

DECLASSIFIED
Authority 968103
By AJT NARA Date 6-12-00

RG 131 - Alien Property
Entry FFC Investigative Rpts
File NY 2-205
Box 12

August 28, 1941

SEP 2 1941

Mr. May

Mr. Pehle

Re: Hans Ditisheim
H. Mentz & Co.
Everett W. Gady
Gustaw Falk

Attached are copies of Despatches #1615, #5151, #5393 and #5580 forwarded in connection with your investigation of Hans Ditisheim, requested in my memorandum of June 11, 1941.

For your information, we have in our files one application involving the subjects -- NY 166649.

It is our understanding that the Federal Bureau of Investigation is interested in Hans Ditisheim, and it is suggested that you contact the New York office of the F. B. I. with respect to your investigation of this subject.

James W. ... *Stamp: August 29, 1941*

Hans Ditisheim
410 50 Plain St
and about Oct.
(Initialed) J.B.P.

have applied for ...

202 9-45
3-84
3-152

W
NV:pc 8/28/41

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Dictated over phone by Riegelman, 2-2-44, 2:55 p.m. cps

Caracas
January 31, 1944

No. 114
U. S. urgent
For Stone, FEA, from Eisenhardt

Batistini together with Casa Lta. Ciudad Bolivar intends to make a shipment to the Diamond Importing Company, 561 Fifth Avenue, New York, of 1,304.38 carats diamonds. It is believed that the consignee is affiliated closely with Anton Smit and Co., Inc., 333 West 52nd Street, New York, who was indicted for violation of the Trading with the Enemy Act, Presidential freezing orders and export control in the New York Federal Court on December 20. The Consul is able to delay certification only for some days and it is therefore urgent that we receive your instructions immediately. The extent of the affiliation, if any, together with such instruction as you may wish to give us for further action, if any, should be wired urgently.

FLACK

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FCN9 (C)

1942 APR 3 PM 3 11

G S PARKER

ATT MR ACKEN

CHAIM FINKELSTEIN - 5053825, 1023803, 1023813, 1023811, 1023810.

FINKELSTEIN DIAMOND CORPORATION-NO REPORTS

DIAMOND IMPORTING COMPANY- 5055295, 2025166

ABEL FINKELSTEIN- 1023816, 5053894, 1023805

SIGISMOND E RATZERSDORF- 1623806, 1623804

MARC S RATZERSDORF- 4001645

G B ROSENBOIM - NO REPORTS

HOW EVER WE HAVE

GERSON BEN ROSENBOIM - 1023757 (1023736 or 1023756.) 1023755,
1023754, 5052798.

SIEGFRIED ROEPER- 5058849, 1029109.

A J STANTON

4/3/42 309P

334227

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DO NOT REMOVE FROM FILES

D I G E S T

Re: Finkelstein Diamond Corporation, New York City (F.D.C.) 8-211
Diamond Importing Company " " " (D.I. Co.) December 9, 1941
Abel Finkelstein, " " "
S. E. Ratzersdorfer, " " "

Basis for Investigation: N. Y. Customs referred for investigation a letter from the Diamond Importing Co. of N.Y. to Siegfried Roeper, Lisbon, referring to the D. I. Co. as "a second firm we had to frame."

Background Information: Chain and his son, Abel Finkelstein and Sigismond Ratzersdorfer, Belgian nationals, were members of Chain Finkelstein & Co of Antwerp, diamond merchants. Fleeing the German invasion, they entered the U.S. separately between September and December, 1940, bringing with them the firm's assets in diamonds. Marc Ratzersdorfer, eighteen year old son of Sigismond, arrived in the U.S. on October 31, 1939, on an immigration visa and is, accordingly, a generally licensed national.

Results of the Investigation: While still in Portugal, S. E. Ratzersdorfer shipped \$198,000 in diamonds to his son, Marc, in New York. Ownership of the diamonds was legally assigned to Marc, although no license was ever issued to cover the transfer: the stones were not reported on Form TFR-300. On October 27, 1940 the F. D. C. was formed as a C. L. N., with Marc Ratzersdorfer as the sole stockholder; the diamonds constituted the assets of the company, Marc receiving all the stock in return for the diamonds. Messrs. Finkelstein and Ratzersdorfer alone had the power of writing checks on the company, and Marc took no active part in the business.

The D. I. Co. was formed as a partnership of Messrs. Finkelstein and Ratzersdorfer to receive as assets approximately \$128,000 which was transferred, under Treasury License from the blocked accounts of Finkelstein and Ratzersdorfer and several other Belgian and Dutch diamond merchants. Both companies are operated by the same individuals from the same office: their identities are maintained only in separate sets of books. Although the accounts of the D.I. Co. are blocked it has received several licenses to make payments to the free account of the F.D.C. In addition, debits of several thousands have been made, some without license, directly from the D. I. Co. presumably for the purchase of diamonds, but contrary to the provisions of the licenses issued, the proceeds from sales of diamonds have not been deposited in blocked accounts but were used to cover personal expenses of Finkelstein and Ratzersdorfer. The D. I. Co. holds assets valued at about \$38,000 for at least four other nationals. Payments into and disbursements from the accounts of the D.I. Co. in their behalf have not been made subject to licenses, nor have these interests been reported to the Treasury.

Conclusions: Both companies appear to have been formed as a means of circumventing the order. Blocking of the F.D.C.'s account appears warranted. (The control copy of this report was transmitted to Mr. Crills, legal division, to study the illegal transactions perpetrated by subjects.)

cc: Mr. Bennett Mr. Olsen Mr. Timmons
 " Carre " Quint " Towson
 " Fox " Schmidt " Volentine

P. C. Parker: 1z 1/5/42

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01-8-00211



TREASURY DEPARTMENT

WASHINGTON

FOREIGN FUNDS CONTROL

RECEIVED
FOREIGN FUNDS CONTROL
70 Pine Street, New York

DEC 10 1941

DEC 9 1941

INVESTIGATIVE SECTION
WASHINGTON, D. C.

CMH

John W. Pehle, Esquire,
Assistant to the Secretary,
Treasury Department,
Washington, D. C.

F524

Sir: Re: - FINKELSTEIN DIAMOND CORPORATION, *3-120*
D553 DIAMOND IMPORTING COMPANY, *3-120*
F524 ABEL FINKELSTEIN, *1-120*
R324 R. E. RATZERSDORFER, et al. *1-120*

Reference is made to a letter from the office of the Supervising Customs Agent, New York, dated September 10, 1941, enclosing copies of extracts of a letter from the Diamond Importing Company, New York, to Siegfried Roepfer, Portugal. This letter refers to Roepfer's interest in goods brought into the U. S. by Abel Finkelstein and mentions the Diamond Importing as "a second firm we had to frame - you will understand the reason when you come over here". A copy of this letter has already been transmitted to your office.

On October 20, 1941, and several succeeding days, I visited the offices of Finkelstein Diamond Corporation and Diamond Importing Company, 580 Fifth Avenue, New York, where from an inspection of the regular records and books of account of these firms, unless otherwise indicated herein, I obtained the material for this report. Supplementary information was furnished me by Mr. E. S. Ratzersdorfer and Mr. Abel Finkelstein, officers of Finkelstein Diamond Corporation and co-partners in Diamond Importing Company. Mr. Sydney Harris, attorney for the subject firms was also interviewed.

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SUMMARY

This investigation has disclosed violations of Executive Order No. 8389 of April 10, 1940, as amended, by Executive Order 8785 of June 14, 1941, and in particular subdivisions E and F of Section 1 of this Order.

The salient points brought out in this investigation may be summarized as follows:-

- 1.) Holding of diamonds, property of a blocked Belgian National, by Marc Ratzersdorfer (generally-licensed national) and eventually turning these diamonds over to the blocked Belgian National without having made proper declaration on TFR 100 or having obtained a Treasury license.
- 2.) Transfer of diamonds by R. E. Ratzersdorfer, blocked Belgian National, to a free account without authorization by Treasury license.
- 3.) Transfer of diamonds by R. E. Ratzersdorfer, to his 18 year old son, Marc, as assets to form the Finkelstein Diamond Corp., in which the son, a generally-licensed National, is set up as puppet President and sole stockholder. The very obvious reason for this clever set up was to free these assets, which was accomplished very effectively. This transaction would appear to fall directly under Section 1, Subdivision F, of the Executive Order.
- 4.) Transfers of funds between the Diamond Importing Co., and the Finkelstein Diamond Corp., and disbursements made to or for the account of various blocked Nationals, which transactions were not authorized by a Treasury license.
- 5.) Transfer of diamonds by S. E. Ratzersdorfer, blocked Belgian National, to Leonard J. Smit, blocked Dutch National, without authorization of a Treasury license.

