

RG 59
Entry CDF (1945-49)
File 740.00119 [Control]
Box 3695

DECLASSIFIED
Authority 978024
By AST NARA Date 6-15-00

AW

DIVISION OF
COMMUNICATIONS AND RECORDS
TELEGRAPH BRANCH

DEPARTMENT OF STATE
INCOMING TELEGRAM

ACTION COPY
OFFICE OF EUROPEAN AFFAIRS
DISTRIBUTION OFFICE
To *ES* *factor* *W.D.*
AUG 16 1946
DEPARTMENT OF STATE

1

Action: EUR

Info:

LE

ESP

A-C

A-H

OCD

SPD

FC

DC/R

SECRET

Control 4711

Paraphrase before communicating to anyone.

Rome

Dated August 14, 1946

Rec'd 2:03 p.m., 15th

W.D.
File
8-26-46

SECSTATE

3510

~~3501~~, August 14, midnight

W.D.

Following is pertinent portion of MYTEL 21, August 14, to Frankfurt (communicating background of case):

Rome area Allied Command sending Wendlerd by plane to G-2 Frankfurt within three to five days pursuant Dept's request he be repatriated to Germany. AMPOLAD Caserta cooperating and notifying you. Results of interrogatory requested Bern's 37 being forwarded to you Bern and Dept by pouch. Inform Dept and Bern when Wendland arrives Frankfurt".

KEY

RB:RA

SECRET

NOTE: For reference telegram, see Bern's 1344 of July 31, 4 p.m. CWO/FED

DIVISION OF ECONOMIC SECURITY CONTROLS
DEPARTMENT OF STATE
AUG 16 1946
HMC

AUG 20 1946

FILED

740.00119 CONTROL (GERMAN Y) /8-1446
Confidential File

PERMANENT RECORD COPY: THIS COPY MUST BE RETURNED TO DC/R CENTRAL FILES WITH NOTATION OF ACTION TAKEN.

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RG 59
Entry CAF (1945-49)
File 740.00119 [Control]
Box 3695

DECLASSIFIED
Authority 978024
By AST NARA Date 6-15-00

AW

DIVISION OF
COMMUNICATIONS AND RECORDS
TELEGRAPH BRANCH

ACTION COPY

DEPARTMENT OF STATE
INCOMING TELEGRAM



ES: Hlies Craker

CORRECTION 8/16/46
11:15 a.m.

1.

Rome

Action: EUR

Dated August 14, 1946

Info:

Rec'd 2:03 p.m., 15th

LE SECRET

ESP Control 4711

A-C Paraphrase before communicating to anyone.

A-H
OCD
SPD
FC
DC/R
SECSTATE

3510, August 14, midnight

The serial number of this message received
as 3501 should be corrected to read 3510.

TELEGRAPH BRANCH

DIVISION OF COMMUNICATIONS AND RECORDS

Political

CSB:CTC

SECRET

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740.00119 CONTROL (GERMANY) 8-1446

Confidential File

RG	82
Entry	NEW RECORD
File	LETTER MEMORANDUM
Box	# 3
	1

FEDERAL RESERVE BANK OF NEW YORK

RESEARCH MEMORANDUM

Copy - 140.7.1

To Mr. Knoke **Date** April 29, 1953
From Mado R. Ambach **Subject** Recent Economic
Foreign Research Division Developments in
Switzerland

Copies To Messrs: Sprol, Treiber, Williams, Roelse, Rouse, Sanford, N. P. Davis, Roosa, Rozell, Moore, Bloomfield, Garvy, Athern, Pricher, Roche, Webber, Carr, and Klopstock, and Miss Burnett.

Table of Contents

	<u>Page</u>
1. General Economic Developments.	1
2. Internal Financial Conditions and Policies	2
A. The Money, Capital, and Exchange Markets	2
B. Credit and Monetary Policies	5
C. Government Finances.	7
3. The International Position and Foreign Economic Policy	7
A. Foreign Trade.	7
B. The Balance of Payments.	8
C. Switzerland's EPU Position	9
D. Commercial Policy.	10
E. German Assets in Switzerland	11

This memorandum summarizes the most important developments affecting the Swiss economy during the past fifteen months. The paper is based in large part on the Annual Report of the Swiss National Bank, covering the year 1952, but use has been made of other sources to amplify the material and bring it up-to-date.

1. General Economic Developments

The slight recession that characterized Switzerland's general economic development during the first half of 1952 has since given way to what may be characterized as a stabilization of the business situation. In some sectors there has even been an intensification of economic activity; not only in the textile industry -- the sector that was hardest hit by the recession -- but also in the metal and machines, food, and watchmaking industries. On the other hand, house-building activity in 1952 was 8.5 per cent below the record level of 1951, and industrial-building projects also decreased owing to the falling-off in new industrial investments.

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over-all limits on Swiss exports to the sterling and franc areas, as well as controls on the holdings of foreign banks with their Swiss correspondents and also on tourist expenditures, when late in 1951 and early in 1952 the Swiss surplus in the EPU was increasing at a rate that threatened the exhaustion of the Swiss quota. These measures were successful to the extent that the rate of credit accumulation has been substantially slowed down in recent months.

In conclusion, some observations on Swiss-United States commercial relations may be added. These relations had been somewhat strained since 1950, when Switzerland had to accept the inclusion of an "escape clause" in the trade agreement that it has had with the United States since 1936, and had to make various other concessions in the matter of exports and the transit of strategic goods to Eastern countries. Much of the tension was relieved in August 1952, however, when President Truman rejected the United States Tariff Commission's recommendation for increases in duties on imported watches.

E. German Assets in Switzerland

The outcome of the London Conference on German debts and the final settlement of the question of German assets in Switzerland in August 1952 have also been greeted by the Swiss as removing sources of difficulty between Switzerland and the Western Allies of World War II. The latter dispute, it may be recalled, related to the interpretation of the Washington Agreement of 1946, under which German assets in Switzerland were to be liquidated for the benefit both of the Allies and of Swiss citizens who had lost property in Germany during the war. In the settlement reached in August 1952, the Allies substantially reduced their claims on Switzerland, while agreement was also reached between Switzerland and West Germany on the compensation of the German owners of these assets and on Swiss claims deriving from the wartime clearing agreement with Germany.^{1/}

^{1/} For details on the question of German assets in Switzerland, see Mado R. Ambach, "The Liquidation of Blocked German Assets in Switzerland", October 2, 1952.

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REP. 41.1 3M 8-46

FEDERAL RESERVE BANK OF NEW YORK

RESEARCH MEMORANDUM

orig. 140.71

To Mr. Knabe
 From R. Simens, Foreign Research Division

Date July 25, 1946
 Subject Swiss-Allied Agreement on German Assets

Copies To Messrs: Sproul, Rounds, Williams, Roelse, Rouse, Sanford, Lang, Rozell, Webber, and Garvy.

Table of Contents

	<u>Page</u>
1. Provisions of the Agreement.....	1
2. Original Positions of the Allies and of Switzerland.....	3
3. Final Compromise.....	5
4. General Comments.....	8

The negotiations of the Swiss-Allied agreement on German assets carried out earlier this year between Switzerland, on the one hand, and the United States, Great Britain, and France - representing the Allied nations - on the other, were shrouded in considerable secrecy, and the American newspaper reports on their progress and even on the final settlement have been scanty, so that any detailed study has until now been impossible. However, Swiss newspapers just received, together with the text of the agreement recently released, make it possible to present this brief survey.

1. Provisions of the Agreement

The agreement provides for the elimination of Germany's financial influence in Switzerland by the liquidation of her assets there, for the surrender of half of the proceeds to the Allies for reparations, and for payment by Switzerland of 250 million francs (58,140,000 dollars) in gold payable on demand in New York in settlement of Allied claims on gold looted and resold by Germany to Switzerland during the war.

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Box	1

- 2 -

Assets of Germans in Germany (now estimated by the Swiss at about 500 million francs, or approximately 116 million dollars) will be liquidated by the Swiss Compensation Office in accordance with a procedure detailed in an annex to the accord. Of the proceeds, 50 per cent will be placed at the disposal of the Allies, to be used in the rehabilitation of war-devastated areas and for famine relief in accordance with the inter-Allied agreement at the Paris Reparations Conference last November and December. The Allies will be permitted to draw immediately up to 50 million Swiss francs against their share of the proceeds for the use of the Intergovernmental Committee on Refugees. The Swiss Government also undertakes to put at the disposal of the Allies 250 million francs payable on demand in gold, with the understanding that with its acceptance the Allied governments will waive for themselves and their banks all claims on gold which Germany sold to Switzerland during the war. At the same time the agreement provides for the immediate lifting of Allied blacklists in so far as they affect Switzerland and for the unfreezing of Swiss assets in the United States.

The Germans affected by the liquidation of assets are to be reimbursed in German currency, half of which will be supplied by Switzerland from its funds in the German clearing office (an arrangement which is not to prejudice in any way the future settlement of the Swiss clearing claims, or to indicate Allied recognition of the right of Switzerland to dispose of these funds). In order to provide for cooperation between Switzerland and the Allies in carrying out the agreement, a joint commission is to be set up, to consist of representatives of the United States, Great Britain, and France, as well as a delegate from Switzerland. The Swiss Compensation Office will keep this commission informed of its activities and consult it before making important decisions. The joint commission, as well as private parties affected by

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- 3 -

the decisions of the Compensation Office, will have the right to appeal such decisions to a three-man court of appeal to be set up by the Swiss. If disagreements still remain between the joint commission and the Swiss authorities, they are to be referred to a court of arbitration consisting of a member selected by the Allies, one selected by Switzerland, and a third agreed on by the four governments.

2. Original Positions of the Allies and of Switzerland

In order to put the above provisions in perspective, it is interesting to review the original demands made by the Allies and the position taken by each party in the negotiations. The Allied attempt to acquire German assets held in Switzerland was based on the agreement, expressed in the Potsdam Declaration in August 1945, to use German external assets for reparation purposes, and in Law No. 5 subsequently issued by the Allied Control Council in Berlin, under which such assets were to be taken over by the Allies. The acquisition of this property was considered important not only as a source of funds for the reconstruction of countries which had suffered from German invasion and occupation, but also as a safeguard against the use of the assets for the financing of future German aggression. From information available to them as occupying powers, the Allies estimated that German assets in Switzerland were as high as 750 million dollars.

