u>

marginal note: Check Dept. - Adler

2) Our own assets \$68,275.82

3) Credit balances of our customers:

a) with domicile in Austria

Heimat Allg. Versicherungs A.G., Vienna	\$248.54
Berta Mosari, Vienna, (Salzburg branch)	4.10
Josef Schmidt, Kothvogl,	115.00
Union-Versicherungs A.G., Vienna	44.80
Vers. Anstalt oesterr. Bundeslaender, Vienna	177.98
Wr. Staedt. Wechselseit. allg. Vers. Anst., Vienna	205.58
	<u>\$796.00</u>

328092

RG 131-044
 Entry 65 B-1063
 File 6- - uies
 Box 1 (over)

Enclosure 6

- 2 -

b) with domicile in <u>Rumania</u>	
Caecilie Goldstein, Cernauti	\$29.10
Estate of Franz, Baron Banffy, Cluj	57.90
with domicile in <u>Hungary</u>	
Gabriele Graefin Hunyady, Kethely	1,142.22
Arnold Szekely, Mosonszentjanos	513.00
with domicile in <u>Italy</u>	
Dr. C. Maurer, Trieste	6.00
Franz Janyta, Trieste	<u>7,209.84</u>
	\$8,958.06

[page 2 of the original:]

[marginal note:] Telephone message to Mr. Wendland (journal-136) on April 15, 1947: A general license is dispensed with, since the main body of clients are foreigners to whom dollars must be made available.

Be.

c) with domicile in <u>Czechoslovakia</u>	
Ross Hoeller, Kistoere	\$65.20
Rudolf Beck, Prague	38.22
Marie Neumann, Bratislava	29.50
with domicile in <u>France</u>	
C.H. Zels, Nice	104.95
with domicile in <u>Poland</u>	
Dr. Oskar Schanzer, Bielitz	49.00
with domicile in <u>Switzerland</u>	
Josef Sommerstein, Zurich	<u>20.00</u>
	\$306.87
d) with domicile in <u>Jugoslavia</u>	
Gabriele v. Szilvia, Zara	\$22.80
Olga Montina, Osijek	86.00
Rudolf Povischil, Osijek	4,419.68
Alois Cirmann, Laibach	<u>1,231.50</u>
	\$5,759.98
e) with domicile in <u>Portugal, Sweden,</u> and <u>Spain,</u>	
f) with domicile in <u>England</u>	
Ludwig Schoen, doctor of engineering, London	\$17,390.59
Ignatz Weiss, London	7,180.59
with domicile in the <u>U.S.A.</u>	
Alfred E. Nathorff, New York,	370.73
with domicile in <u>Egypt</u>	
Theodore P. Cozzika, Cairo	58.50
with domicile in <u>Mexico</u>	
Banco Germanico de la America del Sud, Mexico	1,533.18

328093

RG	131-044
Entry	65 B-1063
File	6- - Wien
Box	1 (one)

with domicile in Cuba	
Elsie Marion Khuner, Havana	\$37.57
with domicile unknown	
Dr. Karl Veith, Vienna, notarial trust	
account for estate of Leo Neumann, <u>U.S.A.</u>	114.25
	<u>\$26,685.41</u>

4) Accounts closed after June 14, 1941:

a) with domicile in Austria	\$1,397.97
c) " " " Poland	323.60

We enclose an application form signed by us and are awaiting receipt of the certificate mentioned in your letter.

Yours very truly,

Laenderbank Wien A.G.

(s) [two illegible signatures]

RG 131-044
 Entry 65 B-1063
 File Ab-Wien
 Box 1 (one)

LÄNDERBANK WIEN
 AKTIENGESELLSCHAFT



WIEN, I., AM HOF 2
 Postschlüssel 271

23. März 1947

2/Parische

An die

Osterreichische Nationalbank
 Prüfungsstelle für den Zahlungsverkehr
 mit dem Auslande,

W i e n I.,
 =====
 Rockgasse 4.

Ihr Zeichen F/Schr/Be ad Nr.152 Ihre Nachricht vom 7.3.1947. Unser Hausruf Kl.136 Unser Zeichen Dev.Abt.We/R. WIEN, den 21.März 1947.

Betrifft: Deblockierung von in den USA gesperrten Kontoguthabungen.