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- 6.) Transfer of diamonds by Abel Finkelstein, blocked Belgian National, to various other blocked Nationals, without the authorization of a Treasury license.
- 7.) Transmission of funds to Siegfried Roeper, Dutch National and subject of intercept, by Abel Finkelstein, without the authority of a Treasury license.
- 8.) Non-conformance to the specific terms of Treasury License by the Diamond Importing Company.

- - - * * * * - - -

BACKGROUND AND STATUS OF INDIVIDUALS INVOLVED

Chaim Finkelstein, a Belgian National, arrived in the U. S. on a visitor's visa December 10, 1940. He is president and founder of the firm of Chaim Finkelstein & Co. S.A. of Antwerp, Belgium, which is reputed to have been one of the most important diamond firms in Antwerp.

Abel Finkelstein, a Belgian National, arrived in the U. S. on October 13, 1940, on an immigration visa. Abel is the son of Chaim Finkelstein. He is a member of the firm of Chaim Finkelstein & Co. S.A. of Antwerp and part owner of the business.

Sigismond E. Ratzersdorfer, a Belgian National, arrived in the U. S. on September 6, 1940, on an immigration visa. He is the brother-in-law of Abel Finkelstein. He is a member of the firm of Chaim Finkelstein S.A. of Antwerp and part owner of the business.

Marc Leopold Ratzersdorfer, 18 years of age (born Antwerp, March 22, 1922), son of S. E. Ratzersdorfer, arrived in the U. S. October 31, 1939, on an immigration visa. His status is that of a generally-licensed Belgian national.

G. B. Rosenboim, a Polish National, arrived in the U. S. on December 10, 1940, on a visitor's visa. He is the brother-in-law of Abel Finkelstein and of S. E. Ratzersdorfer. He was formerly associated with the firm of Chaim Finkelstein & Co. S.A. of Antwerp.

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Siegfried Roeper, a Dutch National, is at the present time in Cuba, where he is trying to obtain a visa to enter the U. S. He was formerly in the diamond business in Antwerp, Amsterdam and London, and had many business dealings with the Finkelsteins and Ratzensdorfer. A letter to Roeper is the subject of the intercept.

All of the above individuals, with the exception of Siegfried Roeper, were formerly members of and financially interested in the firm of Chaim Finkelstein & Co. S. A. of Antwerp, Belgium.

- - - * * * * - - -

ACTIVITIES LEADING TO THE FORMATION OF FINKELSTEIN DIAMOND CORP. AND DIAMOND IMPORTING CO.

All of the above mentioned members of the firm of Chaim Finkelstein & Co. S. A. of Antwerp fled at the time of the invasion, taking with them the firm's assets in diamonds, and proceeded to Lisbon, Portugal, en route to the U. S.

Diamonds Shipped to M. L. Ratzersdorfer:

From Lisbon S. E. Ratzersdorfer shipped diamonds to his son, Marc S. Ratzersdorfer, who had preceded his father to the U. S., as per the following invoice:-

Consular Invoice #291 (Consignment form) Certified
Oporto July 18, 1940.
Consignor S. E. Ratzersdorfer, Lisbon.
Consignee Marc L. Ratzersdorfer, 214 Riverside
Drive, N. Y. C.

8530.75 Carats rough diamonds \$189,300.
132.20 " polished " 8,700.
\$198,000.

Entered at the N. Y. Customs House under Entry 707033
August 7, 1940.

Marc L. Ratzersdorfer, 18 years old, son of S. E. Ratzersdorfer, deposited these diamonds in a safe deposit box at the Irving Trust Co., 48th Street Branch, for safe keeping

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until his father's arrival in the U. S. No mention was made to the officials of the Irving Trust Co., that these diamonds were the property of a Belgian National and no report was ever made on TFR 100 either by the son or by the father after his arrival.

Bank Accounts:

The following accounts had been carried by the Manufacturers Trust Co., 55 Broad Street since April, 1940:-

- Account #1 ... S. E. Ratzersdorfer or G. B. Rosenboim or Abel Finkelstein,
Bal. Nov. 1, 1940 \$134,498.63
- Account #2 ... S. E. Ratzersdorfer or Abel Finkelstein or Martin Scharman,
Bal. Nov. 1, 1940 \$23,505.96
- Account #3 ... S. E. Ratzersdorfer
Bal. Nov. 1, 1940 \$15,998.20

These accounts have been numbered by the writer for more convenient identification. Accounts Nos. 1 and 2 are accounts in the alternate under which any one of the tenants may draw. The balances have been given as of November 1, 1940, since practically no disbursements had been made previous to this date. Each of these accounts had been blocked by the Bank as of May 10, 1940.

Start of the Finkelstein Diamond Corp. & Diamond Importing Co.:

On September 6, E. S. Ratzersdorfer and on October 13, 1940, Abel Finkelstein, arrived at New York, from Lisbon, Portugal.

Abel Finkelstein brought in diamonds to the value of \$19,401.13, for which he made Warehouse Entry No. 79728 on October 13, 1940. The disposition of these diamonds will be explained later in this report. No diamonds were brought in by E. S. Ratzersdorfer on his arrival.

Unlicensed Transfer of Diamonds by R. E. Ratzersdorfer:

On arrival Ratzersdorfer and Finkelstein lost no time in making plans for starting in business, and they engaged

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Sylvester & Harris, Attorneys, 150 Broadway, as legal advisers. On the advice and under the direction of these attorneys, a plan was conceived whereby a corporation would be formed with 18 year old Marc L. Ratzersdorfer, a Generally-Licensed National, as President and sole stock holder. This was accomplished by transferring the \$198,000 worth of diamonds referred to earlier in this report to Marc Ratzersdorfer. The documents (copies) submitted herewith as Exhibit "A" were given to the writer by the attorneys as evidence of this transaction; they are self explanatory. No consideration was, of course, given by the transferee. Marc Ratzersdorfer is, in fact, dependent on his father for support.

Diamonds Freed by Deposit in Free Account of Finkelstein Diamond Corp.:

In this manner the Finkelstein Diamond Corp. was formed, a Certificate of Incorporation was filed on October 23, 1940, and offices opened at 580 Fifth Avenue, N. Y. C. Through the formation of this corporation, the property (diamonds) of a blocked National to the value of \$198,000 was effectively liberated by its transfer to a free account (Finkelstein Diamond Corp., with sole stock holder a generally-licensed National). This was accomplished without the authority of a Treasury license; furthermore, all the diamonds to a value of \$198,000 were not actually transferred, as specified in Exhibit "A". Only \$196,000 worth were actually transferred and \$2,000 worth were retained by S. E. Ratzersdorfer for disposition elsewhere as explained further on in this report.

Funds Withdrawn From Accounts in Manufacturers Trust Co.:

On October 21, 1941, application was made by S. E. Ratzersdorfer for Treasury license to withdraw \$175,000 from the Manufacturers Trust Co. for purchase of diamonds and incidental expenses, which was accorded under NY 66237 dated October 29, 1941. No mention was made in the application of any specific company that had been formed or would be formed, although the Finkelstein Diamond Corp. was already in operation as of October 22. Treasury License NY 66237 (30 days, extended to December 29, 1940) authorized a withdrawal of \$175,000 with specific instructions that the proceeds of all sales be deposited promptly in the Manufacturers Trust Co. for credit to the account from which withdrawal to make purchases was made. Under Exhibit "B" are submitted herewith statements of these

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accounts from which withdrawals were made under this license from November 1 to December 29, 1940 (date on which the accounts were completely liquidated). It will be noted that the terms of the license were not followed and the proceeds were not deposited in the accounts from which withdrawn.

The Diamond Importing Co. was then formed with R. E. Ratzersdorfer and Abel Finkelstein as partners on November 3, 1941 (date of filing Certificate at City Clerk's Office, New York City). The balances appearing in the above mentioned bank statement (Exhibit "B") were carried over to the books of the Diamond Importing Co. and the debits against these accounts on the statements appear as cash disbursements of that firm (Diamond Importing Co.). An explanation of these disbursements will be found attached to the bank statements (Exhibit "B").

- - - * * * * - - -

FINKELSTEIN DIAMOND CORPORATION

Organization:

A New York corporation chartered October 23, 1940, with an authorized capital of \$25,000.

The officers are:-

- Marc L. Ratzersdorfer President
- Abel Finkelstein Vice-President
- E. S. Ratzersdorfer Secretary & Treasurer

Marc L. Ratzersdorfer, the 18 year old son of S. E. Ratzersdorfer, is a generally-licensed National. He is the sole stock holder, having turned over \$196,000 worth of diamonds, received from his father, to this corporation in return for which he was issued \$25,000 worth of stock and the balance of \$171,000 credited to him on the books of the corporation.

Marc Ratzersdorfer has no bank account and takes absolutely no part in this business other than carrying the title of President. Up to a short time ago he was employed as clerk in the office of George Ullman, a jeweler. He is now learning about diamonds, working for the Verbeeck Diamond Polishing at 65 Fulton Street, N. Y. C.

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According to the charter of this corporation, E. S. Ratzersdorfer and Abel Finkelstein, Belgian Nationals, have been endowed with sole authority for signing checks and other documents for the corporation.

This firm occupies offices on the 24th floor of a first class office building at 580 Fifth Avenue. On the office door appears the name "Finkelstein Diamond Corporation". The same office space is also occupied by the Diamond Importing Company. The personnel of the office consists of Chaim Finkelstein, G. Rosenboim, Abel Finkelstein, E. S. Ratzersdorfer and a girl stenographer. Although only Abel Finkelstein and E. S. Ratzersdorfer figure officially in these two firms, Chaim Finkelstein and G. Rosenboim also take an active part and were always present in the course of this investigation.

These two firms may, therefore, be said to operate as a single unit; the only evidence of separation being in the maintenance of separate book records. All the diamonds which constitute the assets of both firms are kept in a safe in the office. The expense of maintaining the office, such as rent, office equipment and insurance is carried equally on the books of the two firms.

The Finkelstein Diamond Corporation deals only in rough diamonds, which line has always been the specialty of the parent concern, Chaim Finkelstein & Co. S. A. of Antwerp. The diamonds are purchased for the most part from the Diamond Trading Co., London, a sales organization of the South African Diamond Syndicate. It operates for the most part as a feeder to the Diamond Importing Co., to whom most of its sales are made.

The financial status appeared as follows at start of business:-

FINKELSTEIN DIAMOND CORP.
 FINANCIAL CONDITION AS OF NOVEMBER 1, 1940.

- ASSETS -

Rough diamonds	3,208.50	carats	...	\$63,000.
"	"	2,819.25	"	...
"	"	2,304.50	"	...
Polished	"	<u>132.20</u>	"	...
		8,464.45	"	

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Total Assets	\$196,000.00
<u>- LIABILITIES AND CAPITAL -</u>	
Due Marc L. Ratzersdorfer	171,000.00
<u>Capital</u>	
Capital stock 250 shares at \$100. par value	25,000.00
Total Liabilities & Capital:	\$196,000.00

Documents (Exhibit "A") Transferring Diamonds Give False Figures:

In the documents (Exhibit "A") submitted to the writer by Mr. Harris, the attorney, it is specifically stated that diamonds of total worth value of \$198,000 were transferred by S. E. Ratzersdorfer to his son, Marc, on the formation of this corporation. This is not true as only \$196,000 appears on the books of Finkelstein Diamond Corp. Mr. E. S. Ratzersdorfer explains that he retained 199 carats of rough diamonds to the value of \$2,000 as these diamonds belonged to Anton Smit & Co., N.V., of Antwerp, constituting a share in a joint account of the latter firm and Chaim Finkelstein S. A. of Antwerp. These 199 carats do not appear in any records now available and E. S. Ratzersdorfer says he turned them over personally to Leonard J. Smit, blocked Dutch National, owner of Anton Smit & Co., New York. No Treasury license was in effect or had even been applied for at the time of these transfers.

The fact that the price and quantity of merchandise appearing on the papers (Exhibit "A") which purport to make transfer, are false, obviously gives further indication of the fictitious nature of this transaction. Incidentally, Mr. Ratzersdorfer appeared quite confused when this was called to his attention, but passed it off as of little importance. This seems quite understandable, as in "wash sales" any figures would naturally serve the purpose.

Of the diamonds (rough \$187,300 - polished \$8,700 = \$196,000) transferred by S. E. Ratzersdorfer to his son, Marc, which formed the initial assets of this corporation, all the rough diamonds (value \$187,300) were subsequently returned to

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S. E. Ratzersdorfer in the form of a sale by the Finkelstein Diamond Corp., to Diamond Importing Co. (partnership of E. S. Ratzersdorfer and Abel Finkelstein) and the polished diamonds (value \$8,700) were disposed of through other channels.

Diamonds Transferred to the Diamond Importing Company:

The following extract of the Diamond Importing Co. account in the books of the Finkelstein Diamond Corp., shows how the diamonds returned to the possession of S. E. Ratzersdorfer (co-partner in Diamond Importing Co.):

LEDGER EXTRACT OF FINKELSTEIN DIAMOND CORP.

(Account of Diamond Importing Co.)

		<u>Debit</u>			<u>Credit</u>
<u>1940</u>			<u>1940</u>		
<u>Nov. 15</u>	Diamonds purchased	<u>\$187,000.00</u>	<u>Nov. 15</u>		\$81,498.20
<u>1941</u>			<u>Dec. 16</u>		\$40,000.00
* <u>Feb. 28</u>	Cash disbursement	\$ 2,851.79	<u>Feb. 7</u>		\$25,000.00
<u>Mar. 5</u>	Diamonds purchased	\$ 23,662.90	<u>Mar. 21</u>		\$25,000.00
" 12	" "	612.00	<u>May 12</u>		<u>\$15,801.80</u>
" 18	" "	\$ 4,796.30	" 23		\$23,662.90
<u>Apr. 7</u>	" "	\$ 2,316.05			
" 23	" "	\$ 771.96			
<u>May 16</u>	" "	\$ 3,987.00			
" 20	" "	\$ 1,272.60			
" 27	" "	\$ 4,001.80			

Although this account has been posted up to October 1, 1941 (figures not yet posted beyond that date), it has been deemed sufficient to show the account up to June 1, 1941.

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Up to October 1, 1941, the Finkelstein Diamond Corp. had sold to the Diamond Importing Co. a total of over \$300,000.00 worth of diamonds and on that date the latter concern owed a balance of \$41,402.37.

In the above account the lot of rough diamonds (\$187,000 worth previously referred to), appears debited to the Diamond Importing Co., on which payments were completed on May 12, 1941. The first two credits (payments by Diamond Importing Co.) of November 15 and December 16 to a total of \$121,498.20 were drawn from the original accounts of the subject individuals at the Manufacturers Trust Co. (see Exhibit "B"), 55 Broad Street. Other payments were made from the account of Diamond Importing Co. in Manufacturers Trust, Fifth Avenue Branch.

Disbursement Made on Behalf of Blocked Nationals (Diamond Imp. Co., & others)

The cash disbursement of \$2,851.79 was made in payment of various operating expenses of the Diamond Importing Co., and to defray various personal debts of blocked Nationals, as follows:-

To S. Lam & Co., in payment of tools sold to Diamond Imp. Co.	\$ 500.00
" S. Mayer & Son, " " polishing equipment to Diamond Imp. Co.	76.71
" S. Verbeeck & Sons, in payment of work done for the Diamond Imp. Co.	1,810.90
" Sylvester & Harris, in payment of legal services on behalf of Chaim Finkelstein.	303.18
" National Estate Inc., in payment of personal bill of Abel Finkelstein.	125.00
" Various personal expenses of G. B. Rosenboim.	191.00
	<hr/>
	\$2,851.79

The above was repaid by the Diamond Importing Co., as per following checks:-

Check #145 dated March 21, 1941 to Finkelstein Diamond Corp.	\$2,387.61
" #146 " " " " " " " " " " " "	\$ 619.18

Account of M. L. Ratzersdorfer:

The account of Marc L. Ratzersdorfer appears on the ledger record of the Finkelstein Diamond Corp. as follows:-

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<u>1940</u>	<u>Debits</u>	<u>1940</u>	<u>Credits</u>
Nov. 1 (Capital stock)	\$25,000.	Nov. 1 (Diamonds assigned to Corporation)	\$196,000.00
<u>1941</u>		<u>1941</u>	
April 28 (Cash for personal expenses)	\$ 754.46	Mar. 31 (Credit for duty & insurance paid on above diamonds)	\$ 2,754.46

It will be noted from the above that Marc Ratzersdorfer is credited, in addition to the diamonds (see Exhibit "A" relative to transfer), with duty and insurance, etc., as if he had advanced these funds at the time of entering the merchandise and is being credited for such disbursement.