With regard to gold, the Allies had discovered from captured records that the Germans had melted down gold stolen in occupied countries and manufactured falsely dated bars which they then resold to neutral countries, including Switzerland. It was also known that gold that had been given by the Belgian Government to France for safekeeping had been surrendered to Germany by the Vichy Government and later found its way to Switzerland. In view of Allied warnings throughout the war that they would not recognize the legality of transfers of German-looted property, the Allies now brought forward

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- 4 -

a claim for most of the gold which Switzerland acquired from Germany during the war.

Switzerland maintained a strong front against almost all the Allied claims. On the question of German assets, her main thesis was the illegality of the proceedings as a whole, since she refused to admit the applicability to Swiss territory of laws passed by the Allied Control Council and denied the status of the Control Council as a legitimate German government, while on the other hand insisting on the inviolability of private property rights, including those of Germans, under her own laws. The Swiss were also afraid that their future neutrality, and even more their reputation as a sound international banking center and a safe haven for funds (a reputation important to her balance of payments), might be damaged by investigation and seizure of the German assets. Their own estimate of the extent of such holdings in Switzerland amounted to only 250 million dollars, and at the same time the suggestion that an Allied authority should undertake the investigation and liquidation of these holdings in Switzerland was opposed by them as jeopardizing their independence. Even if a liquidation of German assets were undertaken, it was held, the proceeds should be applied against Swiss claims under the clearing agreement with Germany, which by Swiss estimate, would have led to a cancellation of both claims.

On the question of gold, the Swiss contention was that the National Bank had acted in good faith and with the usual caution in all dealings with Germany. Switzerland could not, therefore, be accused of knowingly receiving stolen property, and she denied that she would have been able to refuse to buy gold from Germany, since, unless she had also suspended gold purchases from the Allies which were important to their war effort, such a refusal would have been a breach of her neutrality. The Swiss attitude on the Belgian

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Box	1

- 5 -

gold was that the blame lay with the Vichy Government in giving up the gold, but that Germany acquired the metal by legal means and it could not be classified as loot. The Swiss, then, though they agreed with the principle that looted property should be returned to its rightful owners, denied that they held any such property and insisted that at least before they surrendered any part of their gold, definite proof that it was looted should be furnished.

3. Final Compromise

With original positions as far separated as these, it is hardly surprising that the negotiations, which began on March 16, were difficult and drawn out. The Allies' contentions on the subject of looted gold, and their estimates of the amount of such property (which at one point were as high as 200 million dollars) naturally met with particularly strenuous objections from the Swiss, and caused the temporary interruption of the negotiations. Just as the Allies, in view of the role of the negotiations with Switzerland as a test case, made an effort to secure recognition of their basic premises as well as the best possible settlement of their actual claims, so the Swiss seem to have been encouraged in a firm stand by the importance of setting a precedent for other neutrals, and there was even some feeling in Switzerland that the independence of small nations was at stake, an argument that was weakened when it became known that the three powers were representing many of the smaller nations with whom Switzerland has particularly good relations.

First news of the agreement met with a very unfavorable reception in Switzerland, especially since it brought no immediate announcement of the cancellation of blacklists or the unfreezing of Swiss assets in the United States. When the full provisions of the accord were made public, however, they were generally supported, though not without criticism from some quarters, where it was thought that Switzerland had not sufficiently defended her legal rights and that the terms were imposed by superior power. The final settlement,

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RG	82
Entry	NOV 12 1945
File	# 3
Box	1

- 6 -

while inevitably entailing considerable financial sacrifices for Switzerland, does in fact represent important concessions to her point of view. In a preamble to the accord, which took the form of a letter from the Swiss delegation to the head of the Allied delegation, the Swiss declared:

"In the course of the discussions which have taken place, the Allied Governments, fully recognizing Swiss sovereignty, claimed title to German property in Switzerland by reason of the capitulation of Germany and the exercise of supreme authority within Germany, and sought the return from Switzerland of gold stated to have been wrongfully taken by Germany from the occupied countries during the war and transferred to Switzerland.

"The Swiss Government stated it was unable to recognize the legal basis of these claims but that it desired to contribute its share to the pacification and reconstruction of Europe, including the sending of supplies to devastated areas."

By this preface explaining the conditions under which an agreement had been reached, the Swiss formally maintained their position as to the legality of the whole proceedings. Of perhaps more practical importance was the limitation of seizure and liquidation to the assets of Germans in Germany, exempting from the effects of the law those Germans residing in Switzerland, the protection of whose rights under their laws the Swiss had particularly upheld. The amount of assets that will benefit from this concession has been estimated at as much as one half of the total. In addition, while under Public Law No. 5 the question of compensation is left to the Control Council, the Swiss succeeded in having indemnification of the German owners included in the provisions of the agreement. These limitations on the severity of the measures with regard to German assets increased their legality in Swiss eyes and made the whole agreement more acceptable.

The Swiss will also receive one half of the proceeds of liquidation, instead of giving up the complete sum to the Allies for reparations. Swiss fears that Allied investigation and liquidation of German assets in Switzerland

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Entry	NOV 12 1940
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- 7 -

might threaten their sovereignty were allayed by the leaving of all important functions in the hands of the Swiss Compensation Office and giving the Swiss-Allied joint commission merely consultative authority. Though the possibility of recourse to arbitration will give the joint commission considerable influence in spite of this limitation, the Swiss feel satisfied that their independence has been maintained. On the question of gold, too, Switzerland made no formal concessions, giving no admissions that she held looted gold or promises to aid in tracing it, but simply setting aside a lump sum with the proviso that the whole gold question should thereby be settled.

In spite of the concessions, some of them merely formal, that were made to Switzerland, and their importance in persuading the country to accept the agreement, she will be making considerable financial sacrifices. In addition to the 58,140,000 dollars of gold, the Allies will get one half of the proceeds from the liquidation of German assets, which are now estimated by the Swiss at about 116,280,000 dollars, but which will probably amount to more after further investigation by the clearing office in cooperation with the joint commission. Even these sums, however, are small compared with the original Allied claims of 750 million dollars in assets and 200 million dollars in gold. Moreover, Switzerland was able to secure the unfreezing of her assets in the United States and the ending of Allied blacklisting of Swiss firms. The latter measure is valuable for Switzerland, though her contention that blacklisting would in any event not have been long continued in peacetime is borne out by the recent general lifting of blacklists by Britain, Canada, and the United States. The effect of the unfreezing measure will be limited by the complications of certification by the Swiss clearing office of assets as Swiss-owned, as well as by the probable unwillingness of the Swiss National Bank to take over dollars or gold until the present excess of such holdings in Switzerland has been reduced so that transfers will represent

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4. General Comments

In view of her wartime role of cooperating with Germany without too much resistance, and of the sound legal and strong moral position of the Allies, Switzerland managed to obtain surprisingly favorable terms. Not only did she fully uphold her position with regard to the legality of Allied claims, but her financial concessions were small by comparison with the demands first made, while she will gain considerably from the ending of black-lists.

For the Allies, the results were unsatisfactory in that the overall promises they had sought to establish were denied, and neither the Allied Control Council as the legal successor of the German Government nor the applicability of Law No. 5 in neutral countries was formally accepted. However, they successfully opposed the principle that German assets should be canceled against neutral clearing balances and other claims in Germany, and obtained some funds for reparation purposes. Though their success in this case was limited, negotiations with other neutrals, whose attitude had already been more cooperative during the war, have turned out to be less difficult, and the results more satisfactory, as will be shown in a study now being made on the agreement with Sweden.

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Finance ADVIS

1947

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Authority NND 968106

By WDP NARA Date 5/11/00

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P80

Proposed Cable

FROM : OMCUS
 TO : AGWAR FOR WDSCA ES
 INFO : EUCOM

Reurads WX-97759, May 1947 and W-88346, May 1946 and ourads CC-6240, June 1946 and CC-7563, Jan 1947.

1. Tabulation of precious stones and jewelry is subject. Precious stones and jewelry not subject to declaration under Law 53 and present tabulation MGAX forms does not reflect such assets. Foreign Exchange Depository holds large quantities precious stones and jewelry together with other assets and presently engaged in inventory and appraisal which is now approx 60% completed. Priority being given to inventorying and further investigation of sources and ownership, before attempting a compilation of totals. Information as yet incomplete.

2. Investigation to date discloses bulk of precious stones and jewelry was looted, and is subject to eventual disposition (a) in satisfaction of existing claims (b) to IGCR under WX-85682 (c) to countries of origin when determinable. No indications any such property rightfully owned by German Government.

(Present information discloses no substantial amounts jewelry and precious stones will be available for reparations or export-import purposes.)

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AG-259
Central Locals Files [1945-49]
Box #6351

silver
Company
D.C./R

The Chase National Bank

file
we/wood

OF THE CITY OF NEW YORK

PINE STREET CORNER OF NASSAU
NEW YORK 15, N.Y.

CABLE ADDRESS CHASEBANK

FOREIGN DEPARTMENT

ALFRED W. BARTH
VICE PRESIDENT

New York

August 12, 1946

Finances

State Department
Washington
D. C.

Gentlemen:

Attention of - Mr. Outerbridge Horsey,
Spanish Section

Re: Silver Coins from the Instituto Espanol
de Moneda Extranjera, Madrid, Spain.

I wish to refer to our recent telephone conversation in respect to the cable which we had received from Mr. Victor M. Oswald, Madrid, Spain, according to which the Instituto Espanol de Moneda Extranjera, Madrid, Spain, presumably in order to bridge its temporary shortage of dollars, inquired on what basis it could ship silver coins for refining and later sale of .999 pure bar silver in the American market.