Wir erhielten Ihren Brief vom 7.ds.M. in rubr. Angelegenheit und geben Ihnen nachstehend die gewünschten Daten bekannt:

- 1.) Gesamtbetrag unserer Kontoguthaben, die wir bei Bankinstituten in den Vereinigten Staaten unterhalten:

Irving Trust Comp., New-York,	\$ 681.49
The Chase Nationalbank, New-York,	" 9.56
Guaranty Trust Comp., New-York,	" 95.000.--
Hallgarten & Co., New-York,	" 75.48
Bankers Trust Comp., New-York,	" 4.61
	\$ 95.771.14

- 2.) Unser Eigenbesitz: \$ 68.275.32

- 3.) Guthaben unserer Kunden:
 - a) mit Domizil in Österreich

Heimat Allg.Versicherungs A.G., Wien,	\$ 248.54
Berta Mosari, Wien, (Fil.Salzburg),	" 4.10
Josef Schmidt, Kothvogl,	" 115.--
Union-Versicherungs A.G., Wien,	" 44.80
Vers.Anstalt österr.Bundesländer, Wien,	" 177.98
Jr.Städt.Wechselseit.allg.Vers.Anst, Wien,	" 205.58
	\$ 796.--

 - b) mit Domizil in Rumänien

Cäcilie Goldstein, Cernauti,	\$ 29.10
Verl.n.Franz Baron Banffy, Cluj,	" 57.90

 - mit Domizil in Ungarn

Gabriele Gräfin Hunyady, Kethely,	" 1.142.22
Arnold Szekely, Mosonszentjanos,	" 513.--

 - mit Domizil in Italien

Dr.C.Maurer, Triest,	" 6.--
Franz Janyta, Triest,	" 7.209.34
	\$ 3.958.06

Hilfskonto

-bitte wenden-

Telegraphen-Adresse: Länderbank Fernsprecher: U 20-1-20 Fernschreiber: 644 Wien 644 Länderbank Österr. Nationalbank-Giro-Konto: Wien 10/25 Postsparkonto: Wien 64 47

CEK 20 1947

328095

RG 131-04P
 Entry 65 B-1063
 File Ab - - wien
 Box 1 (orig)

c) mit Domizil in <u>CSR</u>		
Rosa Höller, Kistöre,	ß	65.20
Rudolf Beck, Prag,	"	38.22
Marie Neumann, Bratislava,	"	29.50
mit Domizil in <u>Frankreich</u>		
O.H.Zels, Nice,	"	104.95
mit Domizil in <u>Polen</u>		
Dr.Oskar Schanzer, Bielitz,	"	49.--
mit Domizil in der <u>Schweiz</u>		
Josef Sommerstein, Zürich,	"	20.--
	ß	<u>306.87</u>
d) mit Domizil in <u>Jugoslawien</u>		
Gabriele v.Szilvia, Zara,	ß	22.80
Olga Montina, Osijek,	"	35.--
Rudolf Povischil, Osijek,	"	4.419.50
Alois Cirmann, Laibach,	"	1.231.50
	ß	<u>5.759.98</u>
e) mit Domizil in <u>Portugal, Schweden</u> und <u>Spanien</u> ,		
		Ø
f) mit Domizil in <u>England</u>		
Ing.Dr.Ludwig Schön, London,	ß	17.390.59
Ignatz Weiss, London,	"	7.180.59
mit Domizil in <u>USA</u>		
Alfred E. Nathorff, New-York,	"	370.73
mit Domizil in <u>Ägypten</u>		
Theodore P.Cozzika, Kairo,	"	58.50
mit Domizil in <u>Mexiko</u>		
Banco Germanico de la America del Sud, Mexiko,	"	1.533.18
mit Domizil in <u>Cuba</u>		
Elsie Marion Khuner, Habana,	"	37.57
mit unbekanntem Domizil		
Dr.Karl Veith, Wien, Notaranderkonto Verl. Leo Neumann, <u>USA</u> ,	"	114.25
	ß	<u>26.635.41</u>

4.) Ab 14.Juni 1941 geschlossene Konti:

a) mit Domizil in Österreich	ß	1.397.97
c) " " " Polen	ß	323.60

Ein von uns unterschriebenes Antragsformular fügen wir bei und bleiben die Übermittlung des in Ihrem Brief erwähnten Zertifikates gerne erwartend.

Hochachtungsvoll
 LANDESPANKEN I E N
 Antienge
[Signature]

Teil-Haftung an W.Wandland (Vd. 136) am 15.6.47; Von Wunsch. und abg. vollen
 da Hauptkasse d. Kommissionen Ausland, deren & in Verfügung erhalten werden müssen
 B

RG 31-07P
Entry 65-8-1063
File 6--Wies
Box 1 (one)

Enclosure 7

[Translation]

[v.Schimpff/JF/fl/l-s]

January 31, 1948.

F/Be/We

To the
Laenderbank Wien A.G.,
2 Am Hof,
Vienna I.

Subject: U.S.A.-unblocking, record No.49/2.

With further reference to our letter of November 26, 1947, with which we forwarded you the certificates for your dollar credit balances amounting to a total of about \$53,000, we now advise you that we are calling for these credit balances pursuant to § 16 of the Foreign Exchange Law of July 25, 1946, and would ask you to have them remitted to the account of the Oesterreichische Nationalbank with the New York Trust Co., New York.

Please have the remittance effected as soon as possible and let us know when the relevant orders were given.

Very truly yours,
(s) W. (s) G.

328097

RG 31-07P
Entry 65 B-1063
File H- - Wien
Box 1 (one)

Titel.

~~Bank für Sozialwesen Wien A.G.,~~

~~effekten Korrespondenz,~~

W i e n I.,

Am Hof 2.

31. Jänner 8

F/Be/We

: U.S.A. - Sockierung, Prot. Nr. 49/2.

In Ergänzung zu unserem Schreiben vom 26.11.1947, mit dem wir Ihnen die Zertifikate für Ihre Dollar-Barguthaben im Gesamtausmass von ca. \$ 53.000.— übermittelten, teilen wir Ihnen nunmehr mit, dass wir diese Guthaben gemäss § 16 des Devisengesetzes vom 25.7.1946 anfordern, und ersuchen Sie, die deren Anschaffungen auf das Konto der Oesterreichischen Nationalbank bei der New York Trust Co., New York, veranlassen zu wollen.

Mit dem Ersuchen um ehebaldigste Durchführung erbitten wir Mitteilung, wann die diesbezüglichen Aufträge erteilt wurden.

Hochachtungsvoll

328098

RG 31-074
Entry 65 B-1063
File 6- - Wien
Box 1 (one)

Enclosure 9

[Translation]

[Netzel/JF/fl/JS]

[stamp:] [first part illegible] 9.

LAENDERBANK WIEN
AKTIENGESELLSCHAFT

2 Am Hof,
(Post Office Box 271),
Vienna I,
May 13, 1948.

[stamp:] Oesterreichische Laenderbank
Aktiengesellschaft

Our reference:
Foreign Exchange Dept. We/R.

To the
Oesterreichische Nationalbank,
Investigation Department for Payments
to and from Foreign Countries,
4 Rockhgasse,
Vienna I.

Subject: Unblocking of credit balances blocked in the U.S.A.

In accordance with your request of March 7, 1947, we disclosed to you in our letter of March 21, 1947, the amount of the credit balances which we have at banks in the U.S.A. and gave you a breakdown of our corresponding liabilities towards customers in various countries. Furthermore, we stated in our letter of March 21, 1947, that our own holdings of dollars amounted to \$68,275.82. That is the balance resulting after deduction of our total liabilities from our total claims - i.e., not only from our credit balances with American banks. Therefore, the credit balances which we have in Madrid, Zurich, Paris and at the Dresdner Bank in Berlin are included in the amount indicated as our own holdings. However, you calculated our own holdings as amounting to only \$53,264.82 and you unblocked only that amount. This sum was arrived at, because your calculation was based only on our credit balance in America, the credit balances which we have in other countries not being included.

However, as we already informed you over the telephone, we wish to reserve the dollar balance which we have at the Dresdner Bank, Berlin, as cover for claims of customers in countries where unblocking of accounts is not possible (Rumania, Jugoslavia, Hungary) and we would, therefore, request you, as a matter of

Telegraph
Address
London

C 88 11

328099

RG	131-044
Entry	65-1063
File	6- - Wien
Box	1 (one)

urgency, to unblock the whole amount which we indicated as being our own holdings.

Since we presume that you have already made out the certificate for \$53,264.82, we

[page 2 of the original:]

beg you to issue a second certificate covering the amount of the difference, namely, \$15,011.00.

Thanking you in anticipation for your kindness, we are,

Yours faithfully,
 OESTERREICHISCHE LAENDERBANK
 AKTIENGESELLSCHAFT
 (s) [2 illegible signatures]

RG	31-04P
Entry	65 B-1063
File	Hb- -wies
Box	1 (one)

Enclosure 9

ÄNDERBANK WIEN
 ÖSTERREICHISCHE BANKENGESELLSCHAFT
 AMMERBEISCHLAG

WIEN, I., AM HOF 2
 Postschließfach 271

An die
 Österreichische Nationalbank
 Prüfungsstelle für den Zahlungsverkehr
 mit dem Auslande,
 Wien I.,

 Rockhgasse 4.

Ihr Zeichen Ihre Nachricht vom Unser Heuerruf Unser Zeichen WIEN, den
 Kl.162 Dev.Abt.We/R. 13.Mai 1948.

Betrifft: Deblockierung von in USA gesperrten Konto-Guthabungen.

Im Sinne Ihrer Aufforderung von 7.März 1947 haben wir Ihnen mit unserem Schreiben vom 21.März v.J. bekanntgegeben, wie hoch sich unsere Guthabungen bei Bankinstituten in den Vereinigten Staaten belaufen und welche Kundenverpflichtungen, unterteilt nach einzelnen Ländern, dem gegenüberstehen. Weiters hatten wir in unserem Schreiben vom 21.3.1947 angegeben, dass unser Eigenbesitz in Dollars einen Betrag von \$ 68.275.82 ausmacht. Es ist dies der Saldo, der sich ergibt, wenn man alle unsere Verpflichtungen von allen unseren Forderungen -also nicht nur von unseren Guthabungen bei amerikanischen Banken- abzieht. In dem als Eigenbesitz angegebenen Betrag sind somit auch unsere Guthabungen, welche wir in Madrid, Zürich, Paris und bei der Dresdner Bank in Berlin unterhalten, mit einbegriffen. Dem gegenüber haben Sie als unseren Eigenbesitz nur die Summe von \$ 53.264.82 angenommen und auch nur diesen Betrag deblockiert, und zwar sind Sie zu dieser Summe gekommen, weil Sie nur unsere Guthaben in Amerika, nicht aber das Guthaben, welches wir in anderen Ländern unterhalten, als Rechnungsbasis herangezogen haben.

Wie Ihnen bereits am Telefon von uns mitgeteilt wurde, möchten wir aber unser Dollar-Guthaben bei der Dresdner Bank in Berlin, in Höhe von \$ 17.437.85 für die Forderungen unserer Kunden in nichtdeblockierungsfähigen Ländern (Rumänien, Jugoslawien, Ungarn) rückstellen, und legen Wert darauf, dass der ganze, Ihnen als Eigenbesitz angegebene Betrag deblockiert wird.

Wir bitten deshalb, in der Annahme, dass Sie das Zertifikat über \$ 53.264.82 bereits ausgeschrieben haben, um die

- bitte wenden -

Telegramm-Adresse: Länderbank Fernsprecher U 234-23 Fernschreiber 84 Wien 889 Länderbank Österr. Nationalbank-Giro-Konto Wien 25 Postsparkonto Wien 440

C 85 83 gr 28 VII. 47 28

328101

RG 157-011
Entry 65 B-1063
File Ab - Wien
Box 1 (one)

Ausfertigung eines zweiten Zertifikates in der Höhe des Differenzbetrages von $\text{S } 15.011.--$.

Für Ihr freundliches Entgegenkommen sagen wir Ihnen im Voraus unseren verbindlichsten Dank und zeichnen

hochachtungsvoll
ÖSTERREICHISCHE LÄNDERBANK
Aktiengesellschaft
[Handwritten Signature]

RG /31-0111
Entry /S B-1063
File /6- - Wien
Box / (one)

Enclosure 10

[Translation]

[Hassfuether/JF/lw/Ls]

The application must be submitted in duplicate

Entries must be
typewritten or printed in block letters!

To be filled up by the Oesterreichische Nationalbank

Record No. 49/1

To.
the Oesterreichische Nationalbank, Vienna.

Subject: Unblocking of Austrian assets blocked in the U.S.A.

Application

for the issue of a certificate concerning assets blocked in the U.S.A. or American securities located in Austria required in accordance with General License No.95 of the USA Treasury.

I (we) herewith request that in accordance with General License No.95 a certificate be issued concerning the assets specified under point 6.

1. Christian name and surname of the owner (person entitled to claim the assets), in the case of firms state the exact name of the firm, and in the case of companies and legal entities state also their legal status. (If the application is submitted by persons authorized to represent the applicant their authorization must be duly proved):

Laenderbank Wien Aktiengesellschaft

2. Address: 2 Am Hof, Vienna I

3. Residence (registered office) during the period from June 14,1941, up to the date of application (The statements must be proved by official certificates):

2 Am Hof, Vienna I

4. Citizenship during the period from June 14,1941, up to the date of application (The statements must be proved by a certificate of origin issued after June 14,1941, or by other official certificates):

5. Statements of natural persons concerning the obligation to register pursuant to § 4 of the Law relating to National Socialists of 1947. State also whether applicant belongs to the group of persons

328103

RG 131-044
 Entry 65-8-1063
 File 6- - Wien
 Box 1 (over)

Enclosure 10

mentioned in this law under § 17,2 (offenders) and § 17,3 (minor offenders). (The statements must be proved by a certificate from the relevant registration authority)

[page 2 of the original:]

6. Exact description of the assets to be included in the certificate. State place where they are located and exact address of the persons who have them in custody, administer them or who may be regarded as debtors. (Attach documents which may be useful as evidence for the statements):

\$681.49	nostro credit balance with the	Irving Trust Company, New York,
9.56	" " " " "	Chase National Bank of the City of New York, New York,
52,493.68	" " " " "	Guaranty Trust Company of New York, New York,
75.48	" " " "	Hallgarten & Co., New York,
4.61	" " " "	Bankers Trust Company, New York
<u>\$53,264.82</u>		

[in handwriting:] Entered 5,799.00

7. State time of acquisition of the assets and the person from whom they were acquired (predecessor in title) as well as reasons for acquisitions, e.g., purchase, donation, delivery of goods etc. (Attach documents proving these statements):

8. State record number of the foreign exchange declaration, if the assets had to be declared pursuant to the foreign exchange law:

40 705 / K/U.S.A.

(s) [illegible]

9. If the assets belong to a group of persons (co-operative partnership under civil law, general partnership etc.) the partners (co-owners) and their shares must be declared, and the statements concerning their share must be rendered under point 1-7 in duplicate by each of the partners on a separate form or an attached sheet:

[page 3 of the original:]

10. Legal entities must state to what extent persons having their residence (registered office) in Austria and citizens of other countries, in particular of Germany, Japan, Hungary, Bulgaria or Rumania, participated during the period from June 14, 1941, up to the date of application directly or indirectly in the assets covered by the certificate. Attention is directed to the provisions contained in the note overleaf: (Documents in support of the statements made concerning the years after

RG 31-07P
Entry 65 B-1063
File 6- - Wien
Box 1 (one)

- 3 -

1940 must be submitted, e.g., depositing of shares for general meetings, composition of the Administrative Board etc.)

In this connection reference is made to the letters we forwarded to your Director Waermer on July 20, 1946, and on July 26, 1946.

11. Space for special remarks, in particular for supplements to points 9 and 10:

I (we) confirm that I (we) have made the above statements to the best of my (our) knowledge and belief, and that I am (we are) aware of the fact that false statements will render me (us) liable to prosecution.

Vienna, April 3, 1947.

Laenderbank Wien
Aktiengesellschaft

(s) [two illegible signatures]

Certificate issued by the Austrian credit agency, if it holds assets for custody or administration.

The undersigned credit agency herewith confirms that the above statements, which can be checked on the basis of its own records, i.e., the statements made under points, are correct.

Date:

(Official signature of the Austrian credit agency)

[page 4 of the original:]

Note:

All assets (claims, credit balances, securities, real estate etc) located in the U.S.A. which are blocked as regards Austria are subject to the investigation proceedings. The American securities located in Austria as well as the securities issued by Austrian debtors which are payable in the U.S.A. in dollars are also subject to these investigation proceedings, since without a certificate these securities are not negotiable and cannot be imported into the U.S.A. A certificate may be issued

328105

RG 131-044
Entry 65 B-1063
File 16- - Wien
Box 1 (one)

- 4 -

concerning such assets unless citizens of Germany, Japan, Hungary, Bulgaria or Rumania or other persons who are individually regarded as enemies by the U.S.A. hold a direct or indirect interest (participation) in them. Natural persons and legal entities who on June 14, 1941, or thereafter had their residence or registered office in Germany (excluding the territory of Austria), Japan, Hungary, Bulgaria or Rumania are regarded in this connection as citizens of Germany, Japan, Hungary, Bulgaria and Rumania. The same applies to citizens of Germany or Japan who on December 7, 1941, or at any time thereafter had their residence within the territory of Austria or within any other country in the period during which such country was regarded as enemy territory.

Certificates may be issued

a) for natural persons who on June 14, 1941, or thereafter had their uninterrupted residence within the territory of Austria or any other country where the unblocking of assets has already been effected. However, citizens of Germany or Japan who at any time since December 7, 1941, stayed within Germany (including the territory of Austria), Japan, or any other country in the period during which such country was regarded as enemy territory by the United States are excluded. Apart from Austria, the following countries are at present regarded as "unblocked countries" with regard to which General License No. 95 must be applied: France, Belgium, Norway, Finland, the Netherlands, Czechoslovakia, Luxembourg, Denmark, Greece, Switzerland, Liechtenstein, Poland;

b) for persons, limited companies, corporate bodies and organizations established within the purview of Austrian laws, unless on or after June 14, 1941, citizens of Germany, Japan, Hungary, Bulgaria or Rumania within the meaning of the above definition participated or still participate in them.

Space for remarks of the Oesterreichische Nationalbank:

Granted, all conditions for the issue of a certificate being fulfilled.
(Documents: see application - record No. 49/3)

Cash balances in the U.S.A.

[stamp:] November 26, 1947.

Oesterreichische Nationalbank,
Investigation Department for
Payments to and from Foreign Countries

(s) [two illegible signatures]

328106

RG 131-044
Entry 65 B-1063
File F-6 - - wires
Box 1 (over)

- 5 -

[stamp:] Oesterreichische Nationalbank
Legal Department

(s) [two illegible signatures]

Headquarters
United States Forces in Austria
USACA Section
Economics and Finance Divisions
APO 777 U.S. Army

No objections
Vienna, June 11, 1948.

(s) [two illegible signatures]
January 26, 1948

Gabriel T. Kerekes
Chief, Foreign Exchange
Trade Branch

May 18, 1948.

Oesterreichische Nationalbank,
Legal Department

(s) [two illegible signatures]

May 5, 1948 (s) [illegible]

1 supplementary certificate

[stamp:] Approved.

328107

RG 31-04P
Entry 65 B-1063
File H- - Wien
Box 1 (one)

Der Antrag ist in zweifacher Ausfertigung einzubringen.

In Maschin- oder Block-
schrift auszufüllen.

Von der Oesterreichischen Nationalbank
auszufüllen.

Protokoll-Nr. 4/1/1

An die

Oesterreichische Nationalbank

Wien.

Betr. Deblockierung der in den USA
gesperrten österreichischen
Vermögenswerte.

Antrag

auf Ausstellung einer Bescheinigung (Zertifikat) für die in den USA gesperrten Vermögenswerte oder in Österreich befindlichen amerikanischen Wertpapiere im Sinne der vom Schatzamt der USA erlassenen

ALLGEMEINEN ERMÄCHTIGUNG

(General License Nr. 95).

Ich (Wir) beantrage(n) für die im Punkt 6 näher bezeichneten Vermögenswerte die Ausstellung einer Bescheinigung im Sinne der General License Nr. 95.

1. Vor- und Zuname des Eigentümers (Forderungsberechtigten), bei Firmen die genaue Firmabezeichnung, bei Gesellschaften und juristischen Personen Angabe der Rechtsform:
(Bei Antragstellung durch Vertretungsberechtigte ist die Vertretungsbefugnis gehörig nachzuweisen.)

Länderbank Wien Aktiengesellschaft

2. Adresse: **Wien I., Am Hof 2**

3. Wohnsitz (Sitz) während der Zeit vom 14. Juni 1941 bis zur Antragstellung:
(Die Angaben sind durch behördliche Bestätigungen nachzuweisen.)

Wien I., Am Hof 2

4. Staatsangehörigkeit während der Zeit vom 14. Juni 1941 bis zur Antragstellung:
(Die Angaben sind durch einen nach dem 14. Juni 1941 ausgestellten Heimatschein oder durch andere behördliche Bestätigungen, nachzuweisen.)

5. Angaben natürlicher Personen über die Registrierungspflicht gemäß § 4 des Nationalsozialistengesetzes 1947 und Zugehörigkeit zum Personenkreis des § 172 (Belastete) oder § 173 (Minderbelastete) dieses Gesetzes:

(Die Angaben sind durch eine Bestätigung der zuständigen Registrierungsbehörde zu belegen.)

328108

RG 131-0718
 Entry 65 B-1063
 File 6-412

6. Genaue Bezeichnung der zu bescheinigenden Vermögenswerte mit Angabe des Ortes, an dem sie sich befinden, und der Personen, die die Vermögenswerte verwahren oder verwalten oder die als Schuldner in Betracht kommen, mit genauer Adresse:
 (Schriftstücke, die als Nachweis für die Angaben dienen können, sind beizuschließen)

⌘	681,49	Nostroguthaben bei der Irving Trust Company, New-York
"	9,56	" " Chase National Bank of the City of New-York, New-York
"	52.493,68	" " Guaranty Trust Company of New-York, New-York
"	75,48	" Hallgarten & Co., New-York
"	4,61	" der Bankers Trust Company, New-York
⌘	53.264,82	

ph 5799.

7. Bekanntgabe des Zeitpunktes, zu dem die Vermögenswerte erworben worden sind, und Benennung dessen, von dem sie erworben wurden (Rechtsg Vorgänger), sowie Angabe des Erwerbsgrundes z. B. Kauf, Schenkung, Warenlieferung u. dgl.:
 (Schriftstücke zum Nachweis dieser Angaben sind beizufügen.)

8. Angabe der Protokoll-Nr. der Devisenanmeldung, falls die Vermögenswerte auf Grund des Devisengesetzes anzumelden waren:

40.705 / K / 26.4

9. Gehören die Vermögenswerte einer Mehrheit von Personen (Erwerbsgesellschaft nach bürgerlichem Recht, offene Handelsgesellschaft u. dgl.), sind die Gesellschafter (Miteigentümer) mit ihren Anteilen zu verzeichnen und sind von jedem für seinen Anteil die unter Punkt 1-7 angeführten Angaben auf gesondertem Formular oder einem Beiblatt in zweifacher Ausfertigung zu machen:

RG 131-044
Entry 65 B-1063
File 6- - Wien
Box 1 (one)

10. Juristische Personen haben anzugeben, inwieweit Personen mit dem Wohnsitz (Sitz) in Österreich und Angehörige anderer Staaten, insbesondere Deutschlands, Japans, Ungarns, Bulgariens oder Rumaniens an den zu bescheinigenden Vermögenswerten während der Zeit vom 14. Juni 1941 bis zur Antragstellung unmittelbar oder mittelbar Beteiligungen besessen haben. Auf die Bestimmungen der unseitigen Anmerkung wird hingewiesen:

(Unterlagen zum Nachweis der Angaben für die Jahre nach 1940 sind vorzulegen, z. B. Anmeldungen zu den Generalversammlungen, Zusammensetzung des Verwaltungsrates u. dgl.)

diesbezüglich verweisen wir auf unsere Briefe, welche wir am 20. und 23. Juli 1946 zu Händen Ihres sehr geehrten Herrn Direktor Wärmer abgerichtet haben

11. Raum für besondere Bemerkungen, insbesondere für Ergänzungen zu den Punkten 9 u. 10:

Ich (Wir) erkläre(n), daß die obigen Angaben nach bestem Wissen und Gewissen gemacht wurden, und es ist mir (uns) bewußt, daß ich mich (wir uns) durch unwahre Angaben strafbar mache(n).

Wien , am 3. April

194 7

LÄNDERBANK WIEN
Aktiengesellschaft

Unterschrift (Zeichnung) des Antragstellers.

Bestätigungsvermerk des österr. Kreditinstitutes, falls Vermögenswerte von ihm verwahrt oder verwaltet werden.

Das unterzeichnete Kreditinstitut bestätigt, daß die vorstehenden nach ihren Aufzeichnungen überprüfaren Angaben, das sind die Angaben in den Punkten:

richtig sind.

. am

194

(Firmenmäßige Zeichnung des österr. Kreditinstitutes)

328110

RG 131-011
 Entry 65 B-1063
 File Hb- - Wien
 Box 1 (one)

Anmerkung:

Gegenstand des Prüfungsverfahrens sind alle in den USA vorhandenen, Österreich gegenüber gesperrten Vermögenswerte (Forderungen, Guthaben, Wertpapiere, Liegenschaften usw.). In dieses Prüfungsverfahren werden auch die in Österreich befindlichen amerikanischen Wertpapiere sowie die auf Dollar lautenden, in den USA zahlbaren Wertpapiere österreichischer Schuldner einbezogen, weil diese Wertpapiere ohne Bescheinigung (Zertifikat) nicht gehandelt und nicht in die USA eingeführt werden können. Für solche Vermögenswerte kann eine Bescheinigung ausgestellt werden, wenn an ihnen nicht unmittelbar oder mittelbar Interessen (Beteiligungen) von Angehörigen Deutschlands, Japans, Ungarns, Bulgariens oder Rumaniens oder von Personen bestehen, die von den USA im besonderen als Feinde angesehen werden. Als Angehörige Deutschlands, Japans, Ungarns, Bulgariens und Rumaniens in diesem Sinne gelten natürliche und juristische Personen, die am 14. Juni 1941 oder nachher in Deutschland (ausschließlich des Gebietes Österreichs), Japan, Ungarn, Bulgarien oder Rumänien ihren Wohnsitz oder Sitz hatten. Ihnen gleich zu halten sind Staatsangehörige Deutschlands oder Japans, die am 7. Dezember 1941 oder nachher zu irgend einem Zeitpunkt im Gebiete Österreichs oder in einem anderen Lande ihren Wohnsitz hatten, während dieses als Feindland galt.

Die Ausstellung von Bescheinigungen kommt in Betracht:

- a) für natürliche Personen, die am oder nach dem 14. Juni 1941 ununterbrochen im Gebiete Österreichs oder irgend einem anderen bereits deblockierten Lande ihren Wohnsitz hatten. Ausgenommen sind jedoch Staatsangehörige Deutschlands oder Japans, die sich zu irgend einer Zeit seit 7. Dezember 1941 in Deutschland (einschließlich des Gebietes Österreichs), Japan oder einem anderen Lande aufgehalten hatten, während dieses im Verhältnis zu den Vereinigten Staaten als Feindgebiet anzusehen war. Außer Österreich gelten derzeit als deblockierte Länder, auf die die General License Nr. 95 anzuwenden ist: Frankreich, Belgien, Norwegen, Finnland, Niederlande, Cechoslovakei, Luxemburg, Dänemark, Griechenland, Schweiz, Liechtenstein, Polen.
- b) Für Personen und Kapitalgesellschaften, Körperschaften und Organisationen, die im Geltungsbereich der österreichischen Gesetze errichtet sind, falls an ihnen nicht am oder nach dem 11. Juni 1941 unmittelbar oder mittelbar Angehörige Deutschlands, Japans, Ungarns, Bulgariens oder Rumaniens im Sinne der oben angeführten Begriffsbestimmung beteiligt waren oder beteiligt sind.

Raum für Bemerkungen der Oesterreichischen Nationalbank:

Bewilligt, da alle Voraussetzungen zur Zertifizierung gegeben sind. Antrag/
 (Belege siehe/Prot.Nr. 49/3)
 Barguthaben in den U.S.A.

Oesterreichische Nationalbank

Rechtsbüro
[Signature]

[Signature]

26 Nov 1948

HEADQUARTERS
 UNITED STATES FORCES IN AUSTRIA
 USACA SECTION
 ECONOMICS AND FINANCE DIVISIONS
 APO 777 U.S. ARMY

NO OBJECTION

[Signature]
 GABRIEL T. KERESKES
 CHIEF, FOREIGN EXCHANGE &
 TRADE BRANCH

VIENNA, 26 January 1948

[Signature]
 28.1.1948

18.1.48
 Oesterreichische Nationalbank
 Rechtsbüro

[Signature]

1 Ergänzungszertifikat

Bewilligt

[Signature]

328111

RG 31-077
Entry 65-1063
File 6- - Wien
Box 1 (one)

Enclosure 11

[Translation]

[v.Schimpff/JF/fl/US]

F/BE/EB

June 2, 1948.

To the
US Allied Commission,
Finance Division of USACA,
Vienna IX.

Attn.: Mr. Kerekes.

Subject: U.S.A., unblocking, record No. 49/7.

The Oesterreichische Laenderbank A.G., Vienna, requests the issue of a supplementary certificate for its nostro account with the Guaranty Trust Company, New York. The application concerning this matter is attached to this letter for your approval.

May we hereby refer to the applications submitted to us at the time concerning the certification of various \$ assets of the Laenderbank to which you, on your part, agreed. In this case, too, we would appreciate your consent.

Very truly yours,
(s) W. (s) G.

[in handwriting:]

(s) Sch.

June 2, 1948.

328112

RG	131-044
Entry	65-8-1063
File	6- - wien
Box	1 (one)

An die

U.S. Allied Commission
Finance Division of USACA
z.H. Mr. KEREKES

W i e n IX.

2. Juni 1948

F/BE/EB

: U.S.A. Deblockierung Prot.Nr. 49/7

Die Österreichische Länderbank A.G. Wien ersucht um Ausstellung eines Ergänzungszertifikates für ihr Nostro-Guthaben bei der Guaranty Trust Co., New York. Der diesbezügliche Antrag wird in der Anlage zu Ihrer geschätzten Stellungnahme übermittelt.

Wir erlauben uns, auf die seinerzeit zur Vorlage gebrachten Anträge auf Zertifizierung diverser β -Vermögenswerte der Länderbank zu verweisen, denen damals von Ihrer Seite zugestimmt wurde. Wir erbitten auch in diesem Falle um Ihre geschätzte Zustimmung und zeichnen mit dem Ausdruck der vorzüglichen

Hochachtung

2.6.1948

328113