In reality Marc Ratzersdorfer, 18 year old son of S. E. Ratzersdorfer, had no personal funds, and he paid these expenses on entry of the merchandise from funds advanced by Mr. Van Praag of the Van Praag Diamond Corp., N. Y. C., on request of E. S. Ratzersdorfer. These funds were repaid to Van Praag on November 7, 1940, being included in a check drawn in his favor from the account of Ratzersdorfer, Rosenboim and Finkelstein (see bank statement account No. 1 Exhibit "B"). This is mentioned only as one of many indications of the purely artificial nature of this set-up in which the puppet President and sole stock holder, Marc Ratzersdorfer, is credited with items in which he has in reality no interest whatever.

Other Disbursements for Blocked Nationals:

The check books and check vouchers of the Finkelstein Diamond Corp., show the following remittances to or on behalf of Finkelstein, Rosenboim and Scharman, all blocked Nationals, listed in this report -

1/1/41 Ck. #110 \$7500 Ck. drawn for cash by Abel Finkelstein of which \$5000. was remitted to Chaim Finkelstein and \$2500 to G. Rosenboim to defray their expenses of a trip to Cuba to obtain immigration visas. The trip to Cuba, however, did not materialize

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and all but \$500 was paid back several months later.

2/17/41	Ck. #126	*	\$303.18	Payable to Sylvester & Harris, attorneys, on behalf of Chaim Finkelstein.
2/28/41	" #130	*	\$ 5.00	Payable to Brennen, on behalf of G. Rosenboim.
"	" #132	*	\$ 6.00	Payable to Rockenstein, on behalf of G. Rosenboim.
"	" #133	*	\$150.00	Payable to Weisman, on behalf of G. Rosenboim.
3/13/41	" #145	*	\$ 10.00	Payable to Grunwald, on behalf of G. Rosenboim.
3/20/41	" #150	*	\$ 20.00	Payable to Schapiro, on behalf of G. Rosenboim.
3/10/41	" #142	*	\$125.00	
9/24/41	" #254		\$ 36.00	Payable to Grunwald on behalf of M. Scharman
"	" #255		\$ 24.00	Payable to cash for M. Scharman
9/26/41	" #258		\$350.00	" " " sent to S. Roeper in Cuba, Dutch National, subject of intercept which instigated this investigation,
9/29/41	" #259		\$ 75.00	Payable to G. Rosenboim for personal use.
10/2/41	" #264		\$1500.00	Payable to cash - \$1000 remitted to G. Rosenboim for personal use. - \$500 remitted to M. Scharman for personal use.
10/10/41	" #270		\$160.00	Payable to Mr. Siegler on behalf of Rosenboim.
10/16/41	" #271		\$700.00	Payable to Max Herschkowitz on behalf of M. Scharman.

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These withdrawals from the free account (Sterling National Bank) of Finkelstein Diamond Corp., were not made under the authority of a Treasury license although they are all disbursements covering personal expenses of blocked Nationals. It must be remembered that Abel Finkelstein and S. E. Ratzensdorfer, blocked Belgian Nationals and co-partners in the Diamond Importing Co., blocked Belgian Nationals, have sole authority to sign checks on the Finkelstein Diamond Corp., as officers so authorized by the corporate charter. The funds, so withdrawn, were eventually paid back to this corporation by the Diamond Importing Co. from its blocked account in the Manufacturers Trust Co. and appear in their records as debits against the account of the individual (beneficiary) or in a loan account. For example, the above withdrawals, marked with an asterisk (*) were repaid by Diamond Importing Co. by check No. 146 dated March 21, 1941, made out to Finkelstein Diamond Corp, to the amount \$619.18, and the accounts of Chaim Finkelstein, Abel Finkelstein and G. Rosenboim, were debited on books of Diamond Importing Co.

- - - * * * * - - -

DIAMOND IMPORTING COMPANY

Organization:

This investigation was instigated by an intercept which quoted a letter from the Diamond Importing Co., New York, to Siegfried Roeper, Lisbon, stating in part - "This letter is written by the Diamond Importing Co. which is a second firm we had to frame, you will understand the reason when you come over here".

The reason for establishing the Diamond Importing Co. is quite apparent. The clever scheme for freeing their diamond assets was successful in the Finkelstein Diamond Corp., but no arrangement could be devised for freeing the blocked assets in the Manufacturers Trust Company. The subject individuals were thereby obliged to come out in the open and form the Diamond Importing Co., operating with their blocked accounts. It is obvious that if they had turned their blocked funds from the Manufacturers Trust Co. over to the Finkelstein Diamond Corp., they would have destroyed a free account (Finkelstein Diamond Corp.).

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This firm sells mostly polished diamonds, having their own polishing plant at 65 Fulton Street, N. Y. C. They purchase diamonds in the rough mostly from the Finkelstein Diamond Corporation.

The firm is a co-partnership consisting of R. E. Ratzersdorfer and Abel Finkelstein for which the Certificate of Partnership was filed at the City Clerk's Office, New York, on November 8, 1940.

Explanatory Resume of Accounts:

The original accounts in the Manufacturers Trust Co. (see Exhibit "B") were transferred in their entirety to the Diamond Importing as cash assets and appear in the ledger record of that firm as follows:-

ACCT. OF S. E. RATZERSDORFER OR G. B. ROSENBOIM OR ABEL FINKELSTEIN

(Account #1)

<u>1940</u>	<u>Debit</u>	<u>1940</u>	<u>Credit</u>
Nov. 1	134,498.63	Nov. 30	76,585.81
		Dec. 31	57,434.85

ACCT. OF S. E. RATZERSDORFER OR MARTIN SCHARMAN OR ABEL FINKELSTEIN

(Account #2)

<u>1940</u>	<u>Debit</u>	<u>1940</u>	<u>Credit</u>
Nov. 1	23,500	Nov. 30	20,510.05
Dec. 31		Dec. 31	3,214.95

ACCT. OF S. E. RATZERSDORFER

(Account #3)

<u>1940</u>	<u>Debit</u>	<u>1940</u>	<u>Credit</u>
Nov. 1	15,998.20	Nov. 30	11,998.20
		Dec. 31	4,000.00

The credit side of these accounts shows disbursement of these assets for purchase of diamonds and other expenses as appear in the bank statement (Exhibit "B"). They were made by the Diamond Importing Co. under Treasury license

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NY 66237 (30 day license extended for additional 30 days) dated October 29, 1941. These accounts were liquidated on December 29, 1941, and the balance (\$8,448.41) transferred to the account of the Diamond Importing Co., in the Manufacturers Trust Co., Fifth Avenue Branch.

The Capital Account of this firm appears in the ledger record as follows:-

<u>1941</u>	<u>Debit</u>	<u>1940</u>	<u>Credit</u>
Jan. 14	Abel Finkelstein \$30,000	Nov. 1	"S.E. Ratzersdorfer or G. Rosenboim or Abel Finkelstein" \$134,498.63
	S. E. Ratzersdorfer 20,000		
Feb. 1	Abel Finkelstein and R. E. Ratzersdorfer 20,000	" "	"S. E. Ratzersdorfer or Abel Finkelstein or M. Scharman" 23,500.00
		" "	"S. E. Ratzersdorfer." 15,998.20
		" "	"E. S. Ratzersdorfer and Abel Finkelstein 1/2 interest in Brazilian diamonds." 16,500.00
		<u>1941</u>	
		May 30	"Abel Finkelstein 1/2 interest in Roeper diamonds" 5,000.00
		" "	"Abel Finkelstein diamonds." 2,593.42

On the credit side appear under date of November 1, 1940, the balances carried in the Manufacturers Trust Co. (Exhibit "B") and transferred here as capital.

The item of \$16,500 covers diamonds purchased in Brazil in a joint venture between Chaim Finkelstein S. A. and Anton Smit N. V., which was already in operation before these firms left Antwerp, Belgium. It appears that diamonds of a total value of \$33,000 which had been purchased under this joint venture, were received by Anton Smit & Co. of New York (firm owned by Leonard J. Smit, blocked Dutch National, who is also owner of Anton V. Smit N. V. of Antwerp) in June 1940, and were delivered over to S. E. Ratzersdorfer on October 15, 1940. The holding of this merchandise by

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Anton Smit & Co., blocked Dutch National, without declaration under TFR 100, and transfer to S. E. Ratzersdorfer, a blocked Belgian National, appears entirely irregular as no Treasury license was in effect authorizing such transactions. The firm of Anton Smit & Co., has been investigated by this office under report dated October 28, 1941, file NY 7-288.

The items of \$5,000 and \$2,593.42 cover diamonds brought into the U. S. by Abel Finkelstein, on which detailed explanation is given subsequently in this report.

The entries appearing on the debit side of this Capital Account are as follows:-

The \$30,000 charged to Abel Finkelstein represents Chaim Finkelstein's share of the funds from the original accounts in the Manufacturers Trust Company (see Exhibit "A").

The \$20,000 charged to S. E. Ratzersdorfer represents G. B. Rosenboim's interest, and the \$20,000 charged jointly to S. E. Ratzersdorfer and Abel Finkelstein represents Martin Scharman's interest in the original accounts in the Manufacturers Trust Company.

These individuals (Chaim Finkelstein, Rosenboim and Scharman) are also credited with these sums under their respective accounts in the books of the Diamond Importing Co. as follows:-

---CHAIM FINKELSTEIN---

<u>1941</u>	<u>Debit</u>	<u>1941</u>	<u>Credit</u>
Feb. 28	\$ 20.00	Jan. 14	\$30,000
Mar. 21	303.18		
" 31	1206.43		
" 31	366.73		
May 28	5000.00		

---G. B. ROSENBOIM---

<u>1941</u>	<u>Debit</u>	<u>1941</u>	<u>Credit</u>
Feb. 28	\$ 20.00	Jan. 21	\$20,000
Mar. 21	191.00		
Apr. 20	150.00		
May 28	5000.00		

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MARTIN SCHARMAN

<u>1941</u>	<u>Debit</u>	<u>1941</u>	<u>Credit</u>
Mar. 21	\$300.00	Feb. 1	\$20,000.

The debits in these three accounts constitute unlicensed disbursements made for the personal expenses of these blocked Nationals. By exception the two \$5000 debits were authorized by a Treasury license (NY 124967).

The accounts of Abel Finkelstein and E. S. Ratzersdorfer, the two partners, show withdrawals (personal expenses, etc.) from December 1, 1940 to October 1, 1941, of \$14,728.94 and \$16,100 respectively: there are no credits to these accounts.

Diamonds Brought to U. S. by Abel Finkelstein:

Abel Finkelstein on his arrival in the U. S. on October 13, 1940, brought with him diamonds (rough and polished), emeralds and pearls to the value of \$19,401 on which the duty was \$1501.90. This merchandise was entered under Warehouse Entry No. 7972 dated October 13, 1940. No report was ever made to the Federal Reserve Bank as to the merchandise and no license was ever applied for relative to its disposition. Abel Finkelstein, blocked Belgian National, disposed of this merchandise as follows:-

4066	Carats	rough diamonds	value	\$11,182.00
93.50	"	polished "	"	\$ 359.98
13.75	"	" "	"	\$ 302.50
85.65	"	" "	"	\$ 1,507.44
77	"	emeralds	"	\$ 423.00

(Withdrawn from warehouse in May, 1940 and deposited in the safe at office, 580 Fifth Avenue, (office of Finkelstein Diamond Corp., and Diamond Importing Co.) The 4066 Carats invoiced at \$11,182.00 are claimed to be owned jointly by Siegfried Roeper and Abel Finkelstein as per transactions engaged in before departure from Antwerp. A half interest in these stones is carried on the books of the Diamond Importing Co., as a \$5000 capital asset of Abel Finkelstein. An account for Roeper also appears in the ledger record of this firm in which he (Roeper) is credited with \$5000 (estimated market value of the diamonds).

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The other stones of a total value of \$2,593.42 are also credited to Abel Finkelstein as a capital asset. These stones have all entered into the salable stock of this firm.

The following stones -

67.10	polished diamonds	value	\$ 517.00
9	"	"	\$ 247.00
65.30	"	"	\$1437.00

were withdrawn from warehouse in March, 1940, and deposited in the safe at the office 580 Fifth Avenue. It is claimed that they are the property of Mondjoch and Gelszahler, Antwerp diamond dealers, who had deposited these stones with Chaim Finkelstein & Co. S. A. in Antwerp as security against an indebtedness of \$1500.

On April 10, 1941, Mondjoch's half was delivered to him in person at the office, 580 Fifth Avenue, in payment of the following bill:-

\$750.00	
66.66	Transportation
45.83	Storage and Insurance
110.05	Customs Duty
5.00	Jarret
11.05	Transportation and Entry
6.85	Customs Declaration

\$995.42

This sum of \$995.42 does not appear in the accounts of either of the subject firms and cannot be accounted for. It undoubtedly contributed to the personal funds of Finkelstein and his associates. Mondjoch, a Belgian National, arrived in the U. S. in March, 1941, and lives at 755 Clinton Avenue, Newark, N. J. The other half of the above stones, belonging to Geldzahler, have not been delivered as this individual is now in Havana, Cuba.

The following stones -

11.58 Carats polished diamonds value \$675.11

are claimed to be the property of S. Friedman, also a former Antwerp dealer. Abel Finkelstein says that they have been already delivered

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over to S. Friedman who dropped in the office, 580 Fifth Avenue, one day. No information could be obtained as regards Friedman's address.

The following stones -

1953	Carats	polished diamonds	value	\$2677.00
33.50	"	"	"	\$ 46.00
1.25	"	"	"	\$ 7.00

still remain in Customs Warehouse. The 1953 Carats are stated to be the property of Salzman, Antwerp diamond dealer, now in Palestine.

Importation of Diamonds Consigned to Chaim Finkelstein & Co., S. A.:

Treasury License NY 132030 dated April 14, 1941, authorized the Diamond Importing Co., to withdraw diamonds (invoice value \$52,924.00) consigned to Chaim Finkelstein & Co., S. A. from Customs custody and to dispose of same under the following conditions, the proceeds of sale of these diamonds to be deposited in a domestic bank in a blocked account in the name of Chaim Finkelstein & Co., S. A. from which payments, transfers or withdrawals will be made only in accordance with licenses issued; to report all sales of this merchandise and full details as to deposits of proceeds into the account of Chaim Finkelstein & Co., S. A.

The terms of this license have not been followed. The diamonds have been simply absorbed into the stock of the Diamond Importing Co., and disposed of as their own stock. The proceeds of sale of these diamonds have been absorbed in the cash assets of the Diamond Importing Co. in their account at the Manufacturers Trust Company. The only reference to this merchandise appears on the books of the Diamond Importing Co. in the form of a credit entry for \$52,924.00 in an account under the name of Chaim Finkelstein & Co., S. A. There are no other entries in this account. No report on Form TFER-1, as required under the terms of the license, has ever been filed.

Funds Transmitted to Martin Scharman:

M. Scharman, Belgian National, one of the tenants in the original blocked accounts (Exhibit "B"), and who is credited on the books of the Diamond Importing Co. with a cash asset of \$20,000, is in Rio de Janeiro, Brazil, awaiting a visa to enter the U. S. On December 12, 1940, \$10,000 was transmitted from account No. 1

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(see Exhibit "B") at Manufacturers Trust Company to Joseph H. Dubi at Rio de Janeiro, for the account of Martin Scharman. Joseph H. Dubi was formerly purchasing agent in Brazil for Chaim Finkelstein & Co., S. A., Antwerp, and Leonard J. Smit (Anton V. Smit, N. V.), Antwerp, in a joint venture. The name of Joseph H. Dubi appears on the Proclaimed List for Brazil, but he did not figure on the List at the time these funds were transmitted. Dubi, an American citizen, is now in the U. S. and was interviewed recently by the writer in the office of Anton Smit & Co., 24 State Street, New York, and questioned as to the \$10,000 he had received on behalf of Martin Scharman. He acknowledged having received the \$10,000 which he turned over to M. Scharman. He added that Scharman used this money to deal in diamonds in the Rio market on his (Scharman's) own account. On the books of the Diamond Importing Co., the \$10,000 does not appear debited against Scharman's account, but appears as a debit against Scharman on a special account entitled, "Martin Scharman - Advances for Diamond Purchases".

It is not believed that these funds were sent to Scharman for the purchase of diamonds on behalf of the Diamond Importing Co., as for the past year Brazilian prices have been far too high to permit profitable importation from that country. Purchases by the U. S. Government and the active bootleg traffic with the Axis countries have, it appears, raised Brazilian prices above other world market levels. Nothing is known of Scharman's diamond dealings in Rio, but the fact that he was in close contact with Joseph Dubi is not a very favorable indication. Dubi, it is said, ran a small sum of money into a considerable fortune through the sale of diamonds to Axis countries, during his "sejour" in Rio.

This transfer of funds to Martin Scharman, permitting him to engage in the diamond business in Rio, was most certainly not authorized by a Treasury license.

Siegfried Roeper:

A letter from the Diamond Importing Company to Roeper is the subject of the intercept which instigated this investigation. An explanation of this letter by paragraph, follows:-

First Paragraph: - Refers to the 4066 Carats of rough diamonds invoiced at \$11,182.00 that were brought into the U. S. by Abel Finkelstein on October 13, 1940, of which one half belongs to Roeper. It has previously

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been explained in this report how a half interest was credited to Abel Finkelstein and half to S. Roeper on the books of the Diamond Importing Co. There is, however, no mention on the books of that firm as to any partnership status. The partnership would exist only in the form of a joint ownership of these diamonds (\$11,182.00) between Finkelstein and Roeper.

Second Paragraph: - Refers to a letter which would serve as confirmation and evidence. A copy of this letter is not available in the files of the Diamond Importing Company. Mr. E. S. Ratzersdorfer, writer of this letter, explains that its purpose was to give evidence that Roeper had funds ($\frac{1}{2}$ interest in above mentioned diamonds) in this country in order to assist him (Roeper) in procuring a visa to enter the U. S.

Third Paragraph: - "The letter is written by the Diamond Imp. Co. which is a second firm we had to frame, you will understand the reason when you come over here." This would appear to constitute a frank admission that there was no necessity for forming two separate firms except for an ulterior motive which he (Ratzersdorfer) was not willing to disclose by letter, as he says, "you will find out when you come over here". The point which he was not willing to disclose was the clever subterfuge employed in the creation of the Finkelstein Diamond Corp., which had the purpose and effect of evading or avoiding the Executive Order. The formation of the Finkelstein Diamond Corp. only served to free the diamond assets so it was naturally necessary to frame a second firm (Diamond Importing Co.) to operate the blocked accounts in the Manufacturers Trust Company. Mr. Ratzersdorfer, on being questioned as to why the two firms were framed, replied, - "I don't know anything about it - you will have to ask my lawyer".

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Fourth Paragraph: - Reference here is made to a declaration which would be sent to Abrahams. The explanation of this is that other diamonds to the value of \$15,000 are held with Roeper in joint account; these diamonds being in the hands of John Abrahams, diamond broker, in London. A declaration as to ownership, etc., would be sent to Abrahams in order that these diamonds might be shipped to the Diamond Importing Co.

- - - * * * * - - -

The remainder of the intercept appears to be self explanatory.

On September 9, 1941, a check for \$350.00 was drawn on the account of Finkelstein Diamond Corporation in the Sterling National Bank, and transmitted to Siegfried Roeper, Dutch National, Havana, Cuba. This was not authorized by a Treasury license. The books of the Finkelstein Diamond Corp., carry this transfer simply as an exchange transaction with no further explanation.

- - - * * * * - - -

Licenses:

The following licenses have been accorded to E. S. Ratzersdorfer and the Diamond Importing Company.

E. S. Ratzersdorfer, NY 66237 October 29 to November 29, 1940 - extended to December 29, 1940.

Diamond Importing Company, NY 92010 January 9 to February 9, 1941.

" " , NY 106961 March 1 to June 1, 1941.

" " , NY 147032 June 7 to August 31, 1941.

" " , NY 217844 September 9 to November 30, 1941.

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The above are licenses covering operating expenses. The following license authorizes the importation of diamonds consigned to Chaim Finkelstein & Co., S. A. -

Diamond Importing Co., NY 132030 - April 14 to July 15, 1941.

Financial Statements:

A financial statement of the Finkelstein Diamond Corporation, which has just been completed, is submitted herewith under Exhibit "C". A financial statement covering the Diamond Importing Co., is still in the course of preparation so is not yet available.

- - - * * * * - - -

CONCLUSION

The main issue in this case is, of course, the questionable free status of the Finkelstein Diamond Corporation.

It would appear that sufficient evidence has been submitted in this report of violation of subdivisions E and F, Section 1, Executive Order 8389 of April 10, 1940, as amended by Executive Order 8785, to warrant immediate blocking of the account of this corporation. This evidence may be summarized as follows: -

- 1) The diamonds to the value of \$198,000 were already in an illegal status previous to their transfer to the Finkelstein Diamond Corp., in that proper declaration as to their status (property of a blocked Belgian National) was not made by Marc Ratzersdorfer to the bank when deposited, nor was declaration at any time made to the Federal Reserve Bank under TFR 100, either by the father (R. E. Ratzersdorfer) or his son.
- 2) Illegal transfer of these diamonds by R. E. Ratzersdorfer to his son, Marc, in formation of the Finkelstein Diamond Corp., since this transfer was concluded without the authority of a Treasury license.
- 3) The artificial nature of the transfer and formation of the Finkelstein Diamond Corp. seems to brand this affair as simply a clever subterfuge to avoid the prohibitions of the Executive Order. The following points are submitted in support of this contention:

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- A. The transfer by the father of the greater portion of all his capital assets to his 18 year old son, who is inexperienced and not even self supporting, appears ridiculous on its face. The fact that the son works as an apprentice in a diamond polishing shop and is connected with the firm in name only adds further incredulity to this transaction. The son figures only as a puppet President with authority for signing checks and other documents on behalf of the corporation being delegated to the father.
- B. The figures appearing on the documents, which purport to make such transfer, are not those appearing on the corporation's books, as actually \$2,000 worth of diamonds were retained by the father (R.E. Ratzersdorfer) for disposition elsewhere. This would not appear to add to the veracity of these documents.
- C. The letter (intercept) from the Diamond Importing Co. to S. Roeper, admits of the formation of two separate firms for an ulterior motive, which could not be disclosed by letter as per following - "The Diamond Importing Co. is a second firm we had to frame - you will understand the reason when you come over".

Mr. R. E. Ratzersdorfer on being questioned by the writer relative to the reason for the formation of these two firms would only reply, "I do not know anything about it - you will have to inquire from my lawyer, Mr. Sidney Harris".

Respectfully,

Charles Schlager
CHARLES SCHLAGER,
Treasury Representative.

Respectfully forwarded:
APPROVED:

S. J. Kennedy
S. J. KENNEDY,
Treasury Representative,
Acting in Charge.

Distribution 1.

- Enclosures: Exhibits -"A" Documents which purport to give evidence of transfer of diamonds.
- "B" Bank statements of original accounts in the Manufacturers Trust Co.
 - "C" Financial statement of the Finkelstein Diamond Corp.

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IN REPLY REFER TO: 23-1143



TREASURY DEPARTMENT
UNITED STATES CUSTOMS SERVICE

8-211

CUSTOMS AGENCY SERVICE
SUPERVISING CUSTOMS AGENT
P. O. BOX 135
CHURCH STREET ANNEX

NEW YORK, N. Y.

September 10, 1941.

Mr. Erwin G. May,
U. S. Treasury Representative,
Foreign Funds Control,
95 Maiden Lane,
New York, N. Y.

Sir:

There are transmitted herewith two copies of an intercept which contains information relative to a possible violation of the freezing orders.

This case is also being investigated by this office with respect to a possible customs violation.

Respectfully,

J. G. Bonner
J. G. BONNER,
Customs Agent.

Respectfully forwarded,
APPROVED:

E. Lewis
Supervising Customs Agent.

RECEIVED

Inclosure: 2 copies intercept.

SEP 11 1941

JGB:JFH

Foreign Funds Control
New York

Schlagel

Copy to Mr May in Washington

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M I N U T E :

Date: June 27, 1941

From:- Diamond Importing Company, 580 Fifth Avenue, New York
To :- Siegfried Roeper, Francfort Hotel, Rossio, Portugal
Date not given.

Cover contains a letter in Dutch and an enclosure in English. Translation of Dutch letter as follows:-

"Enclosed a letter we had to write for the following reasons. Abel brought the goods to New York and declared them as his property. In our books we have to state we are partners, otherwise we have no right to pay you half of our eventual sales.

Our letter and not your confirmation will serve as "evidence" and will be valid for the American authorities.

The letter is written by the Diam. Imp. Co., which is a second firm we had to frame, you will understand the reason when you come over here. Will you send a confirmation to the Diam. Imp. Co.

We will eventually send a declaration to Abrahams, but not in the name of Finkelstein Diam. Co., because it is an American firm and is not allowed to trade with goods which partly belong to you, as your property should be considered partly blocked up.

We will do the declaration either in the name of Diam. Imp. Co., or in name of Sec.Ch. Finkelstein & Co.

I asked you nephew to procure you a visa to Cuba, we obtained these now for a few hundred dollars, from over there it is child's play to come to New York. Lots of people get over here that way."

*4 copies to
Mr. May
7/4/42
W.T.*

DECLASSIFIED
Authority 968103
By AVT NARA Date 6-12-00

RG: 131 - Alien Property
Entry FFC Investigative Rpts
File NY 8-211
Box 12

EXH A

NY 8-211

October 24, 1940

Diamonds Diamond Corp,
500 Fifth Avenue
New York City

This will confirm the fact that the under-
signed, Sigismund Edmond Ratzersdorfer has this day sold,
transferred and assigned to Marc Leopold Ratzersdorfer, his
son, diamonds of the following weight at the following
prices, which are the same as the values placed upon them
on the consular invoices:

Rough diamonds	3208.50 Carats, value	\$63,000
Rough diamonds	3018.25 Carats, value	56,300
Rough diamonds	2304.00 Carats, value	70,000
Polished "	132.20 Carats, value	<u>8,700</u>
		\$198,000

This will further confirm the fact that the
sum of \$198,000, the purchase price therefor, is to be
paid by said Marc Leopold Ratzersdorfer to his father,
Sigismund Edmond Ratzersdorfer as soon as conveniently
possible.

REPRODUCED AT THE NATIONAL ARCHIVES
DECLASSIFIED
Authority 968103
By AVT NARA Date 6-12-00

RG 131 - Alien Property
Entry FFC Investigative Rpts
File NY 8-211
Box 12

November 1, 1940

Finkelstein Diamond Corp.
580 Fifth Avenue
New York City

Gentlemen:

Confirming our understanding, I hereby transfer, set over and assign unto you the following merchandise:

Rough diamonds	3208.50	Carats, value	\$ 63,000
"	3018.25	" "	56,300
"	2304.00	" "	70,000
Polished	132.20	" "	8,700
	8662.95		<u>\$198,000</u>

at the consular invoice value placed upon the same, to wit \$198,000.

In return therefor, you are to issue to me \$25,000 worth of capital stock and the balance of \$173,000 is to be credited to me on the books of your company on open account.

Very truly yours,

August M. L. [Signature]

DECLASSIFIED
Authority 968103
By ANT NARA Date 6-12-00

RG 131 - Alien Property
Entry FFC Investigative Rpts
File NY 8-211
Box 12

1153-F-6-41

NY 8-211

Mr. Sigismond Edmond Ratzersdorfer or
Gerszon B. Rosenboim or Abel Finkelstein (Account No. 1)
580 Fifth Avenue, Room 2410
New York, N.Y.

Nov. 1940

IN ACCOUNT WITH **MANUFACTURERS TRUST COMPANY**
55 BROAD STREET, NEW YORK, N.Y.

STATEMENT OF YOUR U. S. DOLLAR ACCOUNT

FOREIGN DEPARTMENT

DATE	DESCRIPTION FOR EXPLANATIONS OF SYMBOLS, REFER TO KEY	DEBIT	CREDIT	BALANCE
	BALANCE BROUGHT FORWARD			134,498.53
6	CP 3	15,000.00		119,498.53
7	CP 7	4,706.43		
	CP 4	45.05		
	CP 6	83.34		
	CP 9	500.00		
	T T O FREE. AC	500.00		113,663.81
8	CP 5	2.50		
	CP 11	1,020.74		
	XXXX CP 3	504.13		
	CP 13	56.60		112,079.79
9	CP 15	10.51		
	CP 16	10.51		
	CP 17	28.77		
	CP 14	35.45		111,934.55
13	CP 10	209.93		
	CP 18	23.03		111,761.53
14	CP 19	4.60		
	CP 20	1,630.82		110,126.11
15	P 21	476.00		
	CA T 23	9.03		109,641.03
16	CP 22	50,000.00		
	CP 2	11,498.00		48,143.03
19	CP 45	5.10		
	REV BE CK PS. NO 45		5.10	
	REV OF CHGE OF NOV 16		11,498.20	59,641.23
22	CP NO 23	19.53		59,621.85
25	CP 26	500.00		59,121.85
26	CC CK NO 23	1,000.00		58,121.85
27	CP 27	5.20		58,116.65
28	CP 25	200.00		
	CA OCT 25	12.04		57,904.61
29	CP 29	12.71		57,891.90
30	R I CK		22.03	57,913.93

KEY

- AD - ACCEPTANCES DISCOUNTED
- CA - CABLE CHARGES
- CT - CABLE TRANSFER
- CN - CANCELLATION
- CC - CERTIFIED CHECKS
- CP - CHECKS PAID
- C - COLLECTION
- CO - COMMISSION
- DL - DEMAND LOAN
- DR - DEPOSIT RECEIVED
- D - DISCOUNT
- DI - DIVIDENDS
- DA - DRAFT ADVICE
- FD - FOREIGN DRAFT
- FX - FOREIGN EXCHANGE
- IN - INTEREST
- LC - LETTER OF CREDIT
- MT - MAIL TRANSFER
- MA - MATURITY OF ACCEPTANCES
- PDA - PAST DUE ACCEPTANCES
- P - PAYMENT
- RT - REMITTANCE
- SC - SECURITIES
- TL - TIME LOANS
- T - TRANSFER

334258

DECLASSIFIED
Authority 968103
By ANT NARA Date 6-12-00

RG 131 - Alien Property
Entry FFC Investigative Rpts
File NY 8-211
Box 12

Number	Amount	Nature of Disbursement
6	\$ 15,000.	In the application for the license (N.Y. 66237) it was specifically stated that the payment would be made to Antoin Smith Co, an American Corporation. In reality the firm is a blocked Dutch National, owned by Leonard J. Smith, a Dutch National who is also owner of Antoin Smith The N.V. of Antwerp. The payment covers diamonds purchased in a joint venture with Leonard Smith in Brazilian diamonds.

7	\$ 4,706.43	Payment to Van Praag Diamond Corp, an American firm, in reimbursement of funds advanced by the firm to Marc L. Rutgenhof for payment of insurance and duties on the 198,000 worth of diamonds which were shipped by S.E. Rutgenhof to his son Marc, August 7, 1940 (date of entry) and which eventually formed the assets of the Embellishment Diamond Corp.
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8	\$ 1,020.74	Payment to Antoin Smith Co, blocked Dutch National, on diamonds purchased in joint venture in Venezuela.
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9	\$ 1,630.82	same as preceding.
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DECLASSIFIED
Authority 968103
By ANT NARA Date 6-12-00

RG 131 - Alien Property
Entry FFC Investigative Rpts
File NY 8-211
Box 12

<u>Number</u>	<u>Amount</u>	<u>Nature of Disbursement</u>
16	\$50,000.00	Deposited in the Sterling National Bank for the acct. of Franklinstein Diamond Corp. Purchase of diamonds
16	14,000.00	XXXXXXXXXX
<u>December</u>		
12	\$703.50	To Arthur Smith, Jr., Hoboken, N.J. National, payment of Venezuelan diamonds, purchased in good nature
16	\$40,000	Deposited in the Sterling National Bank for the acct. of Franklinstein Diamond Corp. Purchase of diamonds
12	\$10,000	To Joseph H. Davis, Rio de Janeiro, Brazil for the acct. of J. Scherman

On December 26, 1940 the balance (\$36,345.56) of this account was transferred to the Manufacturers Trust Co., Fifth Ave. Branch for deposit to the account of the Diamond Exporting Co.

DECLASSIFIED
Authority 968103
By AVT NARA Date 6-12-00

151 - Alien Property
Entry FFC Investigative Rpts.
File NY 8-211
Box 12

1153-F 5-41

ny 8-211

Mr. Sigismund Edmond Ratzersdorfer or
Abel Finkelstein or Martin Scharman
580 Fifth Avenue, Room 2410
New York, N.Y.

(Account No. 2)

Nov. 1940

IN ACCOUNT WITH **MANUFACTURERS TRUST COMPANY**

55 BROAD STREET, NEW YORK, N.Y.

STATEMENT OF YOUR U. S. DOLLAR ACCOUNT

FOREIGN DEPARTMENT

DATE	DESCRIPTION FOR EXPLANATIONS OF SYMBOLS, REFER TO KEY	DEBIT	CREDIT	BALANCE
	BALANCE BROUGHT FORWARD			23,447.96
7	T TO FREE AC	500.00		23,000.96
16	CP 2	20,000.00		3,000.96
20	CP 3	10.05		2,990.91
December 2		500.		2,490.91
17			220.00	
20		1,675.00		
21		220.00		
23	exp. bank charges	6.16		813.85

The balance of 813.85 was transferred to the Fifth Ave. Bank
The bank on December 26, 1940

KEY

- AD - ACCEPTANCES DISCOUNTED
- CO - COMMISSION
- FD - FOREIGN DRAFT
- PDA - PAST DUE ACCEPTANCES
- CA - CABLE CHARGES
- DL - DEMAND LOAN
- FX - FOREIGN EXCHANGE
- P - PAYMENT
- CN - CANCELLATION
- DR - DEPOSIT RECEIVED
- I - INTEREST
- R - REMITTANCE
- CC - CERTIFIED CHECKS
- D - DISCOUNT
- LC - LETTER OF CREDIT
- RT - RETURNED ITEMS
- CP - CHECKS PAID
- DI - DIVIDENDS
- MT - MAIL TRANSFER
- SC - SECURITIES
- C - COLLECTION
- DA - DRAFT ADVICE
- MA - MATURITY OF ACCEPTANCES
- TL - TIME LOANS
- T - TRANSFER

334261

DECLASSIFIED
Authority 968103
By AVT NARA Date 6-12-00

RG 131 - Alien Property
Entry FFC Investigative Rpts
File NY 8-211
Box 12

<u>Date</u>	<u>Amount</u>	<u>Nature of disbursement</u>
1940 November 16	\$ 20,000.	Deposited to the account of the <u>Trustees Diamond Corp.</u> in the <u>Trustees National Bank</u> , <u>Purchase of diamonds</u>
December 20	\$ 1,675.50	To <u>Antony Smith</u> for <u>no payment for diamonds</u> purchased in joint venture with <u>Seaman J. Smith</u> , <u>Dutch National</u> <u>office of Antony Smith</u>

On December 24, 1940 the balance (\$ 813.80) of this account was transferred to the account of the Diamond Importing Co in the Manufacturers Trust Co, Fifth Ave. Branch

DECLASSIFIED
Authority 968103
By AVT NARA Date 6-12-00

RG 131 - Alien Property
Entry FFC Investigative Rpts
File NY 8-211
Box 12

1153-F 5-41

Mr. Sigismund Edmond Ratzersdorfer
580 Fifth Avenue, Room 2410
New York, N.Y.

*NY 8-211
(Account #3)*

Nov. 1940

IN ACCOUNT WITH **MANUFACTURERS TRUST COMPANY**
55 BROAD STREET, NEW YORK, N.Y.

STATEMENT OF YOUR U. S. DOLLAR ACCOUNT

FOREIGN DEPARTMENT

DATE	DESCRIPTION FOR EXPLANATIONS OF SYMBOLS, REFER TO KEY	DEBIT	CREDIT	BALANCE
7	BALANCE BROUGHT FORWARD			15,998.20
7	T. TO YRFREE AC	500.00		15,498.20
19	CP 2	11,498.20		4,000.00
28	CP 26	5.00		
	CP 24	2.20		3,994.20
<i>December</i> 26	<i>Transfer to Fifth Ave Branch</i>	<i>4,000.00</i>		
	<i>The balance of 4,000.00 was transferred to the Fifth Ave Branch of this bank on December 26, 1940.</i>			

- KEY:
- AD - ACCEPTANCES DISCOUNTED
 - CA - CABLE CHARGES
 - CT - CABLE TRANSFER
 - CN - CANCELLATION
 - CC - CERTIFIED CHECKS
 - CP - CHECKS PAID
 - C - COLLECTION
 - CO - COMMISSION
 - DL - DEMAND LOAN
 - DR - DEPOSIT RECEIVED
 - D - DISCOUNT
 - DI - DIVIDENDS
 - DA - DRAFT ADVICE
 - FD - FOREIGN DRAFT
 - FX - FOREIGN EXCHANGE
 - I - INTEREST
 - LC - LETTER OF CREDIT
 - MT - MAIL TRANSFER
 - MA - MATURITY OF ACCEPTANCES
 - PDA - PAST DUE ACCEPTANCES
 - P - PAYMENT
 - R - REMITTANCE
 - RT - RETURNED ITEMS
 - SC - SECURITIES
 - TL - TIME LOANS
 - T - TRANSFER

334263

DECLASSIFIED
 Authority 968103
 By ANT NARA Date 6-12-00

334264

RG 131 - Alien Property
 Entry FFC Investigative Rpts
 File NY 8-211
 Box 12

Date	Amount	Nature of disbursement
1940 November 19	\$ 11,498.20	Deposited to the cred. of the <u>Franklin D. Roosevelt</u> <u>Presidential Campaign</u> in <u>Washington National Bank</u> <u>Purchase of diamonds.</u>
On December 29, 1940 the balance of \$4000. was transferred to the account of the <u>Diamond Importing Co.</u> at the <u>Manufacturers Trust</u> <u>Co., Fifth Ave. Branch.</u>		

334264

DECLASSIFIED
 Authority 968103
 By AJT NARA Date 6-12-00

RG 131 - Alien Property
 Entry FFC Investigative Rpts
 File NY 8-211
 Box 12

STATEMENT A

FINKELSTEIN DIAMOND CORP.

BALANCE SHEET

AS AT SEPTEMBER 30, 1941

ASSETS

Petty Cash		\$ 292.63
Cash in Bank		47,756.91
Accounts Receivable (Schedule A1)		79,227.45
Notes Receivable	\$ 4,093.10	
Less: Notes Receivable Discounted	<u>4,093.10</u>	- 0 -
Merchandise Inventory		82,458.00
Loans & Exchanges		1,165.00
Unexpired Insurance		<u>533.37</u>
TOTAL ASSETS		\$ 211,433.36

LIABILITIES & CAPITAL

Accounts Payable (Schedule A2)	\$ 12,308.00
Due to Officer	173,000.00
Reserve for Federal C.A.B. Tax	75.00
Reserve for Federal Income Tax	<u>170.79</u>
Total Liabilities	\$ 185,553.79
<u>Capital</u>	
Capital Stock Authorized & Issued- 250 Shares at \$100. par value	25,000.00
Surplus, September 30, 1941	<u>679.57</u>
TOTAL LIABILITIES & CAPITAL	\$ 211,433.36

334265

DECLASSIFIED
 Authority 968103
 By AVT NAPA Date 6-12-00

RG 131 - Alien Property
 Entry FFC Investigative Rpts
 File NY 8-211
 Box 12

STATEMENT B

WINSTEIN BARRON CORP.

STATEMENT OF INCOME, PROFIT & LOSS

FOR FISCAL YEAR ENDING SEPTEMBER 30, 1941

Sales \$ 546,068.24

COST OF SALES

Purchases	\$ 606,898.69
Duty & Brokerage	968.33
Total	\$ 607,867.02
Deduct: Inventory, Sept. 30, 1941	82,458.00

Cost of Sales 525,409.02

GROSS PROFIT ON SALES \$ 80,679.02

OPERATING EXPENSES

Officers' Salaries	\$ 10,500.00
Office Salaries	285.00
Rent	450.00
Telephone & Telegraph	298.60
Stationery & Postage	67.96
Fares	44.95
Helmes Protection	164.80
Commissions	1,051.53
Legal & Professional	1,625.00
Insurance	3,306.64
Interest	377.78
Miscellaneous Expenses	797.43
<u>Taxes</u>	
N. Y. Franchise Tax	\$ 50.00
N. Y. C. Gross Receipts Tax	500.57
Capital Stock Tax	62.50
Federal Old Age Benefit	76.20
	<u>569.27</u>

Total Operating Expenses 19,528.98

Net Profit - Fiscal Year Ending September 30, 1941 \$ 1,150.04

Less: Charges to Surplus

Organization Expense Written Off	\$ 99.68
Provision for Federal Income Taxes	170.79
	<u>270.47</u>

NET PROFIT - AFTER CHARGES TO SURPLUS \$ 879.57

DECLASSIFIED
 Authority 968103
 By AJT NARA Date 6-12-00

RG 131 - Alien Property
 Entry FFC Investigative Rpts
 File NY 8-211
 Box 12

Schedule A1

FINHELSTEIN DIAMOND CORP.
SCHEDULE OF ACCOUNTS RECEIVABLE
AS AT SEPTEMBER 30, 1941

Diamond Importing Company	\$ 41,247.37
G. Eifenbein	1,164.50
J. & L. Kipins	3,402.70
William Kleinberg	20,882.39
A. Rosenberg	4,287.04
Leon Tom	1,001.95
Verheyleweghen Bros. & Callaey	<u>7,241.50</u>
TOTAL	<u>\$ 79,227.45</u>

DECLASSIFIED
 Authority 968103
 By ANT NARA Date 6-12-00

RG 131 - Alien Property
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 Box 12

Schedule A2

FINKELSTEIN DIAMOND CORP.
SCHEDULE OF ACCOUNTS PAYABLE
AS AT SEPTEMBER 30, 1941

Marc L. Ratzersdorfer - Salary	\$ 1,500.00
Abel Finkelstein - Salary	4,500.00
S. Edmond Ratzersdorfer - Salary	4,500.00
George Gordon - Insurance	753.00
Diamond Importing Company - Rent & Telephone	650.00
F. D. Pakter - Legal & Professional	<u>375.00</u>
TOTAL	<u>\$ 12,308.00</u>