In order to keep you fully informed, I should like to advise you that we cabled the Instituto Espanol de Moneda Extranjera through the intermediery of Mr. Oswald that we should be glad to have the Instituto consign silver coins to us and that we would have these coins refined and later sold on their behalf. It was suggested that the shipment be accompanied by an ownership certificate approved by the American Embassy in Madrid. In other words, we told the Instituto that the transaction would have to be approved by our Embassy in Spain. As soon as we hear anything further on the subject, I shall be pleased to keep you informed.

While on the subject of Madrid, I have just received a cable according to which the Council of Ministers has just passed a Decree under which a special exchange rate will hereafter prevail for tourist pesetas and family support payments. I understand that the rates in the future for these pesetas will be 16.42½ pesetas per dollar as compared to 16.95 for the regular pesetas.

Sincerely yours,

Alfred W. Barth
Vice President

File 852.515/8-1246

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Authority NND 765011By WDP NARA Date 3/25/00

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Entry	<u>2531-B</u>
File	<u>400B</u>
Box	<u>211</u>

TC No. 54
T-10/R-1
French

MEMORANDUM ON THE PROBLEM
OF
RESTITUTION

CHAPTER I

Juridical and Moral Basis of the Rights to
Restitution

In all civilized countries extremely precise and detailed rules of law govern the various methods of transferring either movable or immovable property; the purpose of these rules is both to assure public order and to prevent the reign of the arbitrary. The principle underlying them is therefore freedom and independence in making transactions and contracts, and it must be admitted by all that in the absence thereof, any transaction accomplished by force and ruse under compulsion has an underlying defect of a nature to obtain its cancellation.

The unusual circumstances of war should in no wise prevent the application of these rules, and for centuries civilized nations have exerted every effort to have them prevail over the old barbarous customs of appropriation by force of arms.

From this point of view, individual pillage, the oldest form of these barbarous customs, is at present the subject of penal measures in the laws of all civilized countries.

Concurrently with the defining of the rules of law in this respect, other more subtle, less clear-cut methods of irregular appropriation appear; their effect is to counter-balance the effort of laws in the opposite sense. These are the methods concerned with the large-scale operations carried out by the belligerent himself considered as a public power. They have shifted the problem from the level of private law to that of public law and have thereby

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Authority NND 765011
By WDP NARA Date 3/25/00RG 84
Entry 2531-B
File 400B
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-2-

injected into this field a confusion from which the most alert human minds have failed to escape.

It was during the war of 1914-18 that such abuse of the law made its appearance and quickly became widespread. Accordingly, the conventions concluded at the end of that war devoted considerable space to this problem and endeavored to solve it in a sense involving both justice and equity.

- (a) The first text on the matter is note Annex No. 2 (sec. 4b) to the Armistice Conventions of November 11, 1918;
- (b) The second is section 6 of the Protocol of January 16, 1919 renewing the Armistice Conventions;
- (c) The third is a further Protocol of March 25, 1919.

These texts together cover the whole problem of restitutions of all kinds that the countries occupied by Germany might claim; the provisions therein were subsequently incorporated in the Treaty of Versailles which devoted Articles 238, 239, 241 and 243 (last paragraph) of Part VIII to this question.

Concurrently with these provisions of a contractual nature, the German Government, in order to give them full effect, on March 28, 1919 issued a decree requiring all its nationals to declare, on penalty of imprisonment or fine, all French and Belgian equipment held by them.

As for the Treaty of Versailles, in the last paragraph of the above-mentioned Article 243, it made a very clear distinction between reparation and restitution, pointing out that the latter could not give grounds for any entry to Germany's credit in her reparations account.

After the last war the Allied Nations, realizing the enormity of the damage to the occupied countries caused in this way, on January 5, 1943 published in London a solemn

Declaration

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Authority NND 765011
By WDP NARA Date 3/25/00RG 84
Entry 2531-B
File 400B
Box 211

-3-

Declaration on the acts of dispossession committed in the territories occupied by the enemy or under his control. In that Declaration the Allied Nations formally warned all concerned that they would use every means within their power to put a stop to the dispossession methods used on the nations and peoples that had been outrageously attacked and looted by the Governments with which they were at war.

That Declaration makes it clear that the signatory Governments reserve to themselves the right to declare null and void any transfer or dealing taking the form of an apparently legal transaction, even if such transfer or dealing is represented as having been made without compulsion. ✓

The Allied Control Authority in Berlin subsequently adopted the same concept in document CONL/P(46) 3 Rev. of January 2, 1946 (Definition of the Term Restitution). This document clearly indicates in paragraph 1 that the question of the return of property taken by the Germans from the territory of the Allied Nations must in all cases be examined in the light of the Declaration of January 5, 1945.

Moreover, section 2 of the document points out that all property carried off by the enemy may be subject to restitution within the limits consistent with reparations, and document CORC/P(46)110 of March 23, 1946 makes it clear, in section 3 thereof, that the limit compatible with restitution is to be understood as follows: if a property claimed as restitution is indispensable for the operation of a unit constituted by a factory allocated for reparation, it may be withheld and not returned. Furthermore, if restitution of the article itself is not allowed, the claimant nation's right to restitution is exercised in the form of compensation to be taken from German property in articles of equivalent value and, in so far as possible, in equipment, manufactured articles, and raw materials.

It was

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Authority NND 765011
By WDP NARA Date 3/25/00RG 84
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-4-

It was in just this spirit that approval on a quadripartite basis was given to document CGRC/P(46)143 of April 17, 1946 (Quadripartite Restitution Procedure), the second part of which specifies that it is only in so far as possible that every claim for restitution must be accompanied by a statement of the circumstances and facts which attended the transfer of the article (and) that presumption of spoliation was implicitly recognized in the absence of proof to the contrary.

We must in fact believe that even under the appearance of commercial acts, the abnormal character of the transactions on which the Germans used direct or indirect pressure caused evidence of lack of consent, hence theft and violence, to appear in contracts invalidated by a lack of equivalence.

Furthermore, during the occupation of France the German authorities directly controlled a large number of private firms or French national companies by sequestering them or appointing German administrators. In such cases the French services, which were no more than services carrying out orders from the German authorities, obviously no longer were free to make decisions and found themselves compelled to take and to carry out the order given.

Moreover, even when the German authorities did not administer a company directly, they were nevertheless in complete control of the entire program for distributing raw materials and shifting French labor. Thus a French firm that received an order from the German authorities knew that if it refused to carry out the order it would be deprived of raw materials and that its workers, being unemployed in consequence, would be deported to Germany to do forced labor. Here again there could be no question of saying that the French firm was free to make decisions under the immediate influence of such a threat.

Lastly, we must consider that the enormous sum (300 million

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By WDP NARA Date 3/25/00RG 84
Entry 2531-B
File 400B
Box 211

-5-

million daily) exacted of France by the Germans was the source of the currency with which the German authorities made purchases in France through a clearing system.

No settlement of this clearing was ever made. Furthermore, the daily payment had been imposed on France precisely to enable the occupants to deplete the country's resources by enormous purchases paid for with the francs obtained in this way. The many German purchasing agencies operating throughout French territory were proof of this fact.

Such a levy seriously endangered the French economy by reason of the inflation due to the notes put into circulation in this way.

When a purchase was made by a German occupant in France, the French economy witnessed the disappearance of property that represented a definite form of wealth for the country and also witnessed the entry into its monetary circulation of notes that had no value and caused inflation.

This is so true that it may be said without stating a paradox that a purchase made by a German or the German services in France weakened the French economy more than a pure and simple theft. In fact, it was at the time when the bank notes remitted by France to Germany were put into circulation for the purchase of foodstuffs and articles that inflation started and serious harm was done to the French economy. Thus, whereas a theft would involve merely loss of the object itself, a purchase in such circumstances resulted also in depreciation of the French currency.

The foregoing is a general presentation of the basis for the juridical and moral rights of the countries looted by Germany.

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Authority NND 765011By WDP NARA Date 3/25/00RG 84
Entry 2531-B
File 400B
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-6-

CHAPTER II

Total Spoiliations Suffered by FranceDuring the Last War

Taking the 1938 value as the evaluation unit, it may be estimated that all lootings made by the Germans in France and justifying claims for restitution under the terms of inter-Allied agreements amount to approximately 34 billion marks, exclusive of securities, the value of objects and works of art being itself merely approximate. A concise statement of this evaluation follows:

	<u>Value in billions of marks</u>
I - Agricultural equipment and products	4,350,000
II - Raw materials	2,600,000
III - Industrial materials and equipment, manufactured products	7,600,000
IV - Transportation and communications equipment	6,300,000
V - Military equipment	3,200,000
VI - Furniture	600,000
VII - Works of art	2,200,000
VIII - Spoiliations suffered by the eastern departments - Miscellaneous	<u>950,000</u>
Total....	34,000,000

In the field of industrial equipment alone, German lootings amount to approximately 80,000 machine tools. Of these 80,000 France has obtained the restitution of about 9,000 or slightly more than 11%.

In the field of movable objects, the number of looted articles is estimated at 30,000, counting only valuable objects, (furniture, tapestries, pictures, or sculptures).

As for automotive vehicles, requisitions and lootings

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337462

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Authority NND 265011By WDP NARA Date 3/25/00
 RG 84
 Entry 2531-B
 File 400B
 Box 211

-7-

come to several hundred thousands, but it has been impossible to account for all such spoiliations.

These spoiliations were accomplished either by direct and separate or collective acts of pillage or by purchases, the contractual appearance of which, was purely fictitious.

Among these forms of spoliation it is easy to note the ones effected under cover of official agencies whose records have, to a certain extent, been recovered:

I - AGENCIES UNDER THE GERMAN MINISTRY OF MUNITIONS

A. RUSTUNGSKONTOR (Armaments Office). The records were found in the American zone and although incomplete make it possible to estimate at 2 billion marks the stocks and reserves of the Office in April 1945.

B. ROGES (Import-Export Company; purchase of metals, chemical products, textiles). This company financed German black-market agencies. Its purchases in France are estimated at 2,800 million RM. Other agencies buying on the black market made purchases in France totalling 1,662 million RM in value.

II - AGENCIES UNDER THE GERMAN MINISTRY OF ECONOMY

A. WIPO - Company created for the recovery of raw materials and the distribution thereof. It possessed stores of gasoline and a large park of railroad cars and tank cars, about 6,000 of which were requisitioned in France. It has not been possible to study the records.

III - AGENCIES UNDER THE GERMAN MINISTRY OF AIR

A. DELHAC, later ELBAG (Purchase and distribution of machine tools) Total purchases in 1943-44, 2,339 million RM.

Purchases and seizures of gold and currency were made by the Devisenschutz-Kommandos (Foreign Currency Safeguard Commands). The gold and currency were immediately utilizable for the purchase of products essential for the German war economy.

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Lastly,

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Authority NND 765011By WDP NARA Date 3/25/00RG 84Entry 2531-BFile 400BBox 211

-8-

Lastly, we must point out the purchase of transferrable securities to increase German interests in French companies.

337464

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Authority NND 765011
By WDP NARA Date 3/25/00RG 84
Entry 2531B
File 400B
Box 211

-9-

CHAPTER III

Current Situation of Restitutions to France

I - LOCATED CLAIMS

With the exception of works of art, public railroad equipment, and securities, France filed with the Allied authorities of the four zones up to June 30, 1948, 30,000 files of claims to located property that had been looted, representing a total value of 440 million marks. Releases ordered by the occupying authorities up to that date concern 9,659 files with a total statistical value of 177 million marks; of this total claims worth 156 million marks have been satisfied. One hundred and sixty-four million marks worth of located claims are still pending in the four zones. A detailed statement of the restitutions situation by zones is attached as Annex I to Chapter III.

The time limits for the filing of claims expired on April 30 in the American Zone and on June 30 in the British Zone. In the French Zone this date has been fixed for October 31.

II - CLAIMS NOT YET LOCATED

The filing of catalogs of property not located before these dates had made it possible to maintain without preclusion France's rights to the restitution of the looted property which is listed therein and which will be located subsequent to the dates mentioned above. The same is true of located claims that may not have been submitted before the aforesaid time limits.

The catalogs so filed with respect to lootings of industrial equipment, furniture, automobiles, and shipping alone represent approximately 1,173 million RM (1938 value), from which about 5% should be deducted for duplication in the foregoing statistics on located property. See Annex II to this chapter. It should be pointed out that it has not been possible to prepare catalogs of the goods constituting

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337465

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Authority NND 765011
By WDP NARA Date 3/25/00RG 84
Entry 2531-B
File 400B
Box 211

the greater part of the spoliation suffered.

Briefly, French claims for restitution, explicitly filed and recognized (property located or not) may therefore be figured at 1,550 million RM (1938) excluding securities, objects and works of art and public rolling stock.

A comparison of these figures with the figure for total releases obtained by France up until then shows that the latter represent 40% of the located claims and 12% of all claims, whether located or not, regularly filed with the occupation authorities of the four zones.

A fact included here merely as a guide is that restitutions made by Germany during the years 1919, 1920 and 1921 produced the following substantial results:

- 220,000 t. of industrial equipment
- 5,000 t. of agricultural equipment
- 16,000 railroad cars
- works of art worth 10 million francs (supposedly 1921 francs)
- securities worth 17 million francs (1921)

The total figure for restitutions made was close to a billion francs (1921).

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Authority NND 765011
By WDP NARA Date 3/25/00RG 84
Entry 2531-B
File 400B
Box 211

-11-

CHAPTER IV

Evolution of the Problem after each of the two Wars and the Idea of Agreed Compensation Taking into Account a Time Limit for Completing Operations

After the war of 1914-18 and at the end of three years of "prospecting" during which there had been no economizing of personnel (22 groups of engineers were sent throughout Germany for industrial equipment alone) it became apparent that investigations on the spot were becoming increasingly difficult and that as time went on the problem should be placed on a different basis.

Instead of maintaining a categorical position of systematic exercise of the right to sue for property that had been carried off, the French Government then indicated its willingness to negotiate a settlement. The German Government responded to this suggestion, and the negotiations that were entered into resulted in protocols, signed at Wiesbaden on October 7, 1921, whereby France, in return for waiving her right to restitution of the property wrongfully taken from her territory, obtained Germany's promise to deliver 66,000 tons of equipment, 4,500 new railway cars, and considerable farm stock, and to provide a purchasing credit of 158,000,000 gold marks payable in five annuities beginning May 1, 1926.

This convention, in the application of which France received substantial prestations, was included in the Dawes Plan in accordance with an agreement of January 14, 1925 maintaining the whole principle of a distinction between reparations and restitutions and recognizing for the latter merely the twofold principle of equivalence and (payment of a) lump sum, subject to a maximum annual sum of prestations under this head, these being provisions that had not been stipulated in the earlier agreement of October 7, 1921.

The aforesaid evolution is most instructive. It shows that

337467

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Authority NND 765011
By WDP NARA Date 3/25/00RG 84
Entry 2531-B
File 400B
Box 211

-12-

that it is possible at one and the same time to remain faithful to the general principles of law regarding rules for the transfer of property and in practice to agree on the most economical methods of achieving such a result.

The question presents itself under a similar aspect today.

The French services have already been unofficially informed by their Allied colleagues of the desire of the Allied authorities to fix a time limit within which to complete the making of restitutions other than objects and works of art, securities, and railroad equipment, for which separate arrangements are to be made.

This time limit might be March 31, 1949. It would afford the German authorities definite political satisfaction and would greatly simplify the activities of the Allied Restitution Services. The necessary counterpart of the fixing of such a date is, however, acceptance of an agreed lump-sum settlement of France's rights as a looted country.

The amount of the agreed lump sum would be fixed on the basis of compensation for France's unsatisfied claims as presented on this date.

All restitutions made up to the time limit for completing operations would be recorded and deducted from the aforesaid lump sum. The remainder not covered by such actual restitutions within the time limit would constitute a preferential claim through recognition of a property right of France against Germany, which should be satisfied within not more than one year.

337468

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Authority NND 765011
By WDP NARA Date 3/25/00RG 84
Entry 2531B
File 400B
Box 211

-13-

CHAPTER V

Fixing of the Agreed Lump Sum

In all fairness, the amount of the agreed lump sum intended for the settlement between France and Germany of the question of restitutions other than securities, objects and works of art, and public railroad equipment, should correspond to the figure for restitutions not yet made on the date of the termination of operations, this figure being based on an evaluation of the rights of France explicitly recognized by the filing of located claims and catalogs, as stated in Chapter II. Yet this figure would be very small as compared with that for the actual lootings.

Nevertheless, in a broad spirit of conciliation and in order to take into account economic conditions in Germany, the French Government would be willing to allow a reasonable reduction computed on the basis of practical considerations of the return of property looted in France, in case no time limit were fixed.

Under these conditions the French Government would agree to the adoption of the following bases for computing the agreed lump sum:

1. A 30% deduction would be made from the amount for located claims to property not yet returned on this date.

In fact, the general proportionate value of the claims dropped up to June 30 constitutes 23% of all filed claims to located property, whereas the ratio of these dropped claims to total claims released and dropped up to this date is 37%. It appears, therefore, that a 30% average deduction might be applied to the figure for claims still pending.

The portion of the agreed lump sum computed on the basis of located property would amount to the following:

164 x 70/100 = 114.8 million marks

2. From the

337469

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By WDP NARA Date 3/25/00RG 84
Entry 2531-B
File 400B
Box 211

-14-

2. From the amount of the estimated value of the catalogs representing property not yet located on this date, a total deduction of 80% would be made, to take into account:

(a) Possible duplication in located claims, as stated in Chapter III. There is in fact a certain amount of overlapping between the publication of the catalogs and the statistics on claims located up to June 30, 1948.

(b) The uncertainty as to eventually locating:

Property that has left Germany

Property that has been used up

Property that has disappeared or been destroyed

Property that cannot be found

(c) The part played by the idea of a normal business transaction.

Under such conditions the agreed lump-sum settlement would amount to the following:

For located property 114.8 million marks

For property not located 235.0 " "

Total, about..... 350.0 million marks

Effective date of the agreed price, July 1, 1948.

All restitutions made from July 1, 1948 up to the time limit would be recorded and deducted from the agreed lump sum. The balance not covered by actual restitutions within the time limit would constitute a property right of France against Germany.

This preferential claim, distinct from rights to reparations, would be covered:

(a) In the first instance, by the furnishing to France of machine tools from Germany, up to at least 60% of the total lump sum. The age of the machine tools should not date back farther than 1942. In the event of failure of the surplus stock existing in Germany to supply all of this part of the agreed lump sum, the further supplying

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By WDP NARA Date 3/25/00RG 84
Entry 2531-B
File 400B
Box 211

-15-

of new machine tools or equipment to be mutually agreed upon would have to be considered.

(b) Possibly, for liquidation of the balance, by the granting of interests in industrial property located in Germany, originally offered as reparations and not transferred for such purpose, or in any other property to be determined by mutual agreement.

Lastly, as regards the method of settlement with each of the Commanders in Chief of the four zones of occupation, the share to be borne by each zone should be explicitly stated:

1. In the case of located claims in each zone, the figures in the sixth category of Annex I to Chapter III of this memorandum would be taken into consideration together with the 30% reduction factor contemplated above, as follows:

U.S. Zone	44	x 70/100 =	30.8	million marks
British Zone	50	x 70/100 =	35	" "
French Zone	13.5	x 70/100 =	9.45	" "
Russian Zone	56.5	x 70/100 =	39.55	" "

2. In the case of property not located, it is suggested that the agreed sum of 235 million marks be divided among the four zones in proportion to their respective population or economic importance. Using as bases the terms entering into the computation of the distribution of located property, would be out of the question.

The preferential claim of France against Germany constituted by the aforesaid agreed lump sum should be definitively settled in the four zones before March 31, 1950, all shipments to be made from Germany before that date, as well as all transfers of property in consequence of the compromise suggested in this memorandum.

337471

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By WDP NARA Date 3/25/00RG 84
Entry 2531-B
File 400B
Box 211

-16-

ANNEX I TO CHAPTER III

STATUS OF RESTITUTIONS TO FRANCE AS OF JUNE 30,

BY ZONES ^{1/}

(Located Property)

Kind	Number	Value in millions of marks	Remarks
U.S. ZONE			
<u>General Note</u>			
Claims filed	4,784	120	These estimates do not cover munitions, railroad equipment, securities, objects of art, and cultural property.
Claims dropped	1,569	19	
Claims approved	6,554	91	
Claims released	1,859	61	
Claims satisfied	1,591	57	
Claims still pending	5,624	44	
BRITISH ZONE			
Claims filed	5,838	170	
Claims dropped	1,843	62	
Claims approved	3,995	108	
Claims released	1,526	58	
Claims satisfied	1,100	42	
Claims still pending	2,469	50	
FRENCH ZONE			
Claims filed	14,351	80	A large number of border claims generally of little value, on which it has not been possible to take any action.
Claims dropped	6,070	12	
Claims approved	3,281	68	
Claims released	6,402	54.5	
Claims satisfied	6,237	53.5	
Claims still pending (exclusive of 1500 claims still to be received)	1,879	13.5	
	1,500		
SOVIET ZONE			
Claims filed	1,428	70	
Claims dropped	206	10	
Claims under consideration	1,222	60	
Claims released	69	3.5	
Claims satisfied	69	3.5	
Claims still pending	1,153	56.5	

337472

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Authority NND 765011
By WDP NARA Date 3/25/00RG 84
Entry 2531-B
File 400B
Box 211

- 17 -

RECAPITULATION FOR THE FOUR ZONES

	Value in millions of marks
Claims filed	440
Claims dropped	103
Claims approved or under consideration	327
Claims released	177
Claims satisfied	156
Claims still pending	164

1/ Explanatory note on the restitution statistics

1. Claims filed (OFR)

This figure covers the total number of claims submitted to the Restitutions Service.

2. Claims dropped

This figure covers the number of claims which, after being presented and accepted, were shelved without further action for reasons such as destruction, complete wearing out, dispersal, failure to locate, lack of proof of removal by force, no value, or duplication.

3. Claims held

This figure covers the claims filed, recorded by the Restitutions Services, and sent for investigation by the Lander Governments.

4. Claims released

This figure covers the number of claims for which the Restitution Services have authorized removal of the materials and have had a receipt signed.

337473

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Entry

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- 18 -

5. Claims satisfied

No comment.

6. Claims still pending

This figure covers all claims presented, minus claims satisfied and dropped.

7. In addition, there are a number of claims that have been presented but not yet approved (as claims), for lack of time.

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By WDP NARA Date 3/25/00RG 84
Entry 2531-B
File 400B
Box 211

- 19 -

ANNEX II TO CHAPTER III

ESTIMATED VALUE OF THE PROPERTY LISTED INCATALOGS I, III, IV, V (Part 2), and VIII

<u>Recapitulation</u>	<u>Estimated Value in RM</u> <u>(1938)</u>
A. Industrial equipment (Vol. I and supplement)	351,891,947
B. Furniture (Vol. III)	12,776,600
C. Transportation (Vol. V, Part 2) Automotive vehicles and river shipping	758,634,500
D. Silver ware, ceramics, valuable articles (Vol. IV) Jewelry (Vol. VIII)	50,000,000
Grand Total	1,173,303,047

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 RG 84
 Entry 2531-B
 File 400B
 Box 211

- 20 -

VALUE IN RM (1938) OF THE PROPERTY

LISTED IN VOLUME I

(and Supplement)

INDUSTRIAL EQUIPMENT

Description	Number	Average estimate in RM (1950)	Total value in RM (1938)
1. Metalworking machines	34,552	4,500	155,484,000
2. Testing machines	29	1,500	43,500
3. Woodworking machines /machines a bois/	883	800	706,400
4. Welding machines	128	1,500	192,000
5. Equipment and machinery for various industries	See attached document		
6. Munitions machinery /machines de l'armement/	17,000	4,500	76,500,000
TOTAL			351,891,947

337476

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By WDP NARA Date 3/25/00RG 84
Entry 2531-B
File 400B
Box 211

- 21 -

VALUE IN RM (1938) OF THE PROPERTY LISTED
IN VOLUME V (Part 2)

TRANSPORTATION EQUIPMENT

(Automotive vehicles and river shipping)

Description	Number	Average estimate in RM (1938)	Total value in RM (1938)
1. Touring cars	26,438	2,000	52,876,000
2. Industrial vehicles	232,941	3,000	698,823,000
3. Motorcycles	6,190	200	1,238,000
4. Electric vehicles	23	2,500	57,500
5. River craft	141	40,000	5,640,000
		TOTAL	758,634,500

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RG 84
 Entry 2531-B
 File 400B
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ESTIMATED VALUE IN RM (1938) OF THE PROPERTY
 LISTED IN VOLUMES IV AND VIII

VOL. IV - SILVERWARE, CERAMICS, PRECIOUS METALS

Description	Number of Articles	Value in RM (1938)
1. Goldsmith's wares	3,203	
2. Clocks	543	
3. Lighting fixtures	983	
4. Ceramics	2,283	
5. Stained glass and crystal ware	180	Pro memoria
6. Bronze and pewter	582	
7. Curios and valuable articles	909	
8. Enamels and hard stones	412	
9. Weapons	245	
10. Collections	36	

Volume VIII Pro memoria

Note. In the absence of complete and sufficiently accurate documentation, it is not possible to make an exact evaluation of the entries in Volumes IV and VIII. Fifty million RM will therefore be kept, merely to serve as a guide, as the figure for all of these entries, although it is clearly short of the truth.

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 By: **EW** NAPA Date: **4/4/0**

RG 260
 Entry Restitution of Rest.
 File RESTITUTION ACT
 Box 713

R E S T R I C T E D

STATE OF THE RESTITUTION PROGRESS

in the French Zone including the French Sector of Greater Berlin
 for the months of May, June and July 1948.

1 Countries	2 Submitted Claims		3 Claims being under consideration (cumulative)	4 Rejected Claims	
	during the month	The whole period		Tempora- rily	Entirely
Belgium	50	586	152	6	231
Denmark	31	75	55	9	9
Great Britain	-	2	-	-	-
Greece	7	89	2	1	6
Holland	3	338	40	3	30
Luxemburg	3	397	10	5	120
Norway	6	45	5	-	7
Poland	104	238	302	13	19
Czecho-Slovakia	251	664	381	4	37
U.S.S.R.	64	672	72	65	556
Jugo-Slavia	489	591	7	4	17
France	384	5,003	701	53	428
Total:	1,412	8,637	1,727	163	1,460

R E S T R I C T E D

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 Authority: NND 775035
 By: ES NARA O-33 4/4/0

RG 260
 Entry Restoration & Rest.
 File Restoration Act
 Box 773

5		6		7		8	
Claims not located	Claims released		Satisfied Claims		Value of property		
	during the month	the whole period	during the month	the whole period	really delivered during a month	Value in 1938 the whole period	
8	26	255	44	219	660,450	3,687,900	
6	14	15	9	10	83,850	152,250	
-	-	2	-	2	-	10,700	
20	2	2	-	-	-	-	
-	5	268	18	262	845,750	26,010,650	
30	3	238	8	235	589,900	2,177,500	
3	7	31	14	30	8,800	1,288,600	
6	13	25	6	11	748,400	2,129,400	
32	22	215	19	212	478,550	3,433,800	
22	29	68	-	21	-	1,241,400	
546	-	20	1	20	3,600	199,750	
211	227	3,197	132	2,652	2,612,560	63,285,410	
884	348	4,308	251	3,874	6,031,860	103,617,360	

MONTHLY

CLAIMS FOR SECURITIES

W. Madenberg
Allied Countries

PROGRESS REPORT

ON RESTITUTIONS IN THE BRITISH ZONE AS AT 31st March 1949

STATISTICAL

1 COUNTRY	2 Claims Received		3 Net Active	4 Claims Rejected		5 Claims not Located	6 Claims Released		7 Claims Satisfied		8 1938 Value R.M.	
	During Period	Whole Period		Temp.	Finally		During Period	Whole Period	During Period	Whole Period	During Period	Whole Period
BELGIUM	151	192	28	-	12	141	-	20	1	11	-	2.480,169
BRITAIN	-	-	-	-	-	-	-	-	-	-	-	-
CZECHOSLOVAKIA	-	52	27	-	15	10	-	-	-	-	-	-
DENMARK	4	5	-	-	1	4	-	-	-	-	-	-
FRANCE	-	925	2	-	2	920	1	3	-	1	-	250
GREECE	-	-	-	-	-	-	-	-	-	-	-	-
LUXEMBOURG	-	5	3	-	-	-	-	3	-	2	-	1.300
NETHERLANDS	14	81	44	-	18	1	-	21	2	18	-	55.597.945
NORWAY	3	5	3	-	2	-	less 1 ^{+))}	-	-	-	-	-
POLAND	less 1 ^{+))}	17	2	-	14	1	less 1 ^{+))}	1	-	-	-	-
U. S. A.	-	-	-	-	-	-	-	-	-	-	-	-
U. S. S. R.	-	2	2	-	-	-	-	-	-	-	-	-
YUGOSLAVIA	-	1	1	-	-	-	-	-	-	-	-	-
XXXXXXXX												
TOTALS	171	1285	112	-	64	1077	less 1 ^{+))}	48	3	32	-	58.079.664

Kt. / 5.4.49 +) Due to Re-Classification of claims

RG 260
Entry Reclamations & Rest.
File / Restitutions Claims
Box 713

DECLASSIFIED
Authority NND 75035
By NAPA 0013 4440

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MONTHLY

CLAIMS FOR SECURITIES

NON-ALLIED COUNTRIES

**PROGRESS REPORT
ON RESTITUTIONS IN THE BRITISH ZONE AS AT 31st March 1949**

STATISTICAL

1 COUNTRY	2 Claims Received		3 Net Active	4 Claims Rejected		5 Claims not Located	6 Claims Released		7 Claims Satisfied		8 1938 Value R.M.	
	During MONTH	Whole Period		Temp.	Finally		During MONTH	Whole Period	During MONTH	Whole Period	During MONTH	Whole Period
AUSTRIA	8	24	18	-	4	2	-	-	-	-	-	-
HUNGARY	-	-	-	-	-	-	-	-	-	-	-	-
ITALY	-	-	-	-	-	-	-	-	-	-	-	-
ROUMANIA	-	-	-	-	-	-	-	-	-	-	-	-
TOTALS	8	24	18	-	4	2	-	-	-	-	-	-

RG *264*
 Entry *Administrations of Rest.*
 File *Restitutions Claims*
 Box *713*

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 Authority *NND 775036*
 By *GS* NAPA Date *1/1/90*

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MONTHLY

NORMAL CLAIMS

Allied Countries

PROGRESS REPORT ON RESTITUTIONS IN THE BRITISH ZONE AS AT 31st March 1949

STATISTICAL

337483

1 COUNTRY	2 Claims Received		3 Net Active	4 Claims Rejected		5 Claims not Located	6 Claims Released		7 Claims Satisfied		8 1938 Value R.M.	
	During Period	Whole Period		Temp.	Finally		During Period	Whole Period	During Period	Whole Period	During Period	Whole Period
BELGIUM	7	5611	1435	-	1588	1593	82	1788	54	995	796,222	36.256.856
BRITAIN	-	19	5	-	6	6	1	3	1	2	-	5.600
CZECHOSLOVAKIA	1	1278	554	-	267	256	125	544	48	201	859.191	5.153.342
DENMARK	-	603	76	-	248	225	10	89	7	54	363.693	690.470
FRANCE	11	6515	1839	-	1942	1269	75	2301	139	1465	3.519.918	40.651.033
GREECE	-	63	25	-	13	20	-	8	1	5	-	784
LUXEMBOURG	1	40	13	-	12	4	-	17	-	11	-	83.700
NETHERLANDS	8	4517	343	-	1403	639	16	2324	47	2132	986.590	69.850.124
NORWAY	-	618	73	-	206	132	-	232	4	207	68.350	3.786.731
POLAND	9	2890	995	-	630	802	22	854	25	463	163.658	32.760.541
U. S. A.	-	-	-	-	-	-	-	-	-	-	-	-
U. S. S. R.	-	1127	180	-	159	734	4	151	1	54	2.450	2.630.035
YUGOSLAVIA	1	1214	969	-	32	166	2	59	3	47	547.776	1.508.342
Other Claims received after 1st Febr. 49	90	97	97	-	-	-	-	-	-	-	-	-
TOTALS	128	24592 1439	6604	-	6506	5846	337	8370 409	330	5636	7.307.848	193.377.558 20.759.351 214,116,904

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RG 260
Entry Memoranda & Lists
File / Nos. 11111-11113
Box 713

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Authority: NND 75033
By: PAS. NARA Date: 4/19/00

MONTHLY

NORMAL CLAIMS

NON-ALLIED COUNTRIES

**PROGRESS REPORT
ON RESTITUTIONS IN THE BRITISH ZONE AS AT 31st March 1949**

STATISTICAL

337484

RG 260
Entry Memoranda & Lists
File / Restitutions
Box 713

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Authority: NIND 88036
By: [Signature] NAPA D15 4/90

1 COUNTRY	2 Claims Received		3 Net Active	4 Claims Rejected		5 Claims not Located	6 Claims Released		7 Claims Satisfied		8 1938 Value R.M.	
	During MONTH	Whole Period		Temp.	Finally		During MONTH	Whole Period	During MONTH	Whole Period	During MONTH	Whole Period
AUSTRIA	5	247	81	-	92	62	6	37	2	12	39,500	193.228
HUNGARY	-	21	5	-	-	6	-	12	1	10	18.000	7.968.000
ITALY	12	1065	550	-	151	231	52	358	23	133	1.240.254	12.577.123
ROMANIA	-	61	1	-	44	15	-	2	-	1	-	1.000
Claims received after 1st. February 1949 less 13 ^{*)}		45	45	-	-	-	-	-	-	-	-	-
TOTALS	4	1439	682	-	287	314	58	409	26	156	1.297.754	20.739.351

*) Due to Re-Classification of claims

DECLASSIFIED

Authority ^{NND} 775059By ZI HARA Date 3/13/00

RG 260

Entry FINANCEFile EMBAISON VISITSBox 940.32
424*Gold Team*Finance Div. Meeting A Nov 1946, Berlin. (Mr. T. Ball presided).

As Mr. Gabell's suggestion I spoke as follows:

C I D visit

Representatives of the CID visited the Depository last Friday for the purpose, as stated, of reviewing our files in connection with an investigation of persons and organizations involved in the finding and delivery of valuables. It is understood Mr. Ball is familiar with this matter;

Depository Personnel being
Billeted under one Roof

The arrival of more and more dependents in the Frankfurt area has at one time or another forced almost all members to move to less desirable billets. The requisitioning of a separate building large enough to house the entire staff seemed the only solution and has now been accomplished, including a B mess.

Jewel Experts

During most of the last three months we have had the services of two jewel experts from France. One of them recently informed us that his private business interests will force him to terminate his services with the Depository after Dec 20th. In the meantime Col. Brey has engaged four additional experts who are expected to arrive on the scene shortly. Efforts are now under way to obtain qualified German assistants to work with the increased number of experts.

Inventory Accounting

Following the preparation of inventory forms they must of course be posted to the accounting records. This latter operation is now well started. It was first contemplated that an addition to the T.O. would be necessary for this purpose but a method was devised whereby the detailed posting could be entrusted to a German bookkeeper. All entries are subsequently verified by American personnel.

T.O. Replacement

The Staff of the Depository is still short one member who is urgently needed as an assistant to Mr. Keller. The lack of this replacement is delaying the processing of inventory forms, a condition which will become acute with the arrival of more jewel experts.

Authority to Release Assets

The question was raised some time ago as to what authorizations were required to effect releases of valuables. A suggested procedure to be followed in such cases was submitted by the Depository and we are awaiting approval or further comment on this important matter.

337485

DECLASSIFIED
 Authority 775059
 By T.J. NARA Date 3/13/00

RG 260
 Entry FINANCE
 File EMBAISON VISITS
940.327
 Box 424

COUP
 TEAM

- 2 -

At conclusion Mr. Ball requested me to take up T.O. Replacement matter with Mr. Robertson. Latter subsequently stated he was hopeful of filling position during coming week.

Some of the matters mentioned by others were:

Mr. Freeman (Gen Ex & Blocking Control)

A trade agreement had been concluded with Austria along the lines of the one previously signed with Czechoslovakia. He will now visit Netherlands for the same purpose.

Mr. Lichtenstein (Fin. Institutions Branch)

A banking system for Germany has finally been approved and accepted by German authorities. This matter has been pending for an entire year.

Mr. Theodore Ball

He stressed that strenuous efforts are being made by all branches of Military Government to let German authorities handle their own affairs and that more and more functions are being turned back to the German administration.

Requested all divisions to make a brief report on their current activities; This report to be submitted by Wednesday so that it could be delivered promptly to General Clay. The latter is leaving shortly for the States in connection with peace treaty negotiations

Other Matters

Lt. Col. Stoker handed me mail on train, for Foreign Exchange Depository representing accumulation of Saturday and Monday, which he has made a practice of picking up at the Message Center in Berlin.

Mr. Rose of External Assets Branch inquired whether the Depository has any files or records pertaining to Foreign Exchange Assets. Mentioned the possibility of finding some such material in as yet uninventoried shipments but greater possibility that something of interest may be among files in basement behind the Supply Div. He is considering sending someone down to examine latter material.

Mr. Robertson stated Military Government Manpower Board has approved in writing the hiring of six jewel experts and subsequently gave me a copy of the approval.

Had a discussion with Mr. Ben Brown in reference to our still unanswered questions on currency, non-monetary gold, etc. and also stated we were interested in the return of our cable file on Currency policy. He said he had been very busy recently but expected to comply with all our requests early this week.

Left a typewritten list of thirty odd cable references with the Berlin Message Center. They agreed to prepare copies and forward them to us. This

337486

DECLASSIFIED

Authority 775059

By TJ NAPA Date 3/13/00

RG 260

Entry FINANCE

File EMERSON VISITS
940.3.2

Box 424

GOLD TEAM

- 3 -

Will make our cable file complete as to matters of Depository interest.

DECLASSIFIED	
Authority	775059
By	TJ NARA Date 3/13/00
RG	260
Entry	FINANCE
File	RAISON VISITS 940.32
Box	424

Gold
Town

Finance Div. Meeting 4 Nov 1946, Berlin. (Mr. T. Ball presided).

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.....

DECLASSIFIED
 Authority 775059
 By T.J. NARA Date 3/13/00

RG 260
 Entry FINANCE
 File EMBAISON VISITS
940.32
 Box 424

Good
Term

- 2 -

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DECLASSIFIED
Authority 775059
By TJ NARA Date 3/13/00

RG 260
Entry FINANCE
File EMBAISON VISITS
940.32
Box 424

*GOLD
TEAM*

- 3 -

will make our cable file complete as to matters of Depository interest.

DECLASSIFIED

Authority NND 765011
By WDP NARA Date 3/25/00RG 84
Entry 2531-B
File 400B
Box 53OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)
Office of the Director of Political Affairs
APO 742MEMORANDUM

August 15, 1946

TO : Ambassador Murphy
Mr. Steele *MS*FROM: W. C. Haraldson *WCH*

On March 7 OMGUS received JCS Directive 99226, which directed restitution to ex-enemy countries and instructed OMGUS to attempt to negotiate quadripartite agreement for restitution to ex-enemies and to proceed unilaterally from the American Zone until such agreement could be reached. On June 15 in cable WX-91471, the War Department stated that it had considered the comments which OMGUS had made to JCS 99226, but reaffirmed the directive and instructed OMGUS to carry it out. In cable WX-96357 August 2, the War Department further reaffirmed the JCS Directive 99226.

OMGUS has been reluctant to follow this directive, claiming that it violated a quadripartite agreement on restitution (DRDR/P(46)33 Revised) which stated that "no nation shall be eligible for restitution unless its territory was occupied in whole or in part by the German armed forces or the forces of her Allies, or unless it is a United Nation or has been specified by the Allied Control Council."

It is important to note that this restitutions agreement was agreed upon by the four delegates of the R D & R Directorate on March 25 - eighteen days after OMGUS had received JCS 99226. Thus OMGUS's position boils down to the point where they are reluctant to follow a directive because it violates a quadripartite agreement to which they ascribed long after they received the disputed directive.

It is true that the American delegate on the R D & R Directorate recorded a reservation in the minutes of the meeting which approved the restitutions procedure, but this reservation merely reserves the right to submit an alternative text which would give the opportunity to widen the categories of nations eligible for restitution." It would appear that, having received a directive to retribute and negotiate for the restitution to ex-enemy countries, caution would have counselled a much broader reservation.

/On

337491

DECLASSIFIED

Authority MND 765011By WDP NARA Date 3/25/00RG 84
Entry 2531-B
File 400B
Box 53

-2-

On August 7, 1946, this conflict was discussed *via teletype* between OMGUS and the War Department, the final sentence of which was a statement from War to OMGUS that "we recognize fully your position and will stand fast and do nothing to raise the question unless further pressed by State."

We have a Hungarian restitutions mission in our Zone, have authorized the entry of restitutions missions from Rumania and Italy. Other ex-enemy countries have been invited to send such missions into our Zone of Germany. These ex-enemy countries have been asked to submit claims for restitution and have done so. Unless this matter is cleared up and cleared up rapidly, both State and OMGUS are going to find themselves in a rather embarrassing position.

WCH/rr

337492

Diams

HK:AM

January 27, 1942

60-0-28-142

60-0

MAR 30 1942
V. 16

MEMORANDUM FOR MR. HAMILTON

Re: Diamond trade and anti-trust investigation

60-0-28-142
DEPARTMENT OF JUSTICE
FEB 16 1942
DIVISION OF RECORDS
ANTI-TRUST

The diamond trade is now concentrated in New York. It is obviously a source of fraud and deceit. Most of the diamonds which are now sold on the market in New York are stolen from Belgium, sold to South American firms, put on the market in New York and probably resold in Europe or South America.

It is very probable that the following situation gives us a chance to look into this dirty business. Up to now the following connections between corporations have become clear: the Adamas Importing Co., 630 Fifth Avenue, New York City, incorporated under the laws of the State of New York on May 6, 1941 imports, buys, sells, and refines diamonds in Europe and in the United States. The diamonds in Europe are purchased from the Diamond Trading Co., Ltd. (the diamond syndicate) either directly or through Kimberley Importation Co., Inc., a New York corporation controlled by French interests.

The diamonds so purchased are assorted by an individual, Lazare Kaplan, who calls himself one of the best diamond experts in the world. The diamonds are either resold in the same shape in the United States through Lazare Kaplan & Sons, Inc., a New York corporation of 630 Fifth Avenue, or are manufactured into gem diamonds at the plants of Kaplan Diamond Co., Inc., a New York corporation, 630 Fifth Avenue and 64 Fulton Street, New York City, or Ponce Diamond Works, Inc., a Puerto Rico corporation of Ponce, P. R., and then resold through Lazare Kaplan & Sons, Inc. The following agreements exist: an agreement between the Adamas Importation Co., Inc. and its shareholders, Joseph Lew and Lazare Kaplan dated May 27, 1941. This agreement relates to the control of the corporation and provides that purchase of diamonds for this corporation shall be made by Lazare Kaplan, who may enlist the assistance of Armand de Haan.

The Adamas Importation Co. has agreed to pay Kimberley Importation Co. Inc. a commission of 1%. All shares of Kimberley Import-

Box 152
 File # 60-0-28
 Entry S.M.S. Files
 RG 60

337433

ation Co., Inc. are owned by Armand de Haan. The Kimberley Importation Co., Inc. is an intermediary of the diamond syndicate in London and the New York trade.

Adamas Importation Co., Inc. has agreed with Kaplan Diamond Co., Inc. of 64 Fulton Street and 630 Fifth Avenue and the Ponce Diamond Works of Ponce, P.R. that its rough diamonds shall be cut, polished and manufactured into gem diamonds at the plants of the latter two corporations at a price of \$30 per carat. All of the stock of Kaplan Diamond Co. and Ponce Diamond Works is owned by Lazare Kaplan, who also is a principal shareholder of the Adamas Importing Co., Inc., and who has an agreement with Armand de Haan about the connection with the London diamond syndicate.

The whole set-up seems to indicate that Lazare Kaplan and Armand de Haan made an agreement which does not only control all corporations involved but which has a decisive influence on the entire diamond trade, its prices and sales conditions. The corporations have agreements with each other which obviously violate also the antitrust statutes, since foreign and interstate commerce is involved. The jurisdiction of our division is obvious.

HEINRICH KRONSTEIN

Adamas Importing Co. - 220 080
Kimberley Importation Co. - 220 080
Ponce Diamond Works - 220 080

Adamas Importing Co. - 220 080
Kimberley Importation Co. - 220 080
Ponce Diamond Works - 220 080

Adamas Importing Co. - 220 080
Kimberley Importation Co. - 220 080
Ponce Diamond Works - 220 080

RG
Entry # 60
File # 60-28
Box 152

46733

DECLASSIFIED
 Authority IND 93089
 By [signature] NARA Date 3/17/80

RG 84
 Entry 3012
 File From DPT 1947
 Box 811-0

February 28, 1947

CONFIDENTIAL

A-78

AMEMBASSY

BRUSSELS

Reference is made to the Department's A-444 of September 19 to Madrid (repeated to London, Berlin, The Hague, and Brussels) concerning a quantity of diamonds now in the possession of the American, British and French Embassies at Madrid. (The diamonds were seized by the Spanish police from a German national who had obtained them from the German Embassy at Madrid in 1944. In the reference airgram, the Department recommended that descriptive data be sent Brussels and The Hague for the purpose of investigating the possibilities that the stones were looted.

The Embassy at Madrid, in its A-55 of January 24, has reported as follows:

"Reference Department's airgram A-444 of September 19, 1946 regarding diamonds held by the Trusteeship. As suggested, the best available description of the diamonds was forwarded to Brussels and The Hague but no information identifying them as loot has been obtained. The nature of the stones may invite spurious loot claims and so the Department may desire to outline a procedure and safeguards in their identification. If unidentified, will the Department authorize the sale of the diamonds and the earmarking of the proceeds for the Inter-Governmental Committee on Refugees as suggested by Seymour Rubin when he was here on the analogy of monetary gold which cannot be specifically identified? The Department's authorization to send the diamonds by pouch to Brussels or The Hague for further investigation as possible loot is requested."

The Department has sent the following reply to the Embassy at Madrid in its A-64 of February 28, 1947:

"Reference is made to your A-55 of January 24, 1947 regarding diamonds held by the Trusteeship. It is recommended that the diamonds be forwarded by pouch to Brussels for examination with a view to determining whether they represent loot. Should an investigation in Brussels provide no clue, the stones are to be forwarded to The Hague

for

711.3 Sofkman Case 112

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DECLASSIFIED		RG	84
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By	[Signature]	File	Historic Telegrams from DPT 1947
NARA Date	3/2/80	Box	311 - - 0

- 2 -

for the same purpose. If the diamonds cannot be positively identified as looted and the original owners determined, the Department approves their sale and surrender of the proceeds therefrom to the Inter-Governmental Committee on Refugees provided the British and French concur.

"The foregoing message is being copied to the missions at London, Berlin, The Hague, Brussels, and Paris together with a repeat of your 4-55."

Copies to The Hague, London, Paris, Madrid and Berlin.

DECLASSIFIED
 Authority MMJ877092
 By WVJ NARA Date 3/28/00

RG 59
 Entry 540328
 File #313
 Box 6

IAD

337498

RESTRICTED

313
 MCT

DF - Mr. Sproles

February 5, 1951

EUR/RA - Wayne R. Gilchrist ✓

Italian Lira Allocated to the United States by IARA as
 Reparations.

Attached is a copy of IARA/AS/Doc. 1446 dated December 15, 1950 which shows a total of 614,188,781 Italian lire allocated to the United States by the Inter-Allied Reparations Agency (IARA) at the Assembly meeting on November 24, 1950. In accordance with a previous diplomatic arrangement, the Department has instructed the Embassy at Rome to ask the Committee on German External Assets to transfer 500,000,000 lire of the United States allocation to the International Refugee Organization (IRO). The Embassy at Rome has also been instructed to deposit the balance of 114,188,781 lire to be deposited to the account of the United States Treasury in Rome (re DEPTREL 2801, Jan. 5, 1951). It is, therefore, requested that DF notify the Treasury Department to credit the appropriate World War II Reparations Account the dollar equivalent of the 114,188,781 lire when received on deposit in Rome.

According to information available to this office, it appears that no restrictions exist regarding the use of these lire within Italy, but it is assumed that these funds will be used for administrative and other expenses of the United States Government in Italy.

Attachment:
 IARA/AS/Doc. 1446

EUR:RA:WRC:Gilchrist:met
 cc: EUR - Mr. Olmert
 FSO - Mr. Donaldson
 L/E - Mr. Maurer
 WE - Mr. Williams
 Mr. Greene ✓

DB - Mr. Allen

RESTRICTED

DECLASSIFIED
Authority IND 76509
By EP NARA Date 3/7/00

RG 840
Entry 3017
File 58371 CONFIDENTIAL FILE 11 1949
Box 5

867493

Enclosure to despatch No. 155, April 4, 1949,
American Embassy, The Hague, Netherlands.

CONFIDENTIAL

COPY

FOREIGN OFFICE,
Devonshire House,
Mayfair Place,
London, W. 1.

H.18/G.

26th March, 1949.

Dear Commercial Department,

With reference to your letter of March 10th regarding the Lothar Meus/Wahn diamonds from Madrid, we have reached the conclusion that a satisfactory case has been made out by the Netherlands authorities for the restitution of these diamonds. Please so inform your U.S. and French colleagues and let them know that you are instructed to give a favourable reply to the Netherlands Government as soon as they are similarly instructed by their Governments.

Please keep us informed of developments.

Yours ever,

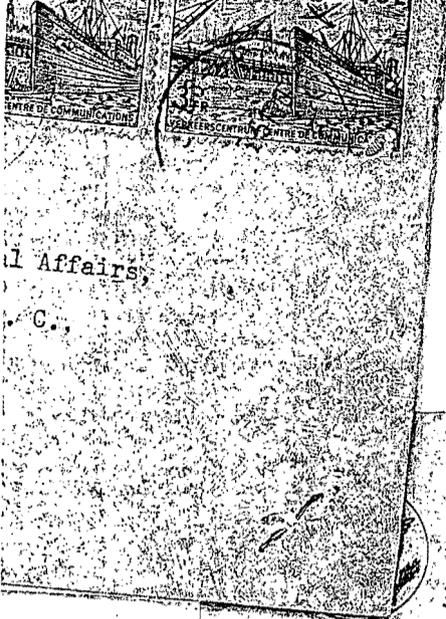
Economic Warfare Department.

The Commercial Department,
British Embassy,
The Hague.

cc: Madrid.
Brussels.

CONFIDENTIAL

AS/AS



... Affairs,
... C.,

Seavities

EUR

D/R

UNITED STATES DELEGATION
TO THE
INTER-ALLIED REPARATION AGENCY

ROOM 433
SHELL BUILDING
BRUSSELS

May 31, 1951.

Wayne R. Gilchrist,
Office of European Regional Affairs,
Department of State,
Washington 25, D. C.

Dear Wayne:

Enclosed herewith is a copy of IARA/AS/Doc. 1502 which we recently referred to in a classified despatch, but I thought you might like to have this document which has just come up by commercial airmail since we are asking for instructions on this question for the next meeting of the Assembly on Wednesday, June 6, 1951.

Yours sincerely,

Henry I. Jorgensen
Alternate United States Delegate
Inter-Allied Reparation Agency

Enclosure:

AS/Doc. 1502.

262.0041/5-3151

Stamp: D/R, Date 31, No. 77, Col. 72

X 034703

262.0041/5-3151
CS/H

337499

Box 5
File 262.0041/5-3151
Entry (1950-54) - 1/1/51
RG 59

DECLASSIFIED
NND 959014
K5
4/13/01

REPRODUCED AT THE NATIONAL ARCHIVES



Copy

INTER ALLIED REPARATION AGENCY

GERMAN EXTERNAL ASSETS

SECURITIES, ETC. FOUND IN GERMANY AND ORIGINALLY ISSUED IN THE TERRITORIES OF GOVERNMENTS MEMBERS OF I.A.R.A.

Note by the Secretary General circulated to Delegates for information

The Assembly, at its Two hundred and forty-fourth Meeting on Tuesday, 24 April 1951, instructed the Secretary General to draft a memorandum setting out for the information of Delegates:

- (a) the various types of instruments due to be transferred from Germany to the Member countries of issue as German-owned reparation assets and
- (b) A summary of the various views put before the Assembly as to the question raised by the Delegate of Canada at the Two hundred and forty-third Meeting of the Assembly on 5 April 1951 (I.A.R.A./AS/Min. 243) of the allocation of the proceeds of these assets.

As to (a), the Secretariat has not yet received complete lists from the Occupying Authorities in Germany of the securities, etc. due to be returned to Member countries of issue but, judging from the list received from the French Zone of Germany, the type of securities, etc. involved would seem to include:

- Industrial Preferred shares,
- Industrial Ordinary or Common shares or stock,
- Bank shares,
- Public Utilities shares,
- Industrial bonds,
- Local Governmental loans
- Central Governmental loans (including Consols, War Loans, etc.)

No information has yet been received as to what, if any currencies issued in Member countries are due to be returned to those countries.

As to (b), the different views of Delegates as to whether Member countries no longer entitled, owing to their overdrawn positions in Category A, to receive further allocations of reparation assets in that Category, should hand over the proceeds of the liquidation of certain securities and currencies of their issue now held in Germany as German-owned assets but which are due soon to be returned from Germany to those Member countries of issue on account of reparations, are set out in very full detail in the Minutes of the Assembly of 24 April 1951 (I.A.R.A./AS/Min. 244) and it would seem sufficient, therefore, for this document to give merely a composite summary of the views of the supporters of the principle proposed by the Delegate of Canada and of those opposed to that principle.

The principle enunciated by the Delegate of Canada and supported by the Delegate of Greece.

While Canada is not opposed to the test of issue and recognises that the securities and currencies to be returned from Germany to the Member countries of issue are German external assets within the meaning of Article 6-A, Part I of the Act

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 RG 59
 I.A.R.A. AS

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 NND 959014
 10/13/50

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of Paris, they are, nevertheless, a new form of German external assets made available to the countries of issue after the signing of the Paris Agreement in contrast to those German external assets already within the jurisdictions of those countries at the time of the signing of the Paris Agreement. It is admitted that there may be exceptions insofar as the country of issue has already seized those securities on the books of the companies concerned and have already accounted to I.A.R.A. for their value or for the proceeds of their liquidation. Such of these assets, etc. as do constitute a new form of reparations (among which are certainly currencies and bonds) should not be permitted to accrue to the benefit of those Member countries of issue whose overdrawn positions in Category A disqualify them from any entitlement to participate in further Category A assets.

While such securities, etc. should be returned to, and liquidated by, the country of issue, the proceeds of their liquidation should be handed over to the Agency for allocation among the Member Governments in credit in Category A, thus honouring the provisions not only of Article 6-A, Part I of the Paris Agreement, but also of Articles 1-B and 1-D of Part I of the Paris Agreement which supersede the remainder of the provisions of the Paris Agreement, including Article 6-A.

Opposition view of the Delegates of Belgium, Denmark and the Netherlands

These German-owned securities, etc. are not a new category of reparations but are simply evidences of German ownership of certain assets located within the territories of the countries of issue, that is to say, they are German external assets within the meaning of Article 6-A, Part I of the Paris Agreement. This recognition of the principle of the test of issue has been often approved by the Assembly notably in the following documents adopted by it:

- I.A.R.A./AS/Doc. 170 (Final)
- I.A.R.A./AS/Doc. 411 (Revised)
- I.A.R.A./AS/Doc. 533
- I.A.R.A./AS/Doc. 1022

Moreover, the Agreement for the Resolution of Intercustodial conflicts, signed in Brussels on 5 December 1947, contains this principle in Article 1-B. Certain of the issuing governments have legislation empowering their Custodian Authorities to seize all rights attached to securities issued in their territories but owned by German enemies even when those instruments are not in the Custodians' hands. The result of such legislation is that these instruments are subject to a declaration of nullity and the new shares are issued to the Custodians who can thus liquidate all German rights therein and enter the proceeds of liquidation in their governments' reparation accounts.

The proposal of the Delegate of Canada either effectually re-opens the whole question of reimbursement of overdrafts, a question which the Assembly had, by unanimous agreement, decided without prejudice to the rights of any Member Government not to discuss further, or it constitutes a departure from the principle that securities represent assets already within the jurisdiction of the Member countries of issue.

Since many Member Governments have already liquidated large numbers of the securities, such a change of principle could, therefore, apply only to the future and not to the past, thus making this new principle depend on a purely arbitrary factor as to whether Member Governments had had time to seize such securities on the books of the companies concerned.

Control Council Law No. 5 in Germany divested the German owners of these securities, etc. as being external assets and these instruments were being properly returned to the countries of issue where the assets are located. The Canadian proposal, that Custodians have the right to seize and liquidate these assets but not then to retain them and charge their respective reparation accounts with the proceeds, is a clear violation of Article 6-A of Part I of the Paris Agreement, the drafters of which had deemed assets falling under Article 6-A of the Paris Agreement to be already a constituent part of the national economies of the Member Governments where they were constituted. The Paris Agreement, by the terms of Article 6, had envisaged and recognised the possibility of overdrafts arising, and this is confirmed in the Report

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 I.A.R.A./AS

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of the Assembly now in final preparation which states that most Member Governments were already (at the time of the signing of the Paris Agreement) in possession of one class of Category A reparations, namely, German external assets within their jurisdictions and that "I.A.R.A. would have no say in the allocation of these assets".

Bibliography

The relevant documentation covering the foregoing problem is composed of the following:

- I.A.R.A./AS/Doc. 170 (Final)
- I.A.R.A./AS/Doc. 411 (Revised)
- I.A.R.A./AS/Doc. 533 and Addendum
- I.A.R.A./AS/Doc.1190
- I.A.R.A./AS/Doc.1479
- I.A.R.A./AS/Doc.1483

- I.A.R.A./AS/Min. 73
- I.A.R.A./AS/Min.134
- I.A.R.A./AS/Min.222
- I.A.R.A./AS/Min.243
- I.A.R.A./AS/Min.244

(Sgd.) H.G. CRAWSHAW
Secretary General.

E.

28 May, 1951
Brussels.

Box 5

File	862.004/3-3151
Entry	MP (1950-51)
RG	59

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REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED	RG 84
Authority <u>NND 852530</u>	Entry <u>USCOA</u>
By <u>WDP</u> NARA Date <u>3/29/00</u>	File <u>191949 Vol 139-41</u>
	Box <u>4</u>

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Comp. - Cash Off.

August 10, 1945

MEMORANDUM for the Files.

Subject: Disposition of Captured Non-German Currencies

Messrs. Coe, Arons, Gunter, and Scott met in Mr. Coe's office at 10:00 a.m., August 10, 1945, to discuss what disposition should be made of captured non-German currencies. It was agreed that Mr. