

DECLASSIFIED
 Authority 968103
 By JR NARA Date 6-15-00

RG 131
 Entry FFC Investigative Reports 1942-60
 File NY 2-1041
 Box 25

Started by Foreign Exch. Control, Canada

(July 1941)
 A \$1,000 check was issued by a Canadian bank in unoccupied France, was endorsed by one A. Ogilvie (who represented himself as a member of the Amer. Consular staff), and over to Jacob Cahn, N.Y.C. (an Amer. citizen).
 Jacob Cahn ~~was~~ wanted to help his brother immigrate from France; Mr. Ogilvie secured the check for a fee.

There seems to have been no intended viol. Mr. Cahn's holdings of his brother's assets have been reported on TFF-300.

File

Assets ^{file?}
 yes.
 file

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 Box 25



TREASURY DEPARTMENT

WASHINGTON

FOREIGN FUNDS CONTROL

FOREIGN FUNDS CONTROL
 253 Broadway, New York
 REctor 2-7373

CONFIDENTIAL: FURTHER REPRODUCTION PROHIBITED

APR 27 1942

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

C500

Sir: Re: JACOB CAHN, New York, N.Y. *120-1*

Reference is made to a letter dated April 16, 1942 to this office from Mr. Sidney Turk, Foreign Exchange Advisor, Ottawa, Canada, four copies of which were sent to Mr. May. Mr. Turk states that a check for \$1,000.00 issued by a Canadian National in Unoccupied France, and traded through the "Black Market" by one A. Ogilvie, has appeared for collection. The final beneficiary of the check was Mr. Jacob Cahn, New York City.

On April 23, 1942, the undersigned called at 75 Gold Street, New York City, and interviewed Jacob Cahn. The following report is compiled from Mr. Cahn's statements, most of which the undersigned was unable to verify.

The check in question was drawn by Mabel V. Irvine on Barclay's Bank (Canada) and was endorsed by A. Ogilvie payable to Jacob Cahn, 212 West 104th Street, New York. The check was dated July 12, 1941 and was drawn to bearer. The subject presented the check for payment and the check was returned with the notation "account closed".

In explanation, Jacob Cahn states that his brother was forced to flee France and attempted to salvage such money as he could. This check was supposedly procured for him for a fee by A. Ogilvie, who represented himself as a member of the American Consular staff. He had no further information regarding Ogilvie's activities.

Jacob Cahn is an American citizen and has been in the leather business in New York for the past 10 years. There seems to have been no intended violation, as all funds received were reported on TFR-300, but only an earnest desire to help his brother.

FOR DEFENSE



334326

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Authority <u>968103</u>
By <u>JR</u> NARA Date <u>6-15-00</u>

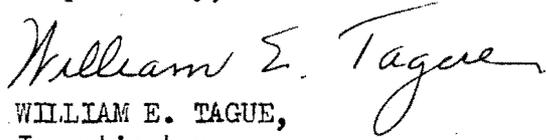
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- 2 -

The brother, HIRSCH CAHN, is at present in Havana, Cuba, address Calle O-14-Vedado, and is awaiting entry into the United States. He formerly operated a leather jacket factory in France, but, being Jewish, suffered confiscation of his business.

The maker of the check, Mabel V. Irvine, is unknown to either Jacob Cahn or his brother. Other monies have previously been received and are now held in a blocked account in the Corn Exchange Bank & Trust Company, New York City, account of Jacob Cahn in trust for Hirsch Cahn. The present balance of this account is \$5,300.00 and said funds were reported on TFR-300.

Respectfully,



WILLIAM E. TAGUE,
Investigator,
Foreign Funds Control.

Respectfully forwarded,
APPROVED:



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

Copy to: F.R.B., New York (Caveat Section)
Cable Censor (Lt. Bound), New York City
Foreign Exchange Control Board, Ottawa (Sidney Turk)
~~Department of State Consular Service, Washington, D. C.~~

This case also indexed under:

C 500 Hirsch Cahn, Havana, Cuba - 71-1
O 241 A. Ogilvie, France - 480-1
1615 Mabel V. Irvine (address unknown) 000-1

334327

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Authority 968103
By LR NARA Date 6-15-00

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Entry FEC Investigative Reports 1942-60
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Box 25

Foreign Exchange Control Board

Ottawa, April 16, 1942

2-1041

WHEN REPLYING
PLEASE GIVE THIS REFERENCE

FXA

Robert K. Allen, Esq.,
United States Treasury Department,
Foreign Funds Control,
70 Pine Street,
New York, N.Y., U.S.A.

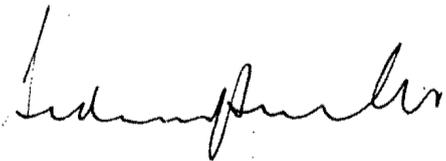
Dear Mr. Allen,

I do not know if you have any interest in the operations of one, Ogilvie, who was said to have been apprehended by the French police for black market operations in exchange in Unoccupied France; if not, the information I am going to give you is of no value and you can tear this letter up.

We have been on the look-out for a cheque for \$1,000. which a Canadian national, who is still residing in the south of France, was believed to have negotiated through Ogilvie some months ago. A day or so ago it turned up. It was drawn to bearer and endorsed "Pay to the order of Jacob Cahn, 212 West 104th Street, New York, A. Ogilvie". Under the signature of Jacob Cahn was written in pencil "75 Gold Street, New York". The cheque was presented for collection through the Corn Exchange Bank and Trust Company. Unfortunately I was not informed whether it was the head office of that Bank or one of its branches.

With kindest regards,

Yours sincerely,



Sidney Turk
Foreign Exchange Advisor

(4 copies to Mr May)

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By LP NARA Date 6-15-00

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File NY 8-1020
Box 24

NY 8-1020

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE November 23, 1942

File

TO Mr. Charles R. Clark, Investigative Unit, FFC, New York City
FROM Mr. T. H. Ball, Acting Chief, Field Investigative Staff, FFC, Washington

Re: Max Geldzahler
New York, N.Y.
NY 8-1020
NY 5-2256

The above case originated with a memorandum from Mr. Pehle dated April 14, 1942, at which time your office assigned it docket No. NY 8-1020.

8-1020

Through an oversight at the time Mr. Pehle's later memorandum of August 4, 1942 was received, this office assigned the case a new docket No., NY 5-2256.

It seems desirable that the case should be carried entirely under the original number, NY 8-1020, and we have accordingly crossed out on the reports submitted, docket No. 5-2256. It will be appreciated if you will make similar changes in your copies and records, thus vacating No. 2256 which will be assigned to a new case in the near future.

OK
M.B.
OK
67

M.B.

RECEIVED

NOV 24 1942

Foreign Funds Control
New York

File

334329

DECLASSIFIED
Authority 968103
By LFR MARA Date 6-15-00

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Entry FCC Investigative Reports 1942-60
File NY 8-1020
Box 24

CONFIDENTIAL REPORT

FOREIGN FUNDS CONTROL
INVESTIGATIVE SECTION

FOREIGN FUNDS CONTROL
253 Broadway, New York
REctor 2-7373

Field Office at New York, N. Y.

Date **NOV 20 1942**

Report of Agent Victor R. White

Report No. NY 8-1020

Respectfully forwarded APPROVED:

~~NY 5-2256~~

Charles R. Clark

(Signature and title)

01-8-01020

fi 5/22/42

CHARLES R. CLARK, Treasury Representative, Acting in Charge.

6-432

1-120

SUBJECT: MAX GELDZAHLER, 2 West 46th Street, New York, N. Y., and others.

REFERENCE: Mr. Pehle's memoranda of April 14 and August 4, 1942, requesting an investigation of subject's activities in connection with a transfer of funds from his blocked, partnership account at the Manufacturers Trust Company, New York, N. Y., to his unblocked, individual account. In connection with his frequent trips to Cuba in 1941, it is suggested that he may have smuggled diamonds out of this country for sale and transshipment abroad, the proceeds of which should have been deposited in his blocked partnership account.

SYNOPSIS: Subject, a naturalized American citizen born in Austria, on his last of four return trips to Havana, January 7, 1942, was arrested by U. S. Customs at Miami for failure to declare diamonds found in his possession. No evidence was found that he carried diamonds to Cuba.

The transfer of \$657.77 from his blocked partnership account to his unblocked personal account was made in apparent violation of operating license NY 203920-BE.

Norbert Geldzahler's \$13,250.66 interest in partnership was transferred to Max on latter's weakly supported claim that Norbert held, and had partially sold (in France where Norbert lives) jewelry said to be worth \$14,000.--

Abel Finkelstein, New York, (see NY 8-211) cabled

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\$1,500.- to Chaim Geldzahler, in Spain, a national of Belgium, in violation of Executive Order. \$1,273.42, being held by Finkelstein for Chaim, was placed in a blocked account at Sterling National Bank, Broadway Branch, New York.

MAX GELDZAHLER

On July 8, 1942, and several succeeding occasions I interviewed Max Geldzahler, obtaining the information for this report from his statements and an inspection of his pertinent records, supplemented by information from other sources as indicated in the report.

Max Geldzahler was born in Kalbuszowa, Austria, later a part of Poland, in 1902. He entered the United States under a Polish immigration quota in 1924, receiving his final naturalization papers in the New York Supreme Court, Bronx, New York, August 29, 1929.

Geldzahler was employed as a diamond setter until 1936, when he began a diamond import business. He dealt entirely in stones for mountings, which were purchased, principally, in Belgium.

Partnership of "Max Geldzahler":

On May 21, 1938, this business became a partnership, composed of Max Geldzahler and his two brothers Jakob (Julius) Geldzahler, and Norbert (Nepthali) Geldzahler. The firm retained the name of Max Geldzahler and was so registered in the New York County Clerk's Office.

JAKOB GELDZAHLER, of Polish birth, entered the United States in 1937 on a visitor's visa. In 1938 he left the country for Cuba, and reentered the United States under an immigration quota visa, in February, 1939. He has resided in this country since that time and holds his first citizenship papers. He was actively engaged in the partnership until its dissolution on October 31, 1941. He is presently employed as a diamond cutter by Larkritz and Mund, New York, N. Y. His investment in the business was relatively small.

NORBERT GELDZAHLER, who held approximately thirty per cent interest in the partnership, is also reported to be of Polish birth. According to Max, Norbert resided in Paris, France, and Antwerp, Belgium, during the past twenty years. He is said to carry a

How does he feel about the way his interest in the partnership was liquidated?

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How were these purchases sent to the U.S.?

certificate of identity issued by the French Government. Norbert's activity in the firm's business was confined to limited purchases of diamonds in Europe, prior to 1940.

According to the credit file of the Manufacturers Trust Company, 707 Fifth Avenue, New York, N. Y., Max Geldzahler and his firm had a good reputation in the New York diamond trade. This is confirmed by the files of the Supervising Customs Agent at New York.

The subject's last importation of diamonds was on May 13, 1940. Since then the firm's activities have been confined to domestic purchases, for resale in the retail market. According to the records of Overton and Company, 24 State Street, New York, N. Y., Geldzahler's shipping agent, the last importation left Antwerp, Belgium, on May 3, 1940, and was valued by United States Customs at \$2,787. Prior to this there had been only two other 1940 importations by Geldzahler from Europe.

From whom were imported stones obtained?

No record was found of sales outside of the United States subsequent to May, 1940. Geldzahler asserted that, since that time, he had purchased no diamonds outside of this country. Further, he had never bought or sold any stones in South America.

TRIPS TO CUBA BY MAX GELDZAHLER

First Trip:

Why was Max Geldzahler with his cousin? Did they enter U.S. with Max?

Max Geldzahler stated that, in July, 1941, he went to Havana, Cuba, via Miami, Florida, to assist his cousin, Chaim Jakob Geldzahler, in securing a visa for entry into the United States. Chaim is said to have arrived in Cuba on June 5, 1941, from Antwerp, Belgium, via Spain. Max Geldzahler learned, upon his arrival in Havana, that his cousin had brought diamonds with him, valued at approximately \$30,000.--, which were not declared to the Cuban authorities. Max justified his cousin's action on the grounds that he feared they would be seized by the Cuban authorities, and that he would be unable to reclaim them.

The bank account of the firm Max Geldzahler, then blocked and operating under special license, reflected no abnormal withdrawals or deposits during this period, and none that appeared to represent funds used for the purchase of, or derived from the sale of, diamonds in Cuba.

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Second Trip:

Geldzahler again went to Cuba on September 29, 1941, returning to Miami on October 2, 1941. He states that the purpose of this trip was to secure a Cuban visa for his brother, and business partner, Norbert Geldzahler, then in occupied France. His firm's bank account, still blocked, reflected no unusual activity around this period.

Geldzahler said that, while in Havana on this trip, he had accompanied his cousin, Chaim Jakob Geldzahler, to the American Vice-Consul, a Mr. Washington, who was advised of the undeclared diamonds in Cuba, and asked how they might be brought to New York for safekeeping, pending Chaim Geldzahler securing a visa for entry into the country.

Third Trip:

*Did Max
 enter Cuba at
 this time?
 He denied it.*

Max Geldzahler again went to Cuba on November 10, 1941, and returned to the port of Miami November 14, 1941. This trip, he said, was made to attempt to secure a visa for Norbert Geldzahler's sister-in-law, Annie Feiner, to come to Cuba from Marseille, France. Geldzahler again denied any connection between this trip and his business, or that he carried any stones to or from Cuba.

At the time this trip was made Max Geldzahler's bank account had been unblocked by the dissolution of his partnership. A statement of his account for the month of November, 1941, was reviewed, but no indication was found in the deposits or withdrawals that appeared to represent transactions outside the United States.

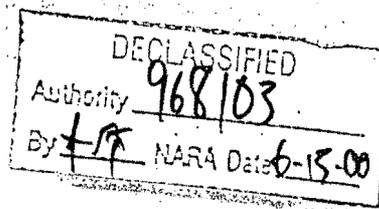
As on previous trips, Geldzahler saw his cousin Chaim while in Cuba, and stated that they further discussed the possibility of getting his diamonds to New York.

Fourth Trip:

*7/6
 NY 8-1020
 NY 5-2256*

Mr. Geldzahler made his final trip to Cuba in the latter part of December, 1941. He claims that he went upon the urgent request of Chaim Jakob Geldzahler, who had written him that he had been robbed of \$400.00 and feared for the safety of his diamonds. Geldzahler's bank account reflected no unusual activity at this time.

It was on his return from this fourth trip that Geldzahler was arrested at the port of Miami, on January 7, 1942, when he arrived aboard the S. S. Cuba, for having in his possession approx-



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imately \$14,000.00 in undeclared diamonds. He was charged with the violation of section 593 (b) of the Tariff Act of 1930. Geldzahler was called to trial on March 12, 1942, but his attorney obtained a continuance until June 16, 1942. At this time a demurrer was filed in Geldzahler's behalf and it was sustained by the court. On June 22, 1941, another indictment was presented against Geldzahler, covering the same importation of diamonds, and this case will come to trial late in October, 1942.

Geldzahler's defense to these charges is that the diamonds he brought into the country belonged to Chaim Jakob Geldzahler, and that the stones had been previously declared to the American Vice-Consul at Havana, Cuba, and that they could not have been declared to the Cuban authorities, upon leaving Cuba, as they were never legally in that country. Geldzahler claims that he acted solely for Chaim Jakob Geldzahler who is bearing all expenses incident to his trial.

The Supervising Customs Agent at New York conducted an investigation into the affairs of Max Geldzahler, following his arrest at Miami. According to the file of that office, no information was obtained relative to any violations of the Executive Order, except as it may pertain to the indictment at Miami.

BANK ACCOUNTS OF MAX GELDZAHLER

The firm of Max Geldzahler has carried an account with the Manufacturers Trust Company, 707 Fifth Avenue, New York, N. Y., since its organization. When inspected on August 7, 1942, the bank's records indicated that this account was blocked because of Norbert Geldzahler's interest in the business, which was designated as Belgium.

Until October 31, 1941, this account was operating under a special license (NY 203920-BE), which allowed withdrawals up to \$25,000.00 per month for domestic purchases of diamonds. No joint ventures were authorized. THER-1 reports, indicating the nature of withdrawals and disbursements up to October 31, 1941, were filed.

On October 15, 1941, Max Geldzahler addressed a letter to the Federal Reserve Bank of New York, advising them that after October 31, 1942, the partnership of Max Geldzahler would no longer transact business. The letter also stated that the members of the firm might continue to do business but in an individual capacity.

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The subject also notified the Manufacturers Trust Company on October 15, 1941, that the partnership was to be dissolved on October 31, 1941, and that he personally was assuming all liability with the bank. The letter further stated that Norbert Geldzahler would have no interest in any venture he (Max Geldzahler) might undertake.

TRANSFER OF FUNDS FROM BLOCKED TO UNBLOCKED ACCOUNT

The records of the Manufacturers Trust Company indicated that on November 1, 1941, Geldzahler drew a check for \$657.77 to close the partnership account, which was deposited into a personal account in the name of Max Geldzahler. No special license was secured for this transfer, and it was effected apparently in violation of operating license NY 203920-RE.

Violation

The Manufacturers Trust Company's explanation for allowing this action, was that the bank had been convinced that the funds belonged solely to Max Geldzahler.

Partnership Capital Account:

Below is a transcript of the Max Geldzahler partnership "capital account":

	<u>Total</u>	<u>Max</u>	<u>Julius</u>	<u>Norbert</u>
Capital 1/1/41 -	\$34,369.22	\$20,803.16	\$ 1,187.05	\$12,379.01
(Less) Drawings to 10/31/41	<u>2,754.38</u>	<u>1,407.11</u>	<u>1,021.00</u>	<u>326.27</u>
Total	31,614.84	19,396.05	166.05	12,052.74
(Plus) Profit 10/31/41	<u>4,436.74</u>	<u>2,573.31</u>	<u>665.51</u>	<u>1,197.92</u>
Capital 10/31/41 -	36,051.58	21,969.36	831.56	13,250.66
Transfer to Loan	<u>831.56</u>		<u>831.56</u>	
	35,220.02	21,969.36		13,250.66
Transfer Capital		<u>13,250.66</u>		<u>13,250.66</u>
	<u>\$35,220.02</u>	<u>\$35,220.02</u>	"	

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From the above "capital account" it will be seen that Julius Geldzahler's capital of \$831.56 was transferred to a "loan". As no evidence was found that this sum was paid to Julius, he apparently left it in the business but as a loan to Max.

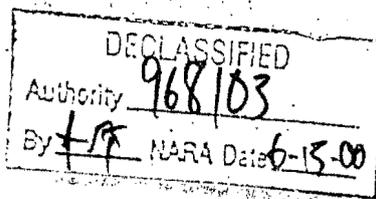
Regarding the entry transferring \$13,250.66 from Norbert Geldzahler's capital account to Max Geldzahler, the latter justified this action, first, because Norbert Geldzahler had held, in Europe, approximately \$14,000.00 in diamonds and jewelry, which belonged to him (Max); secondly, because Norbert was in occupied France, where communication with him was difficult, and thirdly, because he was unable to take any part in the affairs of the partnership. Max Geldzahler had assumed, although he had not been informed, that Norbert had been forced to sell all the diamonds and jewelry which he held. It was upon this assumption that the adjustment had been made in the capital account, Norbert's interest in the partnership being offset by Max relinquishing his interest in the diamonds and jewelry or the proceeds of their sale in Europe.

As evidence of the assets Norbert Geldzahler is said to have held in Europe for Max Geldzahler, two letters were presented by the subject. One was said to have been received from Norbert Geldzahler on October 18, 1940, from St. Gaudens, France; the other on May 28, 1941, from Nice, France. These letters are in French, written in a very illegible hand, and are considerably worn, making them difficult to translate. The letters as translated from the French read as follows:

"St. Gaudens
 October 18, 1940.

Dear Max,

Your letter of September 11 received. I am for the time being here. Olga and the child are in Paris. I am going back in two days. I presented myself to the American Consul with Olga and the child for an emigrant's visa. He told me it will be a long time until my turn comes. I indicated that I am a partner with you. I have funds of approximately 8-10,000 dollars. I presented myself on August 10, 1940. I was born May 28, 1900; Naftali Golda May 8, 1907 in Mosziska, (and) Armand September 13, 1936 in Paris. Those are the exact dates. Perhaps you can speed up the matter somewhat. The Bank wrote here that I should come but I was not here. I (It) believe



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it is on account of money that perhaps you sent and I will take no money. Send no money. Ask for the return of the registered letters and if you sent money ask to have it back because I am not here and no mail goes to Paris. We have an arrangement with the bank in Paris, about the money, I will refuse to accept, so that they must send the money back to you. For the time being send no money. I have what I need to live in bank notes and I will now earn some. Olga's ring I buried in my cellar with a slip. It belongs to you and you entrusted it to me in the month of May. On another occasion I will write to you the exact place. Otherwise there is nothing new. It is better to (live?) in N. Y. for the time being. You know you must make efforts about the credits because you will also dance at the wedding and you must take the price from N. Y. One can now in Antwerp but one If someone could go to Antwerp it would be good. To store your papers here 115 per paper but with big papers 100 to 1000. Julius unfortunately still in concentration camp. I sent him a package from Antwerp I have not heard from him (?) also not from Jonas. I will go to New York when I get a regular visa. I will have to wait because I want to be legal because of the child later. Because of business it must go alone. For the time being I can't help you. I hope we will be left in peace. I have on account of my religion. The times are not good because one does not know what the day will bring. I will see to it to earn and to live. Send no money. What's Mother doing? I hope we will see each other again. We have foodstuffs. It costs otherwise it is cheap. From Paris I can not write. My relatives from here are going back to Belgium. Don't write any more here. Try to write to the address 24 Boulevard du Nord to Mme. Casteron. Perhaps by coincidence I will be here. If so I will get the mail. Otherwise it is not possible. Otherwise no news. I want to have everyone kissed especially Mother because my heart cries now but God will help and nothing will happen to us. If I have a chance I will write to you. Jacob is earning and also the husband of Lizzie and Nelly. Many kisses from Olga and child. God shall help Armand so that Armand can go to school in New York.

Kisses

Norbert.

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"Nice, May 28 (1941)

Dear Max,

I was at the American Consulate. I have all the papers and the Consul wrote me I must wait until he has a quota number for me and besides that I must bring the exit permit from Paris and this can now not be had so I must wait for the number and perhaps by then the exit prohibition will be lifted. When I send you or through Cook a telegram, you should pay the steamship ticket for me and Olga and a half ticket for Armand and you should do it right away but only through Cook and Cook will inform me immediately. This trip goes then through Bilbao, Spain by Cuba because you can't get any visa through Portugal and besides I must wait in Lisbon six months for space; therefore it is better through Bilbao. Temporarily you must wait for a telegram from me or from Cook then you will arrange for the tickets. Emma and Stella were in Paris. Stella went to Marseille and Emma is leaving in five days for Marseille. I had great and it cost me enough money. I hope they will soon come further. I am earning nothing and I have had another setback and am forced to sell the brooches in order to be able to live. Now I can give you a picture how I look. But I only want to get away from Europe. That is the main thing. Thank God everyone is well. There is no news. Many kisses.

Your

Norbert

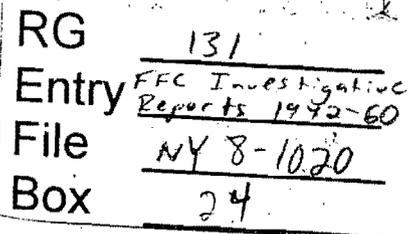
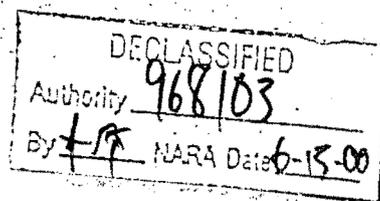
What is Mother doing?"

These letters apparently contain little evidence to support the contention that Norbert Geldzahler held substantial assets in Europe, which belonged to Max Geldzahler and were being held as security for Norbert's investment in the partnership.

In view of the difficulty in translating these letters, Max Geldzahler was asked if he cared to submit his own translation, which might be used as a comparison in the translations. Excerpts from the letters, as translated by Mr. Geldzahler below do not appear to materially support his contention.

(From Letter of October 18, 1940)

"Don't send any money.



At the present, I have money to live for six months. The jewelry I have buried in my cellar with the enclosure of a letter explaining that it belongs to you and that you entrusted it to me in May. At some other opportunity, I'll write you the exact hiding place."

(From Letter of May 28, 1941)

"I don't earn any money and I also had losses and therefore I was forced to sell the brooch to have money to live on."

Max Geldzahler was asked for an itemized statement of all the assets held in Europe by Norbert Geldzahler, which he considered as security for Norbert's investment in the business. He replied that such a list was held by his accountant, Mr. Samuel Weissman, 527 Fifth Avenue, New York, N. Y.

Mr. Weissman stated that he had no list; Geldzahler had only given him the information that Norbert held \$14,000.-- in diamonds and jewelry belonging to him. Based on this information he had made the adjustment in the capital account as shown previously.

Max Geldzahler was questioned as to the value of the brooch which Norbert is said to have sold in Europe, but he placed no definite valuation on it other than it was worth "several" thousand dollars.

Geldzahler could offer no evidence that Norbert had authorized the dissolution of the partnership. He stated that a letter was sent Norbert in Paris, advising him of the action taken, however, no reply was ever received. No copy of the hand-written letter to Paris was kept by Max. The latter explained that he felt he was being penalized in operating the business as a partnership both from a tax standpoint and the necessity of operating under license. Max contended that he intended to readjust with Norbert, at such time as it was possible, any difference between his interest in the business, \$13,250.66, and the value of the diamonds sold in Europe.

No formal notice was given to customers of the partnership of Max Geldzahler, that this business had become a sole proprietorship. Geldzahler said he made inquiry of the New York County Clerk's Office as to how a legal dissolution of the partnership might be effected, and was advised that notice of dissolution could not be

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filed with that office unless it contained the signature of Norbert Geldzahler. Max stated this was impossible at the time, as he was unable to communicate with his brother in Europe. Thus, the partnership still exists in name, if not in fact.

RELATIONSHIP WITH THE FINKELSTEIN DIAMOND CORPORATION,
New York, N. Y.

Max Geldzahler stated that he had never had any business dealings with the Finkelstein Diamond Corporation, and no evidence of such a connection was discovered in any of the records inspected.

Our report NY 8-211, dealing with the Finkelstein Diamond Corporation, makes reference to certain diamonds held by that corporation, which belonged to one "Geldzahler".

On October 14, 1942, Abel Finkelstein, Vice-President of the Finkelstein Diamond Corporation, identified the individual referred to in NY 8-211 as Chaim Jakob Geldzahler, cousin of Max Geldzahler, now residing in Havana, Cuba.

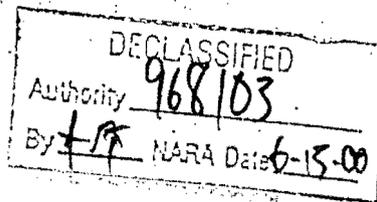
VIOLATION OF ORDER BY ABEL FINKELSTEIN

According to Abel Finkelstein, 67.10 karats, 9 karats and 65.50 karats of polished diamonds were brought into this country by him, when he arrived October 13, 1940, along with other stones described in our report NY 8-211.

The above described stones are said to have belonged to the firm of Mondjoch and Geldzahler, Antwerp, Belgium, diamond dealers, and were given to Abel Finkelstein, in Antwerp, Belgium, as security against a \$1,500.00 loan by him to Mondjoch and Geldzahler.

Mondjoch is said to have appeared in person at the Finkelstein Diamond Corporation, on April 10, 1941, and upon payment of \$995.42 (\$750.- plus expenses) was given his half of the stones, the remainder being held for Chaim Jakob Geldzahler. Mondjoch is reported to have arrived in the United States, from Belgium, in March, 1941, and now resides at 755 Clinton Avenue, Newark, N. J. This transfer was cited as a violation of the Executive Order in our report NY 8-211.

This fact are out part in NY 8-211



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Further Violations By Finkelstein:

On May 5, 1941, Abel Finkelstein received a cable from Chaim Jakob Geldzahler, then in Bilbao, Spain, en route to Cuba, to forward him \$1,100.-- as an advance against the diamonds Finkelstein held for him. On May 13, 1941, Finkelstein cabled Chaim Geldzahler \$1,500.-- in Bilbao, after receipt of another cable from Geldzahler instructing him to make whatever disposition he desired of the diamonds he held. This transfer was effected through the Sterling National Bank and Trust Company, Broadway and 39th Street, New York, N. Y. As no Treasury license was secured for this transaction, it appears that it constitutes a violation of the Executive Order, as Chaim Geldzahler was said to have left Belgium after March 10, 1940.

On June 13, 1941, Chaim Jakob Geldzahler wrote Finkelstein to determine what disposition had been made of his diamonds. He was informed by letter on June 16, 1941, addressed to Havana, Cuba, that 32.70 karats had been sold at \$64.00 per karat, that 33.35 karats had been sold at \$21.50 per karat, and that 4.54 karats, valued at \$90. were still held. According to Finkelstein this was his last communication with Chaim Jakob Geldzahler. The sale of the diamonds without license would seem to be a further violation by Finkelstein.

Total receipts from the sale of Chaim Geldzahler's diamonds amounted to \$2,814.12. Deducting the \$1,500. cabled to Spain for him, the cable and commission expenses of \$40.70, Finkelstein still holds \$1,273.42 belonging to Chaim Jakob Geldzahler. As these funds were held in cash Finkelstein was asked to deposit the \$1,273.42 in a blocked account. This was done at the Sterling National Bank, Broadway Branch, in the name of "A. Finkelstein, Special". Said bank advises that this account is blocked because of the interest of Chaim Jakob Geldzahler. The 4.54 karats of diamonds are held in the safe of the Finkelstein Diamond Corporation and are to be treated as a blocked asset.

Chaim Geldzahler, it should be noted, still owes Abel Finkelstein \$750.- (his half of the \$1,500.- loan to Mondjoch and Geldzahler in Antwerp) plus the American import duties of about \$245.42 on his half of the diamonds given Finkelstein as security. Thus, Chaim Geldzahler's equity in the \$1,273.42 is actually but \$278.- (\$1,273.42 less \$750.- and \$245.42 or \$995.42).

None of the above transactions are carried on the books of the Finkelstein Diamond Corporation, and Abel Finkelstein claims they were handled entirely for his own account. He denied any con-

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nection between these transactions and Max Geldzahler, or that he had ever had any dealings with Max.

ACTION OF THE FEDERAL RESERVE BANK OF NEW YORK
IN CONNECTION WITH THE ACCOUNTS OF MAX GELDZAHLER

The files of the Federal Reserve Bank of New York indicated that on March 13, 1942, it was discovered in the course of an analysis, that no reports had been filed under Max Geldzahler's operating license, No. 302611, issued on December 1, 1941. It is noted that this license was issued after the supposed dissolution of the partnership of Max Geldzahler. When questioned on this point Geldzahler explained that he had obtained a continuance of his operating license, after the partnership was dissolved, because he still hoped that Norbert Geldzahler would be able to come to the United States. He said that in such an event that he planned to reestablish the business on its former basis.

Geldzahler's statement that the partnership would be continued if Norbert were able to come to this country, appears to be at variance with his statement that he intended to make an adjustment with Norbert Geldzahler for any difference between his investment in the business and the assets he held in Europe.

After the Federal Reserve Bank discovered Geldzahler's failure to make reports under his operating license he was requested to call at the bank for an explanation. The file indicates that on March 17, 1942, he went to the bank and explained that since October, 1941, he had transacted virtually no business. He stated that since that time he had considered the partnership between himself and brothers as dissolved. Geldzahler is quoted as having said that there had been no distribution of assets in the partnership, and is said to have admitted that there had been no actual change in the situation within the business.

There followed a series of correspondence between Mr. C. Stoeppler of the Federal Reserve and Mr. Elton of the Manufacturers Trust Company. In these letters the Manufacturers Trust Company, was told that it would be necessary to continue the account of Max Geldzahler under license, and called on the bank for an explanation of the activities that had taken place.

The Federal Reserve Bank was furnished with a complete statement of the account of Max Geldzahler, from the time the account

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was unblocked through the month of February, 1942. The Manufacturers Trust Company advised that on November 28, 1941, they had been placed on notice by Mr. Geldzahler's attorney that the funds then on deposit with them belonged solely to Geldzahler, and no one else had an interest therein. The attorney, Mr. Matthew Salonger, 270 Broadway, New York, N. Y., had informed the bank that they would be held strictly responsible for any checks dishonored on the account of Max Geldzahler, by reason of the blocking of this account.

The attorney had stated that he possessed evidence to show that Norbert Geldzahler held substantial assets in Europe belonging to Max Geldzahler, and that the action in dissolving the partnership had completely eliminated Norbert's interest.

The Manufacturers Trust Company stated that upon receipt of this letter they had taken the matter up with their attorneys, who had advised against blocking the new account of Max Geldzahler under the circumstances. The Federal Reserve Bank was informed that the account would be continued unblocked in view of the information they possessed.

*Why not
 with
 any
 info?*

It should be pointed out that the evidence, referred to in Mr. Salonger's letter to the Federal Reserve Bank, consists of the letters from Norbert Geldzahler to Max, translations of which are given previously in this report.

Apparently no further action was taken by the Federal Reserve Bank, and the account of Max Geldzahler has continued to operate unblocked to the present time.

*Nothing to
 this effect.*

GENERAL COMMENTS

It was ascertained through an insurance advisory rating agency that Max Geldzahler has never carried any insurance on his diamond stock, through a domestic insurance company. However, in March of 1940, he is reported to have applied for insurance through an American Company in the amount of \$20,000.00, which was denied by the insurance company.

No record was found in the records of Max Geldzahler of disbursements for insurance since 1940, and according to his accountant, prior to this time, he had carried small coverage through Lloyds of London.

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In the course of this investigation it was discovered that there is reported to be another individual in New York named Max Geldzahler, who is said to have been formerly associated with the diamond business. When this individual can be located he will be interviewed, and if any relationship or connection between him and the subject of this investigation is discovered, a separate report will be submitted.

This report was originally delayed in view of the indictment of Max Geldzahler, and further delay was incurred in interviewing his attorney who was out of the city.

Victor R. White
 VICTOR R. WHITE, Investigator.

Distribution:

- Orig. and 3 copies, P. F. C., Washington.
- 1 copy, Federal Reserve Bank, N. Y. (Mr. Sherwood).
- 1 copy, Supervising Customs Agent, N. Y.

Report cross-indexed under:

G 432	GELDZAHLER, Norbert,	Paris, France. 1-480
G 432	GELDZAHLER, Chaim Jakob,	Havana, Cuba. 1-291
G 432	GELDZAHLER, Jakob,	New York, N. Y. 1-120
F 524	FINKELSTEIN DIAMOND CORP.,	551 Fifth Avenue, New York, N.Y. 3-120
F 560	WEINER, Annie,	Marseille, France. 1-480

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 By LFA NARA Date 6-15-00

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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE **AUG 4 1942**

TO Mr. May
 FROM Mr. Pehle

Re: Max Geldzahler
 2 West 78 Street
 New York, New York

8-1020
 Packet No. 5-2206

APPROVED FOR INVESTIGATION
 Chief, Field Investigative Staff
 Washington, D. C.

Reference is made to an investigation of Max Geldzahler made by Customs authorities on May 6, 1942 (M-4/26 our file No. Wn 3-95). It is stated in the Customs Report that Max Geldzahler was arrested at the port of Miami, Florida on January 7, 1942 on arrival from Havana, Cuba aboard the S.S. Cuba, when it was found that he had 10,797 diamonds in his pocket which he had failed to declare. The case against Geldzahler was called for trial on March 12, 1942, at which time continuance of the case to June 16, 1942, was obtained by Geldzahler's attorney upon presentation of a telegram stating that Geldzahler was in a hospital in New York. On June 16, Geldzahler's attorney filed a demurrer to set aside the indictment and was sustained by the court. On June 22, another indictment against Geldzahler was presented and the trial thereon is expected to be heard some time during the early part of August.

On April 7, 1942, Mr. Norman P. Davis of the New York Federal Reserve Bank submitted certain information with respect to the activities that have taken place in the accounts of Max Geldzahler in the Manufacturers Trust Company of New York. This information was accompanied by a letter from Mr. Roger D. Elton, Assistant Secretary of the Manufacturers Trust Company to Mr. Stoeppler of the New York Federal Reserve Bank dated March 18, 1942, which was in turn accompanied by several letters from Max Geldzahler and a transcript of his account with the Manufacturers Trust Company during the month of November.

It is stated that Max Geldzahler had an account with the Manufacturers Trust Company in the name of Max Geldzahler, his company, which was composed of Max, Jakob and Norbert Geldzahler. This account was blocked by reason of the fact that Norbert Geldzahler is a resident of France and also a Belgian national. It appears that the company's account was closed on November 3, by a withdrawal of funds, stated to have been made under the operating license of the company, and that on the same date an individual account was opened in the name of Max Geldzahler which Geldzahler has advised does not contain any funds belonging to anyone other than himself. Geldzahler states that

AUG 10 1942

Foreign Exchange Control
 New York

to New York
 Date 8-16-42
 FOREIGN EXCHANGE CONTROL
 Investigation Section

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Authority 968103
By LFR NARA Date 6-15-00

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he has evidence to prove that he gave Norbert Geldzahler collateral to cover his share in the business at which time the company's account was closed. He states that he has continued to apply for business operating licenses for his company so that if Norbert came to the United States, the business could again be reopened.

It will be appreciated if you have an investigation made to ascertain whether Max Geldzahler has continued the business of the company in his own name. It is suggested that the investigator communicate with the firms with whom the firm of Max Geldzahler had been dealing prior to November 1, 1941, to ascertain whether these firms have been advised that the firm of Max Geldzahler is no longer in existence, or whether their dealings with Max Geldzahler have continued and they are under the impression that the firm is still in existence.

Since our files do not appear to contain an application for license for the transfer of funds to Norbert Geldzahler which resulted in the liquidation of the firm, it will be appreciated if Geldzahler is requested to furnish an explanation of his failure to obtain Treasury License for the transfer. The Manufacturers Trust Company should also be requested to furnish an explanation of the reason why they permitted Max Geldzahler to remove all the funds from his business account under the terms of an operating license.

Our files reveal the following applications filed by the Max Geldzahler firm which have a direct bearing on this particular case: NY 93518, NY 138222, NY 203920, NY 302611, NY 376998.

JWP

AUG 10 1941

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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE May 27, 1942

TO Mr. Kennedy, New York

FROM Mr. May, Washington

RE Max Geldzahler
2 West 46th Street
New York City
Report NY 8-1020

Pursuant to memorandum of this office dated May 15, 1942, there is enclosed a memorandum of May 21, 1942 from the Deputy Commissioner of Customs, forwarding copy of letter H-4/35 of March 6, 1942 from the Treasury Representative in Charge at Havana, Cuba, and letter of June 18, 1941 from the Manufacturers Trust Company to the American Consul at Havana, Cuba. These documents contain a certain amount of supplementary information which may be of use to you in the instant case.

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MAY 24 1942

Control

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NY 8-1020

*Pending File
- C.R.C.*

FOREIGN FUNDS CONTROL
255 Broadway, New York
REctor 2-7278

May 16, 1942

TO: Mr. May, Washington

FROM: Mr. Clark, New York

Reference is made to Mr. Pehle's memorandum to you dated April 14th, 1942, relative to the possible smuggling of diamonds by Max Geldzahler, 2 West 46th Street, New York, New York, on his frequent trips to Cuba via Miami, Florida.

Reference is also made to Mr. Kennedy's memorandum to you of April 16th, 1942, requesting a complete record of Geldzahler's entrances and exits through the Port of Miami, Florida.

Will you please request the Customs Agent in Charge at Miami to expedite the furnishing of the desired information?

CRC
C. R. C.

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By *[initials]* NARA Date 6-15-00

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FOREIGN FUNDS CONTROL
INVESTIGATION UNIT
CASE N.Y. 8-1020

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE May 15, 1942

TO Mr. Kennedy, New York
FROM Mr. Howard, Washington

RE Max Geldzahler
2 West 46th Street
New York City
Report NY 8-1020

Reference is made to your memorandum of April 16, 1942, requesting that investigation be instituted at Miami, Florida to ascertain the reason for Mr. Geldzahler's frequent trips between Miami and Havana, Cuba. Pursuant thereto, this office arranged to have an investigation made by the Customs Agency Service and there is enclosed copy of report M-4/26 rendered by Customs Agent in Charge James E. Wallace, under date of May 6, 1942.

With this information in hand it is believed that you may be better able to pursue the original investigation. It will be observed that transfer of diamonds was apparently into the United States rather than out of this country as originally suspected, and the question arises as to whether the purpose of bringing them in might not have been in order to obtain unblocked funds. It is suggested that attention should also be given to the questions raised in the last paragraph of Foreign Funds Control memorandum of April 14, 1942.

[Handwritten initials]

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MAY 18 1942

Foreign Funds Control
New York

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Authority 968103
By LAF NARA Date 6-15-00

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FOREIGN FUNDS CONTROL
INVESTIGATION UNIT
CASE N.Y. 8-1020

April 16, 1942.

TO: Mr. May
FROM: Mr. Kennedy

Reference is made to Mr. Pehle's memorandum to you of April 14, 1942, regarding Max Geldzahler, 2 West 46th Street, New York City, who is said to be making frequent trips to Cuba by way of Miami and smuggling out diamonds.

If this information is correct Geldzahler will of course bring his smuggling activities to an end just as soon as we interrogate him. Furthermore, since he leaves the United States by way of Miami, I doubt that we will be able to find any record of his trips from the Immigration authorities here.

It seems to me that it would be well to refer this matter to the Customs Agent in Charge at Miami to obtain a complete record of Geldzahler's entrances and exits through that port. Furthermore, if it is believed that Geldzahler is continuing his activities, and if the Department has any faith in its information, it might be well to instruct the Customs authorities to have Geldzahler searched on his next attempt to leave the country.

We shall take no action in this case until we hear further from you.


S. J. K.

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By LFR NARA Date 6-15-00

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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

8-1020

FORWARDED

for appropriate action

DATE APR 14 1942

TO Mr. May
FROM Mr. Pehle
RE: Max Geldzahler,
2 West 46th Street,
New York, New York.

To ... New York ...
Date ... 4-15-42 ...
FOREIGN FUNDS CONTROL
Investigative Section

We have received information from a confidential source that the subject, a diamond dealer, has been smuggling diamonds out of the United States during his trips to Havana, which he makes by way of Miami. From Havana, it is alleged, these diamonds are sent to Brazil.

Max Geldzahler has been engaged in the diamond business in New York City for six years. He is a citizen of the United States. Two other brothers, Jakob and Norbert Geldzahler, have interests in the business. Jakob is not a citizen but has resided in this country for several years. Norbert is in France and is a national of Belgium.

The subject operates under a special license, NY 302611, which enables him to withdraw \$25,000.00 per month for purchases of diamonds within the United States. Joint ventures are not authorized. He has filed TFER-1 reports indicating the nature of his receipts and disbursements.

However, it is possible that not only has the subject violated the requirements of Executive Order No. 8389, as amended, by smuggling diamonds out of this country to Cuba for the purpose of trans-shipment abroad, but it may be that he is returning here each time with the proceeds of the sales of alleged smuggled diamonds and is not placing that money in his blocked account.

A reference to the subject is contained in an investigation which was conducted by this office of Finkelstein Diamond Corporation and others. Therein it is stated, that certain diamonds held by Abel Finkelstein were the property of Mondjoch and Geldzahler, Antwerp diamond dealers, and that Geldzahler's share had not been delivered to him as he was then (October 2, 1941) in Havana, Cuba.

In view of the above, it would be appreciated if you will have an investigation made of the subject directed to obtaining information relating to the frequency of his trips to and from Havana; the purpose of these trips; whether he carries diamonds with him on these occasions; whether he has business or social connections in Cuba or in any of the South American countries; and what his connection with the Finkelstein Diamond Corporation is.

JMP

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By <u>SP</u> NARA Date 6-15-00

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C O P Y

TREASURY DEPARTMENT

UNITED STATES CUSTOMS SERVICE

HAVANA, CUBA H-4/35

March 6, 1942.

Customs Agent in Charge,
P. O. Box 390,
Miami, Florida.

Sir:

Reference is made to communication from this office under date of June 23, 1941, copy of which was sent you, directed to the Supervising Customs Agent at New York, in which it was stated that the United States Consulate General advised CHAIM JAKOB GELDZAHLER of Antwerp, who arrived at Habana on June 5, 1941, had applied for visa, and in questioning him as to his assets he stated he had \$30,000 in undeclared diamonds, which were subject to forfeiture by Cuban authorities.

Our information also stated that Chaim Jakob Geldzahler had a cousin, Max Geldzahler, living at 2 West 46th Street, New York City. Max Geldzahler appears on page three of the list attached to Bureau Circular No. 2099.

Reference is also made to seizure by Agents of the Miami Office on January 7, 1942 of approximately \$14,000 worth of diamonds from Max Gendzahler. In connection with the statement made by Max Geldzahler on January 1, 1942 to Customs Agent J. J. Givens at Miami, Chaim Jakob Geldzahler was finally located here at Habana and a statement secured from him which is considerably in variance with statements made by Max Geldzahler made at the time of his arrest on January 7, 1942.

It will be noted particularly that Chaim Jakob Geldzahler freely admitted that the diamonds taken from Cuba to Miami by Max Geldzahler were his property, and that the papers in which the diamonds were wrapped were marked in his handwriting. There is also attached for your information copies of case history of C. J. Geldzahler, his wife Sarah and son Salomon, as well as correspondence between the Consulate General, Habana, and the Department of State, Washington, in re financial status of Chaim Jakob Geldzahler. There is also attached copy of communication from the Manufacturers Trust Company dated June 18, 1941 addressed to the American Consulate at Habana, in connection with financial transactions of Max Geldzahler, with that institution.

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Chaim Jakob Geldzahler further stated that he has in his possession at Habana an additional 65 carats of diamonds valued at approximately \$7,000, and jewelry of his wife valued at approximately \$3,000. La Casa del Brillante, jewelry store located at Habana, appraised both items at \$10,080.75 on February 20, 1942. Attached is detailed copy of appraisal, set forth in a communication by La Casa del Brillante signed by Alberto Russo and directed to the United States Consulate at Habana.

Chaim Jakob Geldzahler also said that if and when he received a visa to enter the United States, he expected to take out consular invoice for these diamonds and jewelry. Should a visa be granted you will be promptly notified as to date and means of departure for the United States.

Please be advised that the copies of the above referred to Consulate documents were secured informally, and should not be produced in court without permission first being obtained from the State Department.

Respectfully,

Charles E. Brown
 Treasury Representative in Charge

cc: SCA New York
 CAC Tampa

copy/lrs 5-21-42

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By FR NARA Date 6-15-00

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Box 23

HS:AS



TREASURY DEPARTMENT

WASHINGTON FOREIGN FUNDS CONTROL
253 Broadway, New York
REctor 2-7878

NY 2-884
01-2-00584
FC 3/25/42

FOREIGN FUNDS CONTROL

CONFIDENTIAL: FURTHER REPRODUCTION PROHIBITED

MAR 27 1942

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

Sir:

Re: S. BERTRAND JACOBSON, New York City
A-562 THE AMERICAN JEWISH JOINT/DISTRIBUTION
COMMITTEE, INC., New York City 120

Reference is made to a letter, dated March 11, 1942, from E.J. Lewis, Supervising Customs Agent, New York City relative to the arrival of one S. Bertrand Jacobson in the United States with \$25,000.00 in U. S. currency for delivery to the American Jewish Joint Distribution Committee, Inc. The possibility of these funds being diverted to Nazi use was inferred.

On March 23, 1942, I visited the offices of the American Jewish Joint Distribution Committee, Inc., 100 East 42nd St., New York City, hereinafter referred to as A.J.J.D.C., where from an interview with S. Bertram Jacobson and Mrs. Evelyn M. Morrissey, assistant treasurer, and an inspection of the organization's books and records, I received the information for this report.

SUMMARY

It was ascertained that S. Bertrand Jacobson was duly authorized by the A.J.J.D.C. to bring to the United States \$25,000.00 in currency from their Lisbon office and that said funds, less approved deductions, were deposited in the blocked account of the subject organization, at the Chase National Bank of New York. Funds from the account are disbursed under license.

FOR DEFENSE



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AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC.

This organization was organized in 1914 and incorporated under the laws of the state of New York in 1931 as a non-profit membership corporation. Its purpose is to provide relief, rehabilitation, and immigration assistance in behalf of Jewish population throughout the world.

Operations of the subject organization have been carried on entirely through licenses issued by the Federal Reserve Bank. Forms TFR-300 have been filed relative to all funds held for foreign nationals.

A bank account is maintained with the Chase National Bank, Grand Central Branch, New York City. This account is blocked as an international national, coming under the jurisdiction of every foreign country which is subject to the Executive Order.

Delivery of \$25,000.00 to A.J.J.D.C.

Mrs. Evelyn M. Morrissey, assistant treasurer of the A.J.J.D.C. informed me that S. Bertrand Jacobson was acting as a representative of the organization with their full authority and instructions to supervise the passage of some 150 refugees to Kingston, Jamaica, in addition to bringing to the United States \$25,000.00 in currency of and for the A.J.J.D.C.

Just prior to Jacobson's leaving Kingston, Jamaica, he sent the following cable to the A.J.J.D.C.:

"SAILING MOMENTLY WITH U.S. CURRENCY \$27,000.00
PLEASE ARRANGE INSURANCE ALL RISKS INCLUDING WAR
FULLSTOP FOR PARTICULARS APPLY STANDARD FRUIT AND
STEAMSHIP COMPANY NEW YORK
BERT JACOBSON"

Jacobson stated that the above amount of \$27,000.00 was accounted for as \$25,000 in currency belonging to A.J.J.D.C., \$500.00 in personal travelers checks, and \$1350 in personal checks, which actually made a total of \$26,850.00. He decided that while he was asking for insurance to cover the \$25,000.00 he would include his own monies and ask for a coverage of \$27,000.00.

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NY 2-884

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The following explanations were given relative to the disposition of the \$25,000.00:

\$25,000.00	U.S. currency
<u>50.00</u>	American Express Money Order
25,050.00	Total to be accounted for
<u>500.00</u>	* Less counterfeit bill
24,550.00	
<u>700.00</u>	** Less Jacobson's expenses
\$23,850.00	Total deposit on March 6, 1942 in Chase National Bank, Grand Central Branch.

*A receipt No. 316876, dated March 6, 1942, issued by the Chase National Bank indicated that they had received as part of a deposit a \$500 Federal Reserve Note which proved to be counterfeit.

**This item of \$700.00 was accounted for as personal expenses incurred by Jacobson in bringing said refugees to Kingston, Jamaica. In order to facilitate matters he took this money from the \$25,000.00 he was bringing to the A.J.J.D.C.

Supporting papers to the cash receipts of the organization disclosed the following memorandum:

"Cash Receipt No. 6870 - 3/6/42

Part of the \$25,000.00 brought by Mr. Jacobson from Portugal, turned over to him by Mr. Schwartz, \$700 has been kept out of the above \$25,000.00 by Mr. Jacobson for his personal use and \$500 was counterfeit (Federal Reserve Note No. B 04525006A)"

S. BERTRAND JACOBSON

This individual is an American citizen, born in New York on November 26, 1891. He presently resides at 860 West 181st Street, New York City.

334357

DECLASSIFIED	
Authority	968103
By	NR NARA Date 6-15-00

RG	131
Entry	FEC Investigative Reports 1942-60
File	NY 2-884
Box	23

HS:AS

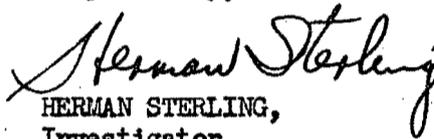
NY 2-884

- 4 -

He is employed by the A.J.J.D.C. as a foreign representative and had been working more recently throughout Hungary for some time. His salary is about \$5000.00 per year.

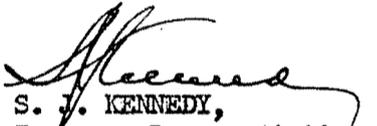
A bank account is maintained by him with the Chase National Bank, Grand Central Branch. Said account was blocked as a national of Hungary during the time the subject was working in that country and is now unblocked, since his arrival in the United States on March 5, 1942. He is presently operating under General License No. 28.

Respectfully,



HERMAN STERLING,
Investigator,
Foreign Funds Control.

Respectfully forwarded,
APPROVED:



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

Copy to: F.R.B., New York (Caveat Section)
Cable Censor (Lt. Bound), New York City
E. J. Lewis, Supervising Customs Agent, New York City

334358

DECLASSIFIED
 Authority 968103
 By LR NARA Date 6-15-00

RG 131
 Entry FFC Investigative Reports 1942-60
 File NY 2-884
 Box 23

ANSWERS TO QUESTIONS WINE TO SIXTEEN ON REPORT FORM TFR 300 SERIES B BEING FILED BY THE AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE.

NY 2-884

9. The American Jewish Joint Distribution Committee was organized in 1914 and incorporated in the State of New York in 1931, as a non-profit membership corporation.
10. The principal offices of The American Jewish Joint Distribution Committee in foreign countries are as follows:
 Lisbon, Portugal: American Joint Distribution Committee
 Warsaw, Poland: American Joint Distribution Committee
 Marseille, France: American Joint Distribution Committee.
11. The American Jewish Joint Agricultural Corporation, 100 E. 42nd Street, New York City. Non-profit organization.
 American Joint Reconstruction Foundation. London, England. Non-profit organization.
 Palestine Economic Corporation, 570 Lexington Avenue, New York. Does relief and rehabilitative work in Palestine.
12. See detailed memorandum being filed simultaneously with this report.
13. The American Jewish Joint Distribution Committee is a non-stock membership corporation organized for charitable purposes under the laws of the State of New York in 1931.
- 14.* A complete list of officers and Board of Directors is attached.
15. None.
16. None.

* We believe that every officer and director of The American Jewish Joint Distribution Committee, Inc. , with four exceptions, is an American citizen, either by birth or naturalization. The four exceptions are: Mr. Abe Bronfman of Montreal, Canada and Mr. Ben Bedowski of Toronto, Canada, both of whom are Canadian citizens; Mr. Bernhard Kahn, a French citizen, who already has his first papers; and Mr. Max M. Warburg, a German national, who already has his first papers.

3/16/42

DECLASSIFIED
Authority 968103
By HR NARA Date 6-15-00

RG 131
Entry FFC Investigative Reports 1942-60
File NY 2-884
Box 23

IN REPLY REFER TO: 13-87

2-884



TREASURY DEPARTMENT

UNITED STATES CUSTOMS SERVICE

CUSTOMS AGENCY SERVICE
SUPERVISING CUSTOMS AGENT

P. O. BOX 135

CHURCH STREET ANNEX

ROOM 500

278 BROADWAY

NEW YORK, N. Y.

March 11, 1942.

Mr. S. J. Kennedy,
Acting in Charge,
Foreign Funds Control,
New York, N.Y.

Sir:

There is inclosed for your information and any action you may deem advisable, a copy of a letter addressed to this office under date of March 6, 1942, by the supervising customs agent at Baltimore, Md., relative to the arrival of S. Bertrand Jacobson, of 860 West 181st Street, New York, at Baltimore on the S.S. GATUN on March 5, 1942, at which time he filed baggage declaration no. 542215, declaring thereon \$25,000 in United States Currency.

Respectfully,

J. Lewis

Supervising Customs Agent.

Inclosure: cc letter. 3/6/42

AE: MEN

(4 copies to Mr May)

334360

DECLASSIFIED
 Authority 968103
 By FR NARA Date 6-15-00

RG 131
 Entry FFC Investigative Reports 1942-60
 File NY 2-884
 Box 23

DUPLICATE



CUSTOMS AGENCY SERVICE
 SUPERVISING CUSTOMS AGENT
 401 CUSTOMHOUSE

TREASURY DEPARTMENT
 UNITED STATES CUSTOMS SERVICE

BALTIMORE, MD.

March 6, 1942.
 13-87

PERSONAL

Mr. Elmer J. Lewis,
 Supervising Customs Agent,
 Room 500, 253 Broadway,
 New York, N. Y.

Dear Mr. Lewis:

The Collector of Customs has invited my attention to the following facts regarding \$25,000 in United States currency brought into the United States, which I thought it might be worth your while to investigate, to verify the reasons for its importation. The facts are as follows:

"Upon the arrival of the Steamship GATUN on March 5, S. Bertrand Jacobson, a passenger, filed Baggage Declaration No. 542215, and gave as his address 360 West 181st Street, New York, N. Y.

"Along with other items Mr. Jacobson declared \$25,000 in U. S. currency, which he claimed to be carrying for the American Joint Distribution Committee. Same had been given in his custody by the Lisbon officer of that organization for delivery, he claimed, to the New York office."

The Chief Inspector in Baltimore called the attention of the Assistant Collector of Customs to this matter, thinking it possible that the money in question might have been brought in for the purpose of putting it into the hands of some Nazi agent in the United States, but apparently the Chief Inspector had no real basis for such suspicion. However, the transaction is rather unusual, and I am sure your judgment will dictate to you what investigation should be made.

Sincerely yours,

FREDERICK R. PROCTOR,
 Supervising Customs Agent,
 Fifth District.

FHP/kcl

334361

DECLASSIFIED	
Authority	968103
By	LFR
NARA Date	6-15-00

RG	131
Entry	FFC Investigative Reports 1942-60
File	NY 8-865
Box	23

DIGESTNY 8-865
March 18, 1942

Re: Beccalel Klein, New York City
Jecheskiel Klein, New York City

Basis of the Investigation: It was suspected that the importation of imitation precious stones, valued at \$3270, was effected without a Treasury license.

Background Information: B. Klein and J. Klein are brothers of Polish origin. They are blocked as "nationals" of France and Poland. They arrived in the U. S. December 16, 1941 bringing with them the stones in question. The Klein brothers appear to be eligible as generally licensed nationals under G.L. 42, as amended.

Results of the Investigation: The stones were placed in a blocked account and were subsequently released under Treasury license NY 360742-HE.

Conclusion: The control copy of this report was sent to Mr. Bennett who has indicated that no further action is necessary.

RClaiborne:hm 5/5/42

334362

DECLASSIFIED
Authority 968103
By LFR NARA Date 6-15-00

RG 131
Entry FFC Investigative Reports 1942-60
File NY 8-865
Box 23

01-8-00865

file 3/24/44



TREASURY DEPARTMENT

WASHINGTON

FOREIGN FUNDS CONTROL

FOREIGN FUNDS CONTROL
200 Broadway, New York
Director 2-4878

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MAR 18 1942

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

K 450

Sir:

Re: BECALEL KLEIN, c/o Simpson, Brady, Noonan, 120-1
and Kaufman, New York City.

450 JECHESKIEL KLEIN, 15 Rue Berryer, Fleurance. 450-1

Reference is made to your memorandum dated March 7, 1942 regarding the purchase of imitation precious stones valued at \$1650 by Becalel Klein from Jecheskiel Klein without benefit of Treasury License.

On March 11, 1942, I interviewed Mr. David Brady, partner of Simpson, Brady, Noonan & Kaufman, attorneys. The Klein family are relatives of Mr. Brady's wife, and he has financed their immigration into the United States, and has guaranteed their support. Mr. David Brady supplied the information upon which this report is based.

SUMMARY

As the result of this investigation, it is apparent that no violation of the Executive Order was intended in this transaction, and that, in fact, a License No. NY 360742-HE was granted on February 16, 1942 to Mr. David Brady covering this importation. Import duty of \$654.00 had previously been paid by him.

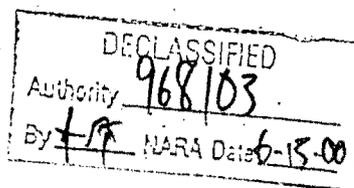
BACKGROUND OF THE KLEINS

Becalel Klein and Jecheskiel Klein are brothers, of Polish Jewish extraction, who immigrated into the United States on December 16, 1941 on board S. S. "Excalibur", bringing the merchandise

FOR DEFENSE



334363



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- 2 -

in question with them. There are seven individuals in the two families, and they are at present residing at 103-40 109th Street, Woodhaven, Long Island. They are relatives of Mr. David Brady's wife, and he has financed their immigration to the extent of some \$3300.00 besides assuming entire responsibility for them until they can become self-supporting.

The Kleins are described by Mr. David Brady as humble people who overcame many difficulties in getting out of Europe, and who are interested only in becoming self-supporting in the United States. One of the boys has secured a job as a grocery clerk at a very small salary, but this, of course, does not solve the problem. Mr. Brady states that the Kleins would not be likely to engage in further importations, if for no other reason than that they have no capital. The address given in Fleurance (France) is the place where they stayed after their escape from the Occupied Zone.

HISTORY OF PRECIOUS STONES

The imitation precious stones (rhinestones) in question represent the capital which the Kleins were able to salvage, and they have been turned over to Mr. David Brady as security for his advances. The stones were bonded by the Customs Office, and on February 3, 1942, when Mr. Brady was advised by the Foreign Property Control Department of the Federal Reserve Bank, that a Treasury License would be required, he immediately made application. Duty of \$654.00 having been paid, this License (No. NY 360742-HE) was granted on February 16, 1942.

Mr. Brady stated that the Kleins speak very little English, and since there seemed to be no reason to doubt his statements in general, they were not interviewed.

Respectfully,

Everett B. House

EVERETT B. HOUSE,
Investigator,
Foreign Funds Control.

Respectfully forwarded,
APPROVED:

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

Copy to: F.R.B., New York (Caveat Section)

334364

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 Authority 968103
 By *[initials]* NARA Date 6-15-00

RG 131
 Entry FFC Investigative Reports 1942-60
 File NY 8-865
 Box 23

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE **MAR 7 1942**

TO Mr. May

FROM Mr. Pehle

Re: Becalel Klein
 c/o Simpson, Brady, Noonan & Kaufman
 New York City

We have received confidential information to the effect that the subject purchased imitation precious stones, valued at \$1,650.00 from Jecheskiel Klein, 15 Rue Berryer, Florence. The merchandise entered the New York Customs via Portugal on the "Excalibur", December 16, 1941.

In as much as it appears that the purchase of the precious stones was completed without benefit of Treasury License, we would appreciate your having an investigation made of the activities of the subject. During the course of the investigation, the subject should be questioned as to why no application was filed requesting permission to consummate this transaction.

[Handwritten signature]

MAR 10 1942

FORWARDED
 for appropriate action

To *N.Y.*

Date *3/9/42*

FOREIGN FUNDS CONTROL
 Investigative Section

334365

DECLASSIFIED
 Authority 968103
 By L/R NARA Date 6-15-00

RG 131
 Entry FFC Investigative Reports 1942-60
 File NY 8-865
 Box 23

January 31, 1942

: Mr. Seibel

: Mr. Bennett

~~Information disclosed by~~ Customs declaration at the Port of New York sets out the following detailed information concerning an importation of precious stones of French origin:

"Imitation precious stones valued at \$1,657 from Marseilles, France, entered the New York Customs via Portugal on the 'Excalibur,' December 16, 1941. The seller is listed as Jecheskiel Klein, 15 Rue Barryer at Florence (Gen.), Marseilles. The importer is listed as Becalel Klein a/c Simpson, Brady, Noonau & Kaufman, New York City."

While we cannot state that this transaction was not covered by Treasury license, it seems desirable that an investigation be made to determine whether such was the case, and to determine whether any license application was supported by full disclosure of the facts.

JBennett:na 1/31/42

334366

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Authority 968103
By LPA NARA Date 6-15-00

RG 131
Entry FFC Investigative Reports 1942-60
File NY 2-850
Box 23



TREASURY DEPARTMENT
WASHINGTON

for 2/14/44

FOREIGN FUNDS CONTROL

FOREIGN FUNDS CONTROL
233 Broadway, New York
REctor 2-7373

CONFIDENTIAL: FURTHER REPRODUCTION PROHIBITED

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

APR 27 1942

Sir: Re: ARTHUR/NETTER, New York /20-1
N 435 ILSE/NELKEN, New York /20-1
M 564 MINERAL AND METAL, A.G., Zurich, Switzerland 451-3

Reference is made to a memorandum (#C.R.I. 189) dated February 26, 1942 from Mr. Volentine, to Mr. May concerning the six TFR 300 forms filed by and for Mr. Arthur Netter of New York, N.Y.

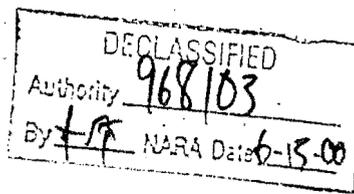
SUMMARY

Investigation disclosed that on April 22, 1940, Mr. Arthur Netter turned over to his daughter, Mrs. Ilse Nelken, New York, N.Y., German securities, for which she agreed to pay him \$10,000 on April 22, 1943, and also verbally agreed to pay any amount in excess of \$10,000 which she was able to realize from the sale of these securities. Mrs. Nelken sold these securities through the Swiss Bank Corporation, Zurich, Switzerland, for \$40,000, on October 1, 1940.

On May 10, 1941 Mrs. Nelken sold Mr. Netter's share in Mineral und Metall A.G., Zurich, Switzerland (Proclaimed List) for \$14,000, which sum is being held in escrow by Mr. Netter's attorney, Mr. Edward Bratter, New York, N.Y.

In January, 1941, before the Canadian government would give Mr. Netter an exit permit to the United States, he was required to turn over to Barclay's Bank, Montreal, all securities which he owned. For the same reason he had previously turned over \$3,121 which had previously been deposited with H. C. Wainwright & Co., New York, N. Y. Mrs. Ilse Nelken was custodian for Mr. Netter's securities prior to their transfer to Canada.





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On March 16, 1942, and several succeeding days, I visited the offices and individuals suggested in your memorandum, where from an inspection of regular records and books of account, I received the material for this report. The data obtained is given in numerical order as outlined in your memorandum.

A. From Laird, Bissell and Meeds, 120 Broadway, New York City, the following was secured on March 16, 1942, re the Bratter-Nelken trust:

1. The account was opened on May 8, 1941 by Edward Bratter, attorney, 150 Broadway, New York City, and Ilse Netter Nelken, 983 Park Ave., New York City, trustees for the Bratter-Nelken Trust.
2. Prior to May 8, 1941, the account was located at the Irving Trust Co., Custody Dept., 1 Wall St., New York City. The account was originally opened January 24, 1940 by the above trustees.
3. The trust was set up by Mr. Bratter and Mrs. Nelken January 18, 1940 and is one of four trusts totaling \$1,000,000.
4. The account was blocked until February 23, 1942.
5. Current status of the account is practically the same as reported on TFR 300 as of June 14, 1941, but it is now unblocked, in accordance with the terms of General License 42, as amended.

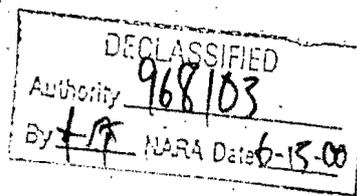
B. From H. C. Wainwright & Company, 14 Wall St., New York City

1. The account was opened by Arthur Netter, on August 2, 1937, with \$3,000 cash (no securities) at H. C. Wainwright & Company, 60 State St., Boston, Mass.
2. Securities held for Mr. Netter's account were those reported by Mr. Arthur Netter on TFR 300. They were located at Barclay's Bank, Montreal, Canada on June 14, 1941.
3. The securities were taken in custody for Mr. Netter by Ilse Nelken on May 2, 1940 and May 27, 1940; cash credit balance was withdrawn by Mr. Netter on June 12, 1940 (Amount \$3,121).
4. There is no indication why the account was closed, except that the customer's man who previously handled the account had left Wainwright's employ.

C. From Edward M. Bratter, 150 Broadway, New York City

1. The trust was originated by Mr. Bratter, attorney, who is a native born American citizen and Mrs. Ilse Netter Nelken, on January 18, 1940. Mrs. Nelken went to Havana in February, 1940 and returned under quota visa. Her first papers were issued April 30,

334368



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Box	23

1940, in Southern District of New York. She is a national of Germany having been born there. She is the current income beneficiary of this trust and Mr. Netter will receive the income starting January 18, 1946 as explained in TFR 300.

2. On June 1, 1940, the trust property was in the possession of the Irving Trust Co., Custody Dept., 1 Wall St., New York City, and was transferred to Laird, Bissell and Meeds on May 8, 1941.

3. Arthur Netter is the father of Ilse Netter Nelken.

D. From Marshall Bratter & Seligson, 150 Broadway, New York.

1. The above firm holds \$14,000 in escrow for Mr. Netter. It is the proceeds of the sale of 100 shares of common stock and 300 shares of preferred stock in Mineral und Metall A.G., Zurich, Switzerland (Proclaimed list), which represented a 20% voting interest in the firm.

This sale took place on May 10, 1941, after negotiations lasting about one year, to Winterstein & Co., Zurich, Switzerland, through Dr. W. Keller-Staub, a Zurich attorney. The exact amount to be received by Mr. Netter will depend on the expenses of sale, which will be charged against Ilse Nelken's property in Switzerland. Bratter will reimburse her before paying Mr. Netter.

2. As expenses have not been determined as yet, Bratter still holds the \$14,000 in escrow.

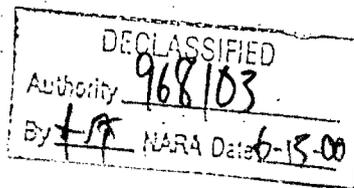
E. From Ilse Nelken, 983 Park Avenue, New York City

1. Ilse Nelken is Arthur Netter's daughter.

2. The Netter securities were taken out of her custody in January, 1941 and deposited with Barclay's Bank, Montreal, Canada. The Canadian government required such deposit under Canadian Law, as Netter was a resident of Canada (Hotel Windsor, Montreal) and wanted an exit permit to come to the United States on January 29, 1941.

3. The securities are at present in Mr. Arthur Netter's account in the Bank of Toronto, Montreal, Canada.

4. On April 22, 1940 Mr. Netter turned over to Ilse Nelken the following German securities, for which she agreed to



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pay him \$10,000 on April 22, 1943 and verbally agreed to pay him any amount received in excess of \$10,000:

R.m. 20,000 R.W.E. Aktien
 60,000 Schultheiss Patzenhofer
 30,000 Charlottenburger Wasser
 58,000 Vereinigte Stahlwerke
 33,000 Mannemann Roehren
 30,000 Dresdner Bank
 12,400 Metallgesellschaft
 14,000 Deutsche Waffen
 10,000 Scheideanstalt
 13,300 Rhein Elektrizitatsg
 26,600 Siemens & Halske
 20,000 Lanz
 20,000 4½ Reichsbahnen 1930
 10,000 Geloste Dergl.
 186,000 4½ Pfandbriefe
 28,000 Coupons 10% Stever

5. As the price of German securities increased later in 1940, due to the increased value of blocked marks, Mrs. Nelken sold these securities through the Swiss Bank Corporation, Zurich, Switzerland, for \$40,000. The difference of \$30,000, Mrs. Nelken refuses to pay to Mr. Netter until after the war, because, at the time of the sale on October 1, 1940, she had to sign an affidavit that no resident of any enemy country of Germany had any interest whatsoever in the transaction. Mr. Netter was at this time living at the Hotel Windsor, Montreal, Canada.

6. a) Mr. Netter had a 20% interest, which he sold on May 10, 1941. He has no connections with Mineral and Metall, A.G. at present.

b) This firm was liquidated in 1934 and Netter resigned as director when he left Germany that year. He still holds the stock, but believes it to be worthless.

c) Mr. Netter has no other present connections that Mrs. Nelken knew of. She did, however, advise me to consult him as to his previous connections as he was the only person qualified to answer.

d) Mr. Netter was technical adviser from July, 1941 to November, 1941, of Etched Products Corporation. He was an employee only and had no investment in the business.

e) Mr. Netter was a director of this now non-existent company, which was created as a realty holding company.

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Authority 968103
By LPA NARA Date 6-15-00

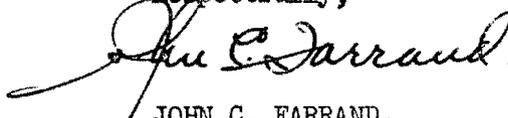
RG 131
Entry FFC Investigative Reports 1942-60
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Box 23

The Caraban Corporation never transacted any business and Netter had no capital invested.

F. From Arthur Netter, 2 Central Drive, Great Neck, Long Island, New York.

Answers to these questions are answered in an affidavit, all seven copies of which are signed and sworn to by Mr. Arthur Netter. They are herewith as exhibit "A" of this report. Mr. Netter now resides at 12 East 86 St., New York City.

Respectfully,



JOHN C. FARRAND,
Investigator,
Foreign Funds Control

Respectfully forwarded,
APPROVED:



S.J. KENNEDY
Treasury Representative,
Acting in Charge

Enclosure: Exhibit "A"

Copy to F.R.B., New York, N.Y. (Caveat Section)
Cable Censor (Lt. Bound) New York, N.Y.

DECLASSIFIED
Authority 968103
By *LR* NARA Date 6-15-00

RG 131
Entry *FIC Investigative Reports 1942-60*
File *NY 2-850*
Box 23

up from v
NY-2-850

STATE OF NEW YORK)
) SS
COUNTY OF NEW YORK)

ARTHUR NETTER, being duly sworn, deposes
and says:

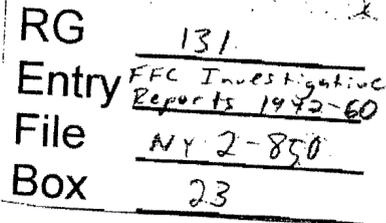
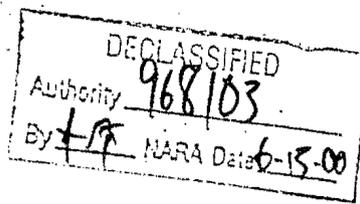
I reside at 12 East 86th Street, New York City.

I was born September 25, 1871, in Ludwigshafen, Germany. I was a citizen of that country until I lost my citizenship by decree of the Nazi Government. I left Germany in May of 1934 and never returned.

In 1932, even before Hitler came into power, I suffered a violent physical attack by a Nazi band in Mannheim, Germany, where I lived. This attack was prompted only because of religious and racial reasons. I have never taken part in any political activities. As soon as Hitler came into power in 1933, I sent my children out of the country and started the liquidation of my business interests in Germany.

As stated above, I left Germany in May of 1934. After leaving Germany, I was operated in Vienna, Austria, and was quite sick, all as the result of what I had endured in Germany.

In 1935, I moved to Zurich, Switzerland, with my family. I lived there until June of 1939, when I left Europe for good and came to Montreal, Canada. I went to Canada because at that time I was unable to immigrate to the United States permanently by reason of quota limitations. I was granted a so-called Certificate of Exemption by the Canadian authorities after the examination



of my status. Such Certificate of Exemption is only granted to so-called enemy aliens of high reliability and irreproachable past record.

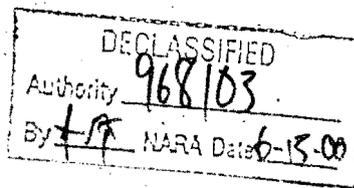
My eldest son, Herbert E. Netter, immigrated to this country in 1932, and the information that he was eligible for United States citizenship arrived shortly after his death which occurred on July 30, 1937, at Cambridge, Massachusetts, where he was a student at Harvard University.

I immigrated to the United States in January, 1941, as at that time I was eligible under the United States quota applicable to persons of German birth. I immigrated to the United States from Montreal by railroad on the night of January 29, 1941. I entered the United States on the train at Rouses Point, New York, pursuant to immigration visa #18013 which had been issued by the United States Consulate in Montreal on January 25, 1941.

I obtained my first papers for United States citizenship in the Southern District of New York on July 28, 1941. The number of my papers is 495189. I have resided in the United States continuously since my immigration to the United States.

On April 8, 1940, I was in the United States on a visitor's visa. At the end of the same month I returned to Canada where I remained until my immigration to the United States on January 29, 1941, above mentioned.

In January, 1941, before the Canadian authorities would give me an exit permit to the United States, I was required under the Canadian law, to turn over to Barclay's Bank, Montreal, Canada, all United States securities which

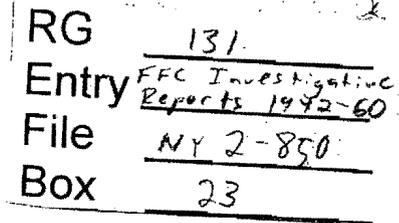
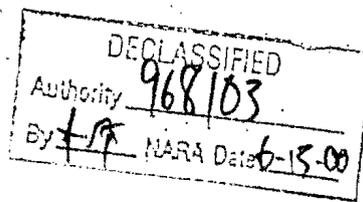


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I owned. These securities had been held in custody for me and were delivered by Laird, Bissell & Meeds, brokers, to said Barclay's Bank. I had previously turned over to said Barclay's Bank \$3120. representing a credit balance in my favor with H. C. Wainwright & Co., brokers, at 14 Wall Street, New York City. Under the Canadian law, I was obliged to do this.

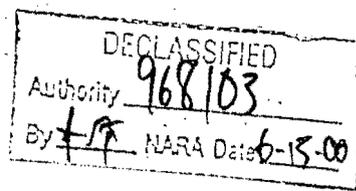
In Germany my principal business was with the firm of Wolf Netter in Ludwigshafen, Germany, engaged in the business of dealing in steel and other metals. The firm also had mining interests which were handled by a subsidiary, Rheinische Fluss & Schwerpatwerke at Ludwigshafen, Germany. This partnership was a family business founded in 1833 by my grandfather. I entered the business when I was 22 years of age in 1893 and remained in the business until I left Germany, never to return, in 1934. My brother, deceased in 1931, and I were the only partners since before 1900. I do not recall the exact date on which my father retired as partner.

In 1933, the steel and metal business of Wolf Netter was sold to Rheinische Eisen und Metall, A. G. For my interest I received some stock in that corporation, all of which I sold to strangers in 1933 and 1934, and since that time I have had no connection whatsoever with that part of the business. The mining business of Wolf Netter represented by its interest in Rheinische Fluss & Schwerpatwerke and certain other assets was sold to Mineral & Metall A. G. of Chur and Zurich, Switzerland. I received 100 shares of common stock of said corporation. This stock which at the time of sale represented 20% of the voting stock of the corporation, was finally sold in the early part of May, 1941, following extended negotiations lasting almost a year. The stock was sold to



Winterstein & Co. in Zurich, Switzerland. The sale was arranged through one, Dr. W. Keller-Staub, an attorney in Zurich, Switzerland, whom I had known during my stay in Zurich. Finally it was pointed out to me that it would be advisable to make the best quick sale possible for the stock or otherwise nothing might be received for it. In view of these considerations and the fact that the stock represented only a minority interest and that I had no influence at all with the management, I decided to sell the stock- particularly since the stock itself was in Switzerland and no one knew whether Switzerland would be invaded by the Germans. For my interest in the said stock of Mineral & Metall A. G. after deducting some of the expenses of the sale and a loan which I had made against the stock, my share was about \$14,000. The exact amount of my share will depend upon the exact amount of all the Swiss expenses of making the sale. I am still waiting for the details concerning these expenses. In the meantime the \$14,000. has been placed in escrow with Marshall, Bratter & Seligson, attorneys of 150 Broadway, New York City, who are my attorneys and also attorneys for my daughter. These additional expenses of making the sale in Switzerland have been or will be charged against my daughter's property in Switzerland, and I will therefore be obliged to reimburse her for these additional charges out of the \$14,000. deposit. I do not anticipate that these expenses will amount to very much and so it is likely that nearly all of the \$14,000. will be paid to me.

I have just been advised that Mineral & Metall A. G. have been placed upon the black list of the British Government and recently on the black list of the United States. At the time my stock in that corporation was sold,



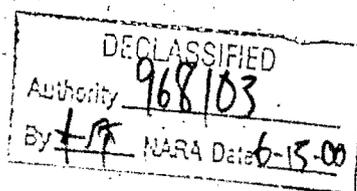
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it was certainly not on the black list of the United States and I doubt whether it was on any British black list. If it has been placed there, it must be for reasons which have nothing to do with my former holdings in the corporation. The few remaining assets of Wolf Netter which were not sold to the above mentioned Rheinische Fluss & Schwerpatwerke and Rheinische Eisen und Metall, A. G., were subsequently liquidated by the liquidator of the firm. I should be entitled to receive my share out of the liquidation. However, I do not expect to get any of these funds which are represented by blocked marks because of the decree of the German Government dated November 25, 1941, which expatriated all Jews who had left the country and confiscated their property.

I have been requested to give the details concerning my daughter's indebtedness to me as of June 1, 1940, in the amount of \$10,000. and as of June 14, 1941, in the amount of \$40,000. The details are as follows:

While I was in the United States in April 1940, I learned that in order to dispose of my German securities which I had left in Switzerland, it would be necessary to furnish an affidavit stating that the seller was a resident of a country which was not a belligerent as far as Germany was concerned. As indicated above, I was a resident of Canada at that time and Canada was at war with Germany. Accordingly, I turned the securities over to my daughter and she agreed to pay me \$10,000. on April 22, 1943. This was approximately the market value of the securities at that time. I told my daughter that when the securities were sold, that I expected that she would give me the full proceeds of said sale.

Later in the year the price of German securities increased because the value of the blocked marks increased.



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As a result, my daughter was finally able to sell these securities in the fall of 1940 for approximately \$40,000. Accordingly, when I filed my statement with the Federal Reserve as of June 14, 1941, I indicated that my claim against my daughter had increased from the \$10,000. first above referred to, to approximately \$40,000. representing the proceeds of sale.

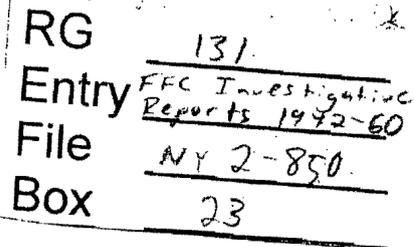
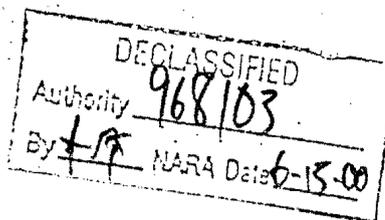
My daughter does not feel that this money should be paid to me before the war is over, inasmuch as she gave an affidavit when she sold the stocks to the effect that no one who was a resident of any country at war with Germany at the time, viz, the fall of 1940, had any interest in the proceeds.

The Bratter-Nelken Trust in which I have an interest was first contemplated in Switzerland in the spring of 1939. It was finally established in January 1940. The assets of this Trust are with Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange and consist of securities listed on the New York Stock Exchange and government bonds.

I have been asked to give details concerning my past and present interests in the following:

(a) Malapolska, a Polish corporation:

I have no interest and never had any interest in this corporation, which, when I last heard of it, was engaged in the oil business in Poland. My daughter has a small minority interest in a French syndicate called Centropole, which I believe has a minority interest in a French corporation, the name of which I do not remember, which had and may still have substantial holdings in Malapolska. I believe that my daughter's interest in Centropole is absolutely worthless. It was originally acquired as payment for a distressed loan.



(b) Luxsche Industrie Werke, A. G. Ludwigshafen, Germany:

This corporation was principally in the business of manufacturing water meters. This business was sold at the end of the 1920's and the corporation went into liquidation. By 1934 I believe the shareholders had received liquidating dividends totaling approximately 85% of the par value of the stock. I resigned as a director before I left Germany in 1934. I do not believe the corporation has any assets. I do not know whether the liquidation has been completed. The last I heard was in connection with some tax controversy with the German authorities in 1933. In any event I know that for many years there has been no prospect of any return of any kind for the stockholders.

(c) Etched Products Corp:

I had a temporary position with this New York corporation in 1941. Apart from this, I had no interest in said corporation and do not have any interest of any kind at the present time.

(d) Caraban Corporation:

I was one of the directors of this New York Corporation which was organized for the purpose of entering into a real estate transaction which was never consummated. The corporation has done no business and to the best of my knowledge has no assets. I have no connection with it at the present time.

To the best of my knowledge I do not own any stock in any European corporation at the present time.

In a warehouse in Interlaken, Switzerland, I still have a stamp collection which I estimate at a value of less than \$1000. together with several pieces of furniture, my table silver and pictures, all of which are of ordinary value. Most of my furniture and belongings were sold some time ago. I intend to bring over to the United States the aforementioned belongings as soon as conditions permit. It has been impossible to bring them over at any time since my immigration to the United States.

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At the present time I am employed by Interstate Engineering & Machinery Co., 135 Broadway, New York City, in a technical capacity. This concern is now engaged in reclaiming scrap iron from dumps of open hearth furnaces in New Jersey and Ohio, and has under consideration various other mining enterprises principally in the States of Montana, Arkansas and South Dakota. It is in connection with the investigation of these prospective sources of scrap metal and mining enterprises that I do most of my work. This is the same kind of work that I did while I was in Europe.

The amount that I have been able to salvage from my European investments is only a fraction of what I had considered myself to be worth before Hitler came into power and the persecution of Jews in Germany began.

Sworn to before me this
23rd day of March, 1942.

Edward M. Bratter

Arthur Miller

EDWARD M. BRATTER
Notary Public, Westchester County
Cert. Filed New York Co. Clerk No. 741
New York Reg. No. 8 B 672
Commission expires March 30, 1943

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DECLASSIFIED
 Authority 968103
 By *[initials]* NARA Date 6-15-00

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TREASURY DEPARTMENT
 INTER OFFICE COMMUNICATION

To
 Date 3/13/42
 FOREIGN FUNDS CONTROL
 Investigative Section
 DATE
 February 26, 1942

2-850

TO Mr. May
 FROM Mr. Volentine
 Re: Field Investigation of Arthur Netter.

Information in our possession concerning the subject national warrants a field investigation.

BACKGROUND:

Arthur Netter is a German citizen and national, who resided in Zurich, Switzerland on January 1, 1939, Montreal, Canada, on June 1, 1940, and entered the United States on January 29, 1941, by virtue of an immigration visa. At present he resides at 2 Central Drive, Great Neck, Long Island, New York.

Six TFR-300s were filed by and for Arthur Netter. These include:

1. Filed by himself showing an increase in his property holdings from \$113,249 to \$149,368. However, the data for June 14, 1941, include an entry of \$78,744 in securities which were located in Barclays Bank, Montreal. Furthermore, it also contains a disputed claim of \$30,000 which did not exist on June 1, 1940. Therefore, Netter's holdings actually declined from \$113,249 to \$40,594.
2. Edward M. Bratter, Trustee, reporting the national's interest in a trust which increased in value from \$199,076 to \$205,295. The national's interest, as shown on his own report, based on actuarial value of life estate, increased from \$14,854 to \$15,319.
3. Ilse Nelken, custodian and debtor, reporting for the national \$84,486 in securities and \$10,000 in claims on June 1, 1940, and \$40,000 in claims on June 14, 1941. The securities, according to the national's own report, were transferred to Barclays Bank in Montreal. Of the \$40,000 in claims reported on the later date, \$30,000 was in dispute.
4. Marshall, Bratter and Seligson, debtor, reporting \$14,000 indebtedness to the national on June 14, 1941.
5. H. C. Wainwright and Company, brokers, reporting \$3,121 credit balance on June 1, 1940, which was completely withdrawn prior to June 14, 1941.

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6. Laird, Bissell and Meeds, brokers, reporting the Bratter-Nelken Trust account of \$205,521, as of June 14, 1941; the account was opened on May 8, 1941. Netter's interest consisted of a life income from the trust, subject to certain contingencies.

A confidential dispatch (#14261) reveals correspondence to the national from a lawyer in Switzerland who is acting for a number of important German firms. The language of the dispatch is rather vague, but seems to indicate that the national has been connected with a number of European firms. More specifically, he is shown to have been formerly connected with Luxchen Industrie Werk A. G. Ludwigshafen and to have owned Mineral and Metal A. G. Zug, which he sold to Herman Weidemann, a German member of the firm. Both the new owner and the company are on the Black List.

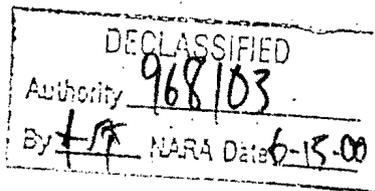
Information contained in the TFR-300 reports also shows Netter to be connected in some way with two American concerns, the Etched Products Corporation of Long Island City and the Caraban Corporation of 80 Broad Street, New York City.

RECOMMENDATIONS:

It is suggested that the following sequence be observed in conducting your investigations:

- A. Laird, Bissell and Meeds, 120 Broadway, New York City - reference to TFR-300, Series G, their No. 5, regarding the Bratter-Nelken Trust. The following questions are to be asked:
1. How and by whom was this account originated?
 2. Do you have any information concerning the location or any other details of this account prior to May 8, 1941?
 3. Do you know how and by whom this trust was set up?
 4. Was this account blocked pursuant to Executive Order #8389 at any time since its inception?
 5. What is the current status of the account?
- B. H. C. Wainwright & Company, 14 Wall Street, New York City - reference to TFR-300, Series G, their No. 20, regarding the account of Arthur Netter. The following questions are to be asked:

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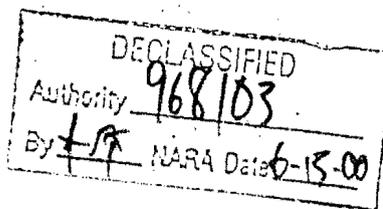
1. By whom and in what amount was this account opened?
 2. Were any securities ever held for this account? If so, give details.
 3. When was the account closed and who received the proceeds?
 4. Do your records indicate why the account was closed?
- C. Edward M. Bratter, 150 Broadway, New York City - reference to TFR-300, Series A, regarding interest of Arthur Netter in the Bratter-Nelken Trust. The following questions are to be asked:
1. Give all details concerning the origin of the trust, with particular reference to date of origin, name, address, citizenship, nationality, etc. of person or persons originating the trust.
 2. In whose possession was the trust property on June 1, 1940?
 3. What relationship exists between Arthur Netter and Ilse Nelken?
- D. Marshall, Bratter & Seligson, 150 Broadway, New York - reference to TFR-300, Series A, regarding Arthur Netter. The following questions are to be asked:
1. How did the debt of \$14,000 to Arthur Netter originate?
 2. What is the current status of this indebtedness?
- E. Ilse Nelken, 983 Park Avenue, New York City - reference to TFR-300, Series A, regarding Arthur Netter.

NOTE: Several factors indicate the possibility of a rift between Ilse Nelken and Arthur Netter. These factors include the removal of Netter's securities from Nelken's custody and the existence of a disputed claim of \$30,000 owed by Nelken to Netter. If such a rift actually does exist, Nelken should provide an excellent source of information.

The following questions are to be asked:

1. How is Nelken related to Netter?
2. Why were Netter's securities taken out of her custody?

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3. How and to whom were these securities disposed of? What are their present whereabouts?
4. Give details concerning the \$10,000 indebtedness to Netter as reported on June 1, 1940.
5. What are the facts concerning the \$30,000 additional indebtedness reported on June 14, 1941? Why is the \$30,000 claim in dispute?
6. What are Mr. Netter's present connections with:
 - a. Mineral & Metal, A.G., Zurich, Switzerland?
 - b. Luxchen Industrie Werk, A.G., Ludwigshafen?
 - c. Other European firms with which you know or believe he may have been or is connected?
 - d. Etched Products Corporation of Long Island City?
 - e. Caraban Corporation of 80 Broad Street, New York?

Give particular consideration to his stockholdings or other evidences of ownership in these firms.

F. Arthur Netter, 2 Central Drive, Great Neck, Long Island, New York - reference to TFR-300, Series A, filed for himself. The following questions are to be asked:

1. Why were your securities removed from the custody of Ilse Nelken and transferred to Barclays Bank, Montreal?
2. What are the details concerning your claims against Ilse Nelken for
 - a. \$10,000 and
 - b. \$30,000?
3. Why is the \$30,000 claim in dispute?
4. What are the details concerning your claim of \$14,000 against Marshall, Bratter & Seligson?
5. What is the present status of these three claims?
6. When and by whom was the Bratter-Nelken Trust, in which you have an interest, initiated?

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7. Give details concerning your past and present interests in:

- a. Mineral & Metal, A.G., of Zurich, Switzerland
- b. Malapolska in Paris
- c. Luxchen Industrie Werk, A.G., Ludwigshafen
- d. Other European firms with which you were connected at any time in the past
- e. Etched Products Corporation
- f. Caraban Corporation

Give particular attention to any evidences of ownership in any of these concerns.

R&V

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NETTER, ARTHUR

NELKEN, ILSE

MINERAL AND METAL, A. G.

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TREASURY DEPARTMENT

WASHINGTON

FOREIGN FUNDS CONTROL

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FOREIGN FUNDS CONTROL
 253 Broadway, New York
 REctor 2-7373

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

APR 28 1942

Sir: *J-529* Re: MRS. IRMA JUNG, New York, N.Y. *120-1*
W-6-1 GUSTAV WURZWEILER, New York, N.Y. *120-1*
L-57 GASTON LANG, 19 Usteristr, Zurich, Switzerland
 and others.

Reference is made to your memorandum of March 2, 1942, enclosing copy of Despatch 18883, regarding two shipments of securities from Gaston Lang, 19 Usteristr, Zurich, Switzerland to Mrs. Irma Jung, 210 West 90th Street, New York, N.Y. Further reference is made to Mr. Lang's letter of November 26, 1941, mentioned in Despatch 18883, referring to a payment by Theodor Frank, Cannes, France to Mrs. Jung with authorization, if so requested, to pay part of this money to Gustav Wurzweiler, 720 West End Ave., New York, N.Y., whom Mr. Lang describes as "too German".

SUMMARY

It appears that two shipments of securities were sent to Irma Jung, New York, N.Y. by her cousin Gaston Lang, Zurich, Switzerland. These were placed in the custody of the Federal Reserve Bank of New York in accordance with General Ruling 5.

A payment of \$850 was made by Theodor Frank, Cannes, France to Mrs. Jung, in favor of Gaston Lang. However, she paid no part of this amount to Gustav Wurzweiler, New York, N.Y., placing the entire sum in her personal account with the Corn Exchange Trust Company, New York, N.Y. This amount was segregated and blocked April 21, 1942.

FOR DEFENSE



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MRS. IRMA JUNG

The subject, a native of Germany, naturalized in the Southern District Court of New York, N.Y. December 5, 1927, certificate No. 2543244, stated on March 26, 1942, that two shipments of securities had been received from Gaston Lang, Zurich, Switzerland. The writer verified from her records that she holds two receipts, Nos. 104 and 105, from the Collector of Customs, dated March 2, 1942, covering shipments of the following securities via registered mail from Gaston Lang.

Receipt No. 104 - Danish Bonds (No description given)
Nos. 84185, 86721, 87056, 81630, 87223 and 99210;
Stocks - (No description given) - 500 Kr. each, total
Krone 3,000.

Receipt No. 105 - Bonds - Handelsvereiniging-Amsterdam
Bewis Van Handel No. 1277 and 3909. Stocks - (No description
given) Total shares valued at 1,000 Guilder.

These securities are at present in the custody of the Federal Reserve Bank of New York, N.Y. in accordance with General Ruling 5.

Mrs. Jung stated that she had received \$850 from Theodor Frank, Cannes, France in favor of Gaston Lang which was deposited in her personal account with the Corn Exchange Trust Company, 91st Branch, New York, N.Y. In this connection, we refer you to our reports NY 2-860 and NY 2-578B in which the above amount, together with the monies and securities received from Swiss relatives of Irma Jung and her husband, Dr. Leo Jung, were segregated in the names of the various beneficiaries and blocked April 21, 1942 at the Corn Exchange Trust Company, Broadway at 91st St., New York, N.Y.

Mrs. Jung stated that she had never made any payments to Gustav Wurzweiler.

GUSTAV WURZWEILER

Mr. Wurzweiler arrived in the Port of New York, June 21, 1941, via the S/S "Mouzinho" embarking from Lisbon, Portugal. The writer verified from his declaration of intention 508278, dated October 31, 1941, filed in the Southern District Court of

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New York, N.Y., that he was born in Mannheim, Germany, March 10, 1896, entering the United States under quota visa No. 22343.

The subject stated on April 14, 1942, that he departed from Berlin, Germany, in 1937 and took up his residence in Brussels, Belgium. He was forced to flee Belgium when that country was invaded by Germany and subsequently resided first in Vichy and finally in Cannes, France. Before leaving Brussels he was successful in transferring a considerable amount of money in 1937 and 1938 to the United States which was used to open brokerage and deposit accounts with Sutro Bros. & Company and Abraham & Company, both 120 Broadway, New York, N.Y. The subject had limited resources remaining after taking up his residence in France and before his departure to the United States he was advanced \$2,700 for living expenses and passage money by Elie Levy, Marseille, France.

Mr. Wurzweiler explained that Mr. Levy is indirectly related to Mrs. Irma Jung and, in view of the difficulty of making remittances abroad, he authorized Mr. Wurzweiler to reimburse him, through the intermediary of Mrs. Jung who would act as custodian of the \$2,700 for the duration of the war. Mr. Wurzweiler stated that the debt was liquidated by separate payments to Mrs. Jung in September and October, 1941.

As indicated in our reports NY 2-860 and NY 2-578B, the above amount was segregated from the personal account of Irma Jung with the Corn Exchange Trust Company, Broadway at 91st St., New York, N.Y., and blocked April 21, 1942.

Form TFR-300, filed October 30, 1941 at the Federal Reserve Bank of New York for Mr. Wurzweiler, was examined by the writer. His total combined assets with Sutro Bros. & Company and Abraham & Company, 120 Broadway, New York, N.Y. are \$571,504 against indebtedness of \$325,026. The subject was granted successive licenses NY 188218, NY 241034 and NY 324445, allowing from \$1,500 to \$2,000 per month for living, travelling and other personal expenditures within the United States.

The writer confirmed with Abraham & Company, New York, N.Y., that they filed a report on Form TFR-42, on behalf of the subject, with the Federal Reserve Bank of New York before effecting any transactions pursuant to General License No. 42, as amended of February 23, 1942. Sutro Brothers & Company stated that their

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account for Mr. Wurzweiler still remains blocked in the absence of any evidence as yet presented that the subject filed Form TFR-42. They further confirmed that Mr. Wurzweiler had never withdrawn, under license, money on deposit with them for his personal living expenses.

THEODOR FRANK

Mr. Wurzweiler stated that Mr. Frank has been a personal friend of his for many years. The subject was born in Germany and was formerly a Director of the Deutsche Bank, Berlin. Mr. Frank took up his residence in Brussels, Belgium in 1937 and, when that country was invaded, moved to Vichy and is at present in Cannes, France. Mr. Wurzweiler indicated that Mr. Frank is completing arrangements to come to the United States.

Mr. Wurzweiler stated that he did not know what, if any, relationship existed between Gaston Lang and Theodor Frank. He also said that he had never met Mr. Lang personally although knew of him through mutual friends.

In explanation of Mr. Frank's authorization to Irma Jung to pay part of his remittance to him, Mr. Wurzweiler said that he felt Mr. Frank may have wished him to invest this money. He stated that he had been engaged in the banking and securities business for many years in Europe and, as Mr. Frank was not indebted to him, he could not otherwise explain such a request.

Respectfully,

Robert F. Beebe
 ROBERT F. BEEBE,
 Investigator,
 Foreign Funds Control.

Respectfully forwarded,
 APPROVED:

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

Copy to: F.R.B., New York (Caveat Section)
 Cable Censor (Lt. Bound), New York City

This case also indexed under:

F-2 Theodor Frank, Cannes, France *440-1*
J-520 Dr. Leo Jung, New York, N.Y. *1-2-60*
E-100 Elie Levy, Marseille, France *2-1-60*

DECLASSIFIED
Authority 968103
By *FR* MARA Date 6-15-00

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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE MAR 2 1942

TO Mr. May
FROM Mr. Pehle
RE: Irma Jung
Gustav Wurzweiler
210 West 90th Street,
New York, New York.

Attached is a copy of Despatch No. 18883 which is referred to you for such action as may be appropriate.

jet

FORWARDED

for appropriate action

To *NY*
Date *3/3/42*
FOR THE CHIEF OF BUREAU OF INVESTIGATION
U.S. DEPARTMENT OF JUSTICE
CH

334390

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By JR NARA Date 6-15-00

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It is understood from a delicate source that Gaston Lang, Usteristr. 19, Zurich, Switzerland wrote in German on November 26th 1941 to Mrs. Irma Jung, 210 West 90th Street, New York confirming cable from addressee re receipt of Air Mail letters 1 and 2, sent to the addressee by the writer and which contained 20 and 25 S.K.F. respectively.

Writer also refers to a payment by Frank to the addressee and instructs her, if requested to do so, to pay part of this money to a certain Gustav Wurzweiler, whom writer describes as "too German."

Note:- Records show that 2 shipments of securities were made to addressee by the writer.

"H"

FORWARDED
for appropriate action

To

Date

FOREIGN FUNDS CONTROL
Investigative Section

18883

334391

DECLASSIFIED
Authority 968103
By JR NARA Date 6-15-00

RG 131
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FOREIGN FUNDS CONTROL

TO: (1) Our files - "Seibels"
(2)
(3)

The attached was discussed with Mr. Pinyon. He told me that he had talked to Mr. Seibel about the file and it was decided to let JBG carry on its own investigation and that we would not probe further.

I talked to Mr. Ball about this - 6/10/42 - and he agreed to let case go for time being.

FROM: J. Volkman 6/10/42
(Signature) (Date)

DECLASSIFIED
Authority 968103
By FR NARA Date 6-15-00

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Entry FIC Investigative Reports 1942-60
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Box 22

April 10, 1942

Mr. Klaus for Mr. Runyon

Mr. Seibel

You will remember that in our telephone conversation of this morning I mentioned that we were interested in ascertaining generally the means used by the German Gestapo in transmitting funds to agents in this country. Our interest more specifically arose in an article in the New York Times of February 25, 1942 dealing with the circuitous means used by the Nazis in getting funds to William Sebald, whom they believed to be one of their agents in New York.

We understand that the funds received by Sebald were sent in the form of telegraphic transfers from Mexico to the Chase National Bank, New York City, by order of Pedro Gonzales of Mexico City. We are considering the possibility of making further investigation through the office of the Treasury Representative (Customs) in Mexico City, to determine who Gonzales is or any other person who might have had a part in remitting the funds in question. Since we are not desirous of interfering with any investigation being conducted by the F.B.I., we would appreciate your clearing this matter with them.

I should like to emphasize that our interest in this case exists only insofar as it reflects the Nazi technique in transmitting funds to their agents.

*Doltman
has been cleared from
being a spy
I believe it is
was under
Nazi
Germany in any case
B*

IASeibel:ma 4-10-42

334393

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Authority	968103
By	AP
NARA Date	6-15-00

RG	131
Entry	FFC Investigative Reports 1942-60
File	NY 9-841
Box	22

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE March 24, 1942

TO Mr. Seibel
FROM Mr. May

RE: William G. Sebold, New York, N.Y.

Reference is made to New York Report NY 9-841 dated March 21, 1942, regarding the captioned individual.

I am now informed that the funds which were remitted to Sebold were sent in the form of telegraphic transfers from the Banco de Mexico, Mexico City, to Chase National Bank, New York City, for account of Wilhelm Sebold by order of Pedro Gonzales of Mexico City.

The transfers were made on the following dates:

December 2, 1940	\$ 5,000.
May 6, 1941	5,500.
June 19, 1941	<u>6,000.</u>
	\$16,500.

The foregoing information which was supplied by telephone by Mr. Kennedy at New York is somewhat at variance with that given in the report of March 21st.

This office is considering the possibility of making further investigation through the Office of the Treasury Representative (Customs) in Mexico City, to determine who Pedro Gonzales is or any other person who might have had a part in remitting the funds in question. Mr. Kennedy informed me that the New York office of F.B.I. is rather disturbed for fear that our investigation might interfere with their own. It will be remembered that Sebold has acted throughout as an informer for F.B.I.

Before this office proceeds further with the investigation about these remittances, you may wish to clear the matter with Mr. Klaus for reference to the F.B.I. office in Washington.

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 Box 22

March 24, 1942 *JW*

Mr. S. Smith of the Chase National Bank telephoned that the transfers in question were not made by draft but by telegraph. In each case the telegraphic instructions were received by Chase from the Banco de Mexico with instructions to pay to Wilhelm Sebold, ^{by} order of Pedro Gonzales, Mexico City.

The dates of the telegrams and the amounts thus transferred were as follows:

December 2, 1940	\$5,000
May 6, 1941	5,500
June 19, 1941	<u>6,000</u>
Total	\$ 16,500

SL

*Telephoned to
 Mr. May 5-24-42
 SL*

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Box 22

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

March 23, 1942

TO Mr. S. J. Kennedy, New York

FROM Mr. May, Washington

Re: William G. Sebald, New York, N.Y.
(Funds from German Gestapo)

Soley had original

Referring to your report NY 9-841 relating to the above subject, you are requested to advise this office at the earliest date possible the dates appearing on the three drafts referred to in paragraph 2 of page 2, and to indicate the exact amounts for which these drafts were drawn.

SM

NOTE: This should not be given an "A" number as no investigation was made. Mr. Kennedy sent teletype to Mr. May, and nothing further was done.

M. Mc.

MAR 24 1942

Handwritten notes

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 Box 22



TREASURY DEPARTMENT

WASHINGTON FOREIGN FUNDS CONTROL
 258 Broadway, New York
 REctor 2-7378

FOREIGN FUNDS CONTROL

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01-4-00:11
f. 7/5/44

MAR 21 1942

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

Sir: *\$145* Re: WILLIAM G. SEBOLD, *120-1* New York, N.Y.
 (Funds From German Gestapo)

Reference is made to your memorandum of February 27, 1942, enclosing copies of a New York Times article of February 25, 1942, concerning the "circuitous means" used by the German Gestapo in transmitting funds to William G. Sebold, whom they believed to be one of their agents in New York City.

SUMMARY

The payment of \$16,367 was effected by three drafts, drawn at intervals, on the Chase National Bank, New York, New York, by the Bank of South America, Mexico City, Mexico, payable to William G. Sebold. The remitter used the name Gonzales, which name is believed to be spurious. It was intimated that the funds used by Gonzales were received from Portugal.

CHASE NATIONAL BANK, 18 PINE STREET, NEW YORK CITY

On March 12, 1942, I called at the offices of the Chase National Bank, and asked Mr. A. W. Barth about the Sebold account. Mr. Barth referred me to Mr. Sherrill Smith, Senior Vice-President of the Chase National Bank. The latter informed me that the Sebold account had been covered thoroughly by the F.B.I. and that he would prefer that I obtain my information from them. He thereupon called Mr. Donegan of the F.B.I. and the latter said he would handle my inquiry. The only information given me by Mr. Smith was that the funds came from Mexico City, Mexico, and had been traced, he thought, to Portugal.

FEDERAL BUREAU OF INVESTIGATION, FOLEY SQUARE, NEW YORK CITY

Mr. Donegan, Special Agent in Charge, Federal Bureau of Investigation, New York Office, told me that some time ago the F.B.I. established contact, via short wave radio, with the German



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- 2 -

Gestapo through William G. Sebold, who was thought by the Gestapo to be its agent, whereas in fact he was an F.B.I. informer. The Gestapo inquired as to how it could transmit funds to Sebold, so the F.B.I. established an account for Sebold at the Chase National Bank, after the problem had been discussed confidentially with Mr. Sherrill Smith.

Three drafts amounting to \$16,367 were drawn on the Chase National Bank by the Bank of South America, Mexico City, Mexico, payable to William G. Sebold. The remitter used the name Gonzales which, Mr. Donegan assured me, was obviously spurious. When I asked Mr. Donegan how and where the remitter obtained the funds I was told that he did not know because his agency did not have any means of conducting investigations outside the United States.

The method employed in this instance to transfer funds from the German Gestapo to its agents in America would not ordinarily be used, Mr. Donegan remarked, as it would be too easy to detect and in this connection he mentioned that the agents of the F.B.I., who did not know of Sebold's actual status, had repeatedly called the attention of their superiors in the New York Office to the Sebold account at the Chase National Bank.

In response to my questions for full details, Mr. Donegan told me that about two years ago the F.B.I. conducted an exhaustive investigation of foreign monetary transfers, at the request of the Treasury Department. A report of the investigation was furnished the Treasury Department, I was told, and precautions were taken to prevent funds being transferred to the United States for subversive activities.

Respectfully,

Edward T. Foley
Edward T. Foley
Investigator
Foreign Funds Control

Respectfully forwarded
APPROVED:

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

Copy to: F.R.B., N.Y. (Caveat Section)

334398

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 By JF NARA Date 6-15-00

RG 131
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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE **FEB 27 1942**

TO : Mr. May
 FROM : Mr. Pehle

Attached you will find copies of an article from the New York Times, dated February 25, 1942, stating that Gestapo Headquarters in Berlin sent \$16,367 "by circuitous means" to one William G. Sebald whom they presumed to be their agent in New York.

The means used by the Gestapo to cloak their remittances to this country are of great interest to this office, and, therefore, it will be appreciated if you would have an investigation conducted on this matter.

JWP

FORWARDED
 for appropriate action

To New York

Date 2-28-42

FOREIGN FUNDS CONTROL

Investigation Section

Slaw

MAR 3 - 1942

Foreign Funds Control Section

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By	L/R NARA Date 6-15-00

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Entry	FIC Investigative Reports 1942-60
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Washington

Feb. 24

GESTAPO'S \$16,367 TO AID IN FIGHT TO END GESTAPO

A check for \$16,367, paid by the German Gestapo to what it supposed to be an American agent but actually an informant of the Federal Bureau of Investigation, was deposited in the Treasury today by Attorney General Biddle. The money, said government officials, will doubtless find its way to purchase armament with which to fight the Nazis.

Unwittingly, Gestapo headquarters in Berlin sent the money by circuitous means to William G. Sebald, their "agent" in New York City, who actually was a confidential informant of the FBI and who figured as the star witness in the trial of Frederick Joubert Duquesne and thirty-two other Nazi spies.

The money came into New York City over a period of a year and was placed in the Chase National Bank, which sent the cashier's check to Mr. Biddle.

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NY 2-787-A
 ARAC:JCA

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

FOREIGN FUNDS CONTROL
 263 Broadway, New York
 October 9, 1942

DATE **FEB 24 1943**

TO : Theodore H. Ball, Chief Field Investigative Staff, Foreign Funds Control, Washington, D. C.
FROM : Investigator Arac, Investigative Unit, Foreign Funds Control, New York, N.Y.
Re : Lazard Freres, New York, New York. (Margarete Heye)

Reference is made to your memorandum of January 28, 1943, concerning \$20,000 in Norwegian bonds with corresponding coupon sheets shipped by Banco Hollandes Unido, Buenos Aires, to the subject for account of Mrs. Margarete Heye. Information was requested as to whether these securities have been received, and if so what disposition has been made of them.

1) Records of Lazard Freres & Company show that these securities were received in New York on or about November 17, 1942, as evidenced by receipt No. 16180 issued by the Customs Service, New York, N. Y.

2) As of the present date these securities are held by the Federal Reserve Bank of New York under General Ruling No. 5, pending receipt of further evidence of ownership prior to April 8, 1940. The evidence of ownership heretofore submitted, which was found insufficient, is annexed hereto marked Exhibit "A". Further reference is made to report NY 2-787-A dated April 24, 1942, which contains a discussion of these securities on page 6 thereof under the heading "Dispatches" Nos. 9279, 11836, 12881.

Benjamin Arac
BENJAMIN ARAC

Respectfully Forwarded
 APPROVED:

Charles R. Clark
CHARLES R. CLARK
 Treasury Representative,
 Acting in Charge.

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 By TR NARA Date 6-15-00

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 Box 22

NY 2-787-A

EXHIBIT "A"

The following is quoted from form TFA-1 (statement and application for license) prepared by H. F. Heye on behalf of Mrs. Margarete Heye, his wife. The original, dated January 6, 1943, was filed with the Federal Reserve Bank of New York by Lazard Freres & Company on January 11, 1943.

"The bonds have belonged to me since and before April 8, 1940. They were in safe deposit box in Switzerland on and before April 8, 1940, and have been placed on the account of H. F. Heye and Mrs. Margaret Heye at the Credit Suisse in Geneva Switzerland on May 4, 1940. To prove the fact that I have been the owner before April 8, 1940, I am enclosing photostatic copy of letter of April 15, 1942, Banque Pour Valeurs de Placement, showing that Mr. Heye cashed coupons from such bonds in December, 1939." (The letter mentioned above follows)

"Mr. H. F. Heye
 955 Bay Esplanade
CLEARWATER
 Florida

Dear Mr. Heye,

I received your letters of March 2nd and March 20th and wish to give you the following information concerning your inquiries.

My bank has again written to the Imperial Censorship at Bermuda as our Post Office seems to believe that our parcel of April 3rd has been retained there.

For your guidance we are sending you herewith a photocopy of a slip dated October 10th 1941 and received by our bank on December 16th, signed by our Chief Post Office Inspector, Washington, D.C., which slip lead us to believe that our parcel was detained in Puerto Rico.

Regarding the coupons from

\$20,000.--Kingdom of Norway Municipalities Bank
Sinking Fund Gold Bond

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NY 2-787-A
 Exhibit "A"

I can inform you that my bank cashed 3 coupons No. 17, 18 and 19 on the 26th of December 1939 from bonds No. 4715/28 and 4735/40.

I shall communicate with you after a reply from Bermuda had been received. No action can be expected from the Insurance Company until it is definitely confirmed that the shares are not detained.

Very sincerely yours
 C. H. Vogel"

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CONSOLIDATED DIGEST

No. x-140 (February 13, 1942)
 NY 2-787 (March 25, 1942)
 NY 2-787A (April 24, 1942)

Re: Hans Ferdinand Heye, Clearwater, Florida

Basis of the Investigation: Mr. Heye was suspected of having pro-Nazi affiliations and of having consummated illegal foreign exchange transactions.

Background Information: Mr. Heye, German-born, was an officer in the German army during the last war. He became a naturalized Dutch citizen on November 16, 1939. Visits appear to have been made to this country in the latter part of 1938 and in May, 1940. On March 26, 1941, Mr. Heye re-entered the United States as a quota immigrant.

Mr. Heye was a member of Reichsdeutsche Geminschaft, a political organization composed of German citizens in Holland--although certified by the German Government as being non-political. All of his accounts were "ad hoc" locked on February 19, 1942.

Results of the Investigation: Mr. Heye alleged he had joined various German societies in Holland in order to maintain the goodwill of his business associates located in Germany. He alleged, moreover, that he became a naturalized Dutch citizen in order to circumvent the regulations of the German Government to compel him--while he was still a German citizen--to liquidate his financial interests outside of Germany and to turn the foreign exchange, thus realized, over to Germany.

There are indications, however, that Mr. Heye tried to transfer securities from Switzerland to himself in New York, by way of South America,--presumably without a Treasury license. One of the intermediaries in this proposed transfer was the Banque Francaise et Italienne pour L'Amerique du Sud, Buenos Aires, which name appears on the British Statutory List.

Conclusion: In view of the facts (1) that Mr. Heye's accounts are blocked and (2) that he has agreed to furnish F.F.C. with a detailed report of his financial interests and holdings, both in the United States and abroad, together with a biography of himself,--in view of these facts, no further action appears warranted. (The control copy of this report was sent to Mr. Sherbondy's office; other copies going to Messrs. Day, Olsen, Carre, Klaus and Lawler.)

cc: Mr. Bennett Mr. Blake Mr. Cameron Mr. Carre Mr. Day
 Mr. Fox Mr. Olsen Mr. Timmons Mr. Towson Mr. Wexler

PGarelick:nl 5/8/42

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TREASURY DEPARTMENT
 WASHINGTON

fl 10/23/43

FOREIGN FUNDS CONTROL

FOREIGN FUNDS CONTROL
 253 Broadway, New York
 Rector 2-7373

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APR 24 1942

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

Sir:

Re: HANS FERDINAND HEYE, Clearwater, Florida 1-120
 H-000 MARGARETE HEYE, Clearwater, Florida 1-120

Reference is made to report NY 2-787 dated March 25, 1942, and to Mr. S. J. Kennedy's memorandum of March 26, 1942, concerning a further investigation of the subject thereof as indicated in paragraphs 2 and 6 of the endorsement on the above-mentioned report.

SUMMARY

As a result of this investigation, it was ascertained that the variations in foreign securities reported on the TFR-300 reports are represented by sales and transfers made under Treasury licenses.

The proposed deal for the Hospital Supply Company, 155 East 23rd Street, New York City, is still pending and the owners have hopes of its eventual sale to Heye.

The character references interviewed, did not disclose any actual evidence of pro-Nazi inclinations, or subversive activities on the part of Heye.

Further, Heye is preparing additional information to be sent direct to Washington concerning his history, activities, and details of assets held.

DISPOSITION OF FOREIGN SECURITIES

Mr. Pehle's original despatch of January 12, 1942, cited a comparison of the TFR-300 reports filed by Hans F. Heye



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with the Federal Reserve Bank of Atlanta which showed that Heye had disposed of foreign securities in the amount of \$33,086 since June 1, 1940.

The Chase National Bank of New York, 510 Park Avenue, New York City, reported on its TFR-300 reports that on June 1, 1940 it held the following foreign securities valued at \$33,086 for the account of Hans F. Heye.

<u>H.F. Heye, Account No. 1</u>	<u>Value</u>	<u>Disposition</u>
\$30,000 Argentine Rep. Ext. Conv. 4s '72	\$18,456	I
\$10,000 Argentine Rep. Ext. Conv. 4½s '48	8,150	I
	<u>\$26,606</u>	
<u>H.F. Heye and/or Margarete Heye</u>		
F1. 5000 N.V. Vereenigd Industrial Bezit I. Bewiis Van Aandeel Gulden	none	II
\$10,000 Prov. of Buenos Aires Ext. 4 3/8s '77	\$ 4,850.	III
2000 Argentine Rep. Ext. 4 1/8s '48 Coupons detached from F1. 1600	1,630.	IV
N.V. Overseeche Handelmaatschappij	none	II
	<u>\$ 6,480</u>	
Total foreign securities held by Chase Bank June 1, 1940	<u>\$ 33,086</u>	

I - Pursuant to Treasury license NY 51874 issued September 18, 1940, these securities were delivered to the United States Trust Co., 45 Wall Street, New York City on October 2, 1940, for the accounts of trusts established by Mr. & Mrs. Heye. \$10,000 par value of the Argentine 4s '72 were still held by the United States Trust Co. on June 14, 1941, and the remaining bonds (\$30,000) were sold, and the proceeds credited to the blocked accounts of the subjects.

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II - Delivered to Lazard Freres & Co., 120 Broadway, New York City for account of H. F. Heye on December 3, 1940, under Treasury license NY 79494 dated November 29, 1940. These securities were still retained by Lazard Freres on June 14, 1941, and were reported as having no value on the TFR-300 report filed by them. Also the N.V. Vereenigd Industreal Bezit I. Bewijs Van Aandeel Gulden bonds were described as N. V. Graavenhaagsche Octrooi En Handelmaatschappij by Lazard Freres. An examination of documents on file at the latter firm indicated that the descriptions used above are for one and the same company.

III - Delivered to the United States Trust Company on December 3, 1940, under Treasury license NY 79494 and were still held by them on June 14, 1941, for the account of a trust established by H.F. Heye on September 30, 1940, for the benefit of his wife, Margarete Heye.

IV - Sold by the Chase Bank on October 25, 1940, and the proceeds credited to the blocked account of H.F. Heye and/or Margarete Heye.

THE HOSPITAL SUPPLY COMPANY, New York

On April 7, 1942, the undersigned interviewed Mr. William G. Watters at the Hospital Supply Co., 155 East 23rd Street, New York City. Mr. Watters together with his brother Leon Watters, apparently own the Hospital Supply Co. and have been in the hospital and surgical supply business for about forty years.

Mr. Watters explained that he and his brother did not feel it was physically possible for them to carry on the business much longer and, having no heirs to continue the business, decided to avail themselves of any opportunities to sell it. Accordingly, they negotiated with Hans F. Heye, who was introduced to them by their aunt, a member of a Clemson family in Middletown, New York. The Clemson family owns or controls Clemson Bros., Inc., Middletown, New York, whose Vice-President and Treasurer, Mr. William E. Cross, was interviewed on March 3, 1942, by an investigator from this office to obtain information concerning Heye. (see report NY 2-787).

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Mr. Watters explained that the proposed deal was periodically discussed with Heye, but that Heye was very shrewd and never committed himself, so that actually no concrete details were ever decided on. Watters did say, however, that \$750,000 would approximate the monetary consideration involved, and that he was under the impression that Heye still has considerable means in Europe.

Mr. Watters was in Florida during the greater part of last February for a rest and at that time again met Heye, but nothing definite was decided concerning Heye's contemplated purchase of the Hospital Supply Co. In his most recent letter to Watters, Heye stated that his accounts had been blocked and that he would not be able to do anything until they were unblocked.

Watters regards Heye as a "decent sort of a fellow" and in his best judgment, a very shrewd operator, always vague and non-committal. Watters is of the opinion that Heye left Germany because of the present regime, and planned to settle in the United States, especially in view of Heye's plans to buy his business.

Watters further explained that Heye had recently taken out a life insurance policy so that his wife would be able to liquidate his outstanding obligations should he die. Presumably, such obligations would be created by Heye's purchase of the Hospital Supply Co. because, as explained by Watters, the proposed deal would be settled only partly in cash. Apparently Watters is still interested in dealing with Heye.

Watters and his wife on their recent trip to Clearwater, Florida, observed, however, that Heye's residence was situated on a waterfront point, and said that they had heard some of the natives in Clearwater remark that "it was strange that Germans should buy the house on that particular waterfront site."

As indicated in the report No. NY 2-787, Heye's Clearwater residence is adjacent to that of his friend's, Mr. William G. Cross. Probably that fact influenced Heye in buying this particular house in Clearwater.

INTERVIEW WITH HANS F. HEYE

This office was informed by a confidential source that Mr. Heye has returned to New York on a visit and therefore a

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personal interview with him has made it possible to obtain additional information concerning certain points raised during the first investigation.

On April 11, 1942, the writer interviewed Mr. Heye in his room at the Hotel Plaza, 5th Avenue and 59th Street, New York City. Also present was Mr. Doyle E. Carlton, who was introduced as a former Governor of the State of Florida, and who evidently is acting now as legal adviser to Mr. Heye.

Heye and Carlton informed the writer that they had been to the Foreign Funds Control, Washington D.C., during the previous week and had met Messrs. Sherbondy and Clay, at which time Heye agreed to furnish the Foreign Funds Control with a detailed report of his financial interests and holdings, both in the United States and abroad, together with his biography supported by personal references.

Mr. Heye related that he has had financial interests in Holland since 1919, which grew to such an extent that by 1930 he found it expedient to live there rather than make frequent trips between Holland and Germany.

Mr. Heye stated that he had joined various German societies while in Holland, in order to maintain the goodwill of his business associates located in Germany. However, being a German citizen, he was subject to the German currency regulations, which would have compelled him to liquidate his financial interests outside of Germany and to turn the foreign exchange over to Germany.

He therefore became a naturalized Dutch citizen, on November 17, 1939, and at the same time resigned from the various German societies to which he belonged. Mr. Heye explained that his naturalization was accomplished with the cooperation of the Dutch Parliament and was kept secret as he was anxious not to have his father, who was still in Germany, informed thereof.

Heye was then able to materially increase his holdings by purchasing securities at favorable prices, which German citizens were forced to liquidate. Heye went on to explain that he has not realized anything on his holdings in Germany and should Germany be victorious, which he doubts, his wealth would be confiscated.

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Heye was in Switzerland at the time of the invasion of Holland, and stated that some of his wealth had been concentrated there as early as 1939, before the outbreak of war. He left there to immigrate to the United States.

Heye explained that the increase in his indebtedness secured by property in the United States by \$11,756 between June 1, 1940 and June 14, 1941, represented overdrafts with various brokerage firms covering the purchase of securities. Heye would have covered these overdrafts by transfers from various banks had it not been necessary for him to go to the trouble of obtaining licenses. Heye has agreed to furnish detailed information concerning these overdrafts in his report to Foreign Funds Control.

Further information concerning the interview with Heye is contained under the sections of this report dealing with the various despatches, which were forwarded from Washington, D. C., at the time of the original investigation.

DISPATCHES Nos. 9279, 11836, and 12881.

The above dispatches make reference to the fact that Heye was trying to arrange for shipment of Kingdom of Norway 5% bonds due 1970 (\$20,000) to himself in New York by the Credit Suisse, Geneva, Switzerland.

Mr. Heye gave the writer a copy of a letter dated July 29, 1941, (attached as Exhibit "A") which he sent to the Credit Suisse, Geneva, Switzerland, indicating his desire to have the bonds in question forwarded to New York by whatever route that would entail the least degree of risk.

Heye explained that the Norwegian bonds were sent to the Banque Francaise et Italienne pour L'Amérique du Sud, Buenos Aires, (dispatches Nos. 9279 and 11836) at the order of Credit Suisse and that the above mentioned bank, which appears on the British Statutory List, was probably selected because shipments

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to such a bank from Switzerland would stand a good chance of passing unmolested through France and Spain, and would also avoid the Censorship Authorities in Bermuda. The Banque Francaise et Italienne pour L'Amerique du Sud, acting under instructions from Credit Suisse, forwarded the bonds to Hollandsche Bankunie, Buenos Aires for account of H.F. Heye.

Heye then wrote to the Hollandsche Bankunie, Buenos Aires (despatch No. 2881) requesting that the bonds be forwarded to Lazard Freres & Co., 120 Broadway, New York, N.Y., and received a reply to the effect that a Treasury license would be needed. This was applied for and denied, whereupon Heye decided to leave the bonds in Buenos Aires because he had been "blocked" again.

DISPATCH No. 5478

Heye explained that the coupons detached from Dorchtsche Petroleum Industrie Maatschappij N.V. bonds which are reported in the above-mentioned dispatch to be held by the British Censorship officials are actually held for his account by a bank in Venezuela. Heye will include an explanation of the above in his report to Foreign Funds Control.

The above-mentioned coupons were not reported on TFR-300 report as Heye was advised by the Federal Reserve Bank of Atlanta that funds held outside the United States need not be so reported. A copy of this letter is attached as Exhibit "B".

DISPATCH No. 2799

The above dispatch refers to certain Swiss and Helvetian securities which Heye instructed the Banque pour Valeurs de Placement, Zurich, Switzerland to sell and with the proceeds buy American dollars, which were then to be forwarded to Havana for his account.

Heye stated that all of these holdings had been liquidated before June 30, 1941, and the proceeds had been forwarded to banks in Caracas, Venezuela and Havana, Cuba. When Heye qualified as a generally-licensed national he brought most of the money to the United States, but was unable to bring

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all of it here because of the fact that he was "blocked" again.

Heye mentioned that he still has accounts in Mexico which he will cover in his report to the Foreign Funds Control.

PERSONAL REFERENCES

Doyle E. Carlton, Tampa, Florida

On April 11, 1942, the writer interviewed Mr. Doyle E. Carlton, alleged former Governor of the State of Florida, at the Hotel Plaza, New York, N.Y. Carlton accompanied Heye to Washington, D.C., and New York, and evidently is acting as Heye's legal adviser. This interview, however, was not conducted in Mr. Heye's presence.

Mr. Carlton was introduced to Mr. Heye by Mr. Charles Cass of the West Virginia Paper and Pulp Company, 230 Park Avenue, New York City, when the latter was in Florida recently. Carlton explained that he has represented the West Virginia Paper and Pulp Company and Cass' father in legal proceedings in Florida.

Mr. Carlton explained that he has spent a great deal of time with Mr. Heye during the past few weeks and feels that he knows him intimately, and has been very careful to note Mr. Heye's reactions to anything which would enable Carlton to understand his political philosophy and sympathies. As a result of this careful scrutiny, Carlton stated that he was "sold on Heye's integrity and sincerity, absolutely convinced of his dependability, and would vouch for him unqualifiedly."

Carlton stated that Heye had been completely **hostile** to the last war, even though he served as an officer in the German Army. Carlton stated that Heye averred that since the attack on Russia, opinion in Germany has been turning against Hitler and the German collapse would come about as a result of their shortage of certain fats and the proper type of oil for their mechanized forces.

Carlton stated that Heye is of a nervous and sensitive temperament, but is a very intelligent, refined and highly

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cultured gentleman. Carlton also pointed out that should Germany be victorious, Heye's estate in Germany and Holland would be confiscated.

Mr. Otto Jeidels, New York, N.Y.

On April 13, 1942, the writer interviewed Mr. Otto Jeidels at Lazard Freres & Co., 120 Broadway, New York City, who explained that he met Heye in Germany about six years ago and was of the opinion that Heye left Germany both because of his financial interests in Holland and because of his father's domination.

According to Jeidels, Heye still has relatives in Germany and although his father died there recently, Heye would not realize anything from his inheritance or from his holdings in Germany should Germany be victorious and therefore concluded that Heye had no stake in a German triumph.

Jeidels stated that even though he had no thorough knowledge of Heye's background and did not know him intimately, he believes that Heye is loyal and dependable and does not think that he has ever had anything to do with the Nazi party, although members of his family may have had. Jeidels believes that Heye came to the United States to reside here permanently, and that he has known Heye to be openly critical of the present regime in Germany.

Jeidels explained that he is inclined to be prejudiced in favor of Heye and pointed out that if Heye were a Nazi he would not have dealt with Jeidels because of the latter's non-Aryan background.

Mr. Charles Cass and Mrs. Agnes Droop Cass

On April 13, 1942, the writer interviewed Mr. & Mrs. Cass at Mr. Cass' office with the West Virginia Pulp and Paper Company, 230 Park Avenue, New York City.

Both Mr. & Mrs. Cass explained that they met Heyes about six years ago on one of his trips to the United States,

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and never had the occasion to question his integrity. They regard him as a cultured gentleman and frequently have him as their invited guest.

Mrs. Cass is one of the Managers of Woman's Exchange Inc., 541 Madison Avenue, New York City.

Statements prepared by the Chase National Bank requested by Heye's attorney are inclosed for the Washington office files. It is understood these statements were to be forwarded to Mr. Clay of the Foreign Funds Control office.

Respectfully,

Elwood Wiendieck
ELWOOD WIENDIECK,
Investigator,
Foreign Funds Control.

Respectfully forwarded,
APPROVED:

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

Copy to: F.R.B., New York (Caveat Section)
Cable Censor (Lt. Bound), New York City

Enclosures: Exhibits "A" and "B".

This case also indexed under:

- J-44* Otto Jeidels, New York, N.Y. 120-1
- E-250* Charles Cass, " " " 120-1
- 120-1* Mrs. Agnes Droop Cass, New York, N.Y. 120-1
- Q-64* Doyle E. Carlton, Tampa, Florida 120-1
- 120-3* The Hospital Supply Company, New York, N.Y. 120-3
- 120-1* William G. Watters/c/o Hospital Supply Co., New York, N.Y. 120-1

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EXHIBIT "A"

NY 2-787-A

The Vista del Arroyo Hotel
125 South Grand Avenue
Pasadena, California

July 29, 1941

Credit Suisse
Geneve, Switzerland

Gentlemen:

I received your letter of July 12th and I certainly would prefer to have my 5% Kingdom of Norway bonds in this country. If you could send them to New York they would be put on my account. They would be blocked but it would not be too inconvenient for me as all of my funds are blocked anyhow. The only trouble is that I'm afraid after your communications that these bonds might be seized in Bermuda or elsewhere and that I would have a lot of trouble getting them out again. Under these circumstances I would like you to advise me by cable which way to send them: to send the bonds directly to America or over the Argentines. If this last might be safer, I would prefer to leave the bonds in Buenos Aires as I could easily have sent from there the coupons for collection to New York.

As far as I know it is not necessary to have a license from the Federal Reserve Bank in New York before sending the bonds. If by cable arrangement we come to a decision to send the bonds to New York I would not like to have them insured against war risk. If the bonds are going by way of Bermuda a seizure in Bermuda can only bring inconvenience to me but as far as I can see there could be no seizure as I am a Dutch citizen.

On the other hand if they will be sent over Italy I think it would be necessary for me to insure them against the risk of any seizure as I am afraid that I would not have any chance to get the bonds back after they were seized in Italy. I assume that any insurance will be made only from the actual value of 27 per cent and not the nominal value.

If we should find out that it would be too difficult to send over the bonds I think it will be advisable to send only the due coupons to New York but I would like you to send only one set of coupons at a time if two coupons might already be due.

With kindest regards, I am

Yours very truly,

H. F. Heye

P.S. I will expect your usual reply at the usual address: Westchester Country Club, Rye, New York.

HFH/eh

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EXHIBIT "B"

NY 2-787-A

FEDERAL RESERVE BANK
of ATLANTA

December 10, 1941

Mr. H. F. Heye
955 Bay Esplanade
Clearwater, Florida

Dear Mr. Heye:

This is written in reply to your letter of December 9, 1941, regarding deposits in banks located in Cuba and Venezuela which you advise were not included in your reports on Form TFR-300.

It is our opinion that these bank deposits should not have been included in this report since the funds are held outside of this country and are, therefore, not subject to the jurisdiction of the United States.

Very truly yours

H.C.Frazer, Manager
Foreign Funds Control

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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

TO Mr. I. A. Seibel

April 13, 1942

FROM Mr. I. C. Olsen

Subject: Hans Ferdinand Heye, Clearwater, Florida.

Mr. Frazer, of the Atlanta Federal Reserve Bank, called about the foregoing individual who was ad hoc blocked the early part of February 1942. It appears that this individual has been withdrawing \$500 a month, under General License No. 11, from his account in a Clearwater bank. This bank has just been advised that this individual also has an account with the Chase National Bank and that there is a license outstanding permitting withdrawals of \$1,500 a month from such account. In addition, the Clearwater bank recently and inadvertently cashed a check for \$500 drawn by Lazard Freres in New York in favor of Mr. Heye. Apparently the Clearwater bank feels that our blocking of the foregoing individual is extremely loose and much more severe with respect to the Clearwater bank than the other institution in which Mr. Heye is maintaining an account.



Received by ENFORCEMENT SECTION
Date APR 13 1942

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SJK:MM

FOREIGN FUNDS CONTROL
258 Broadway, New York
REctor 2-7873

April 10, 1942.

MEMORANDUM

Mr. Robinson of the Chase National Bank telephoned today that Mr. Heye is now at the Hotel Plaza, New York City, and will probably leave tomorrow. An attempt should, therefore be made to interview him tomorrow morning. The fact that Mr. Robinson disclosed his whereabouts should not be revealed.

Mr. Robinson also said that a New York attorney representing Heye called at the bank a few days ago and asked for a transcript of Heye's security account. The bank declined to give him this and he then asked that the transcript be sent to Mr. Clay of the Treasury Department in Washington. As neither Mr. Robinson or I know a Mr. Clay, Mr. Robinson has promised to turn over the desired data to this office for transmission to Mr. Clay. The data can be obtained from Mr. Foster, 11 Broad Street.


S. J. K.

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SJK:MM

FOREIGN FUNDS / ROL
INVESTIGATION UNIT
CONFIDENTIAL 2-787-A

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file

March 26, 1942.

MEMORANDUM FOR INVESTIGATION:

Attached is file NY 2-787, relating to Hans Ferdinand Heye.

Please have further investigation made as indicated in paragraphs 2 and 6 of my endorsement on Report NY 2-787.

S. J. K.

(4 copies to Mr. May)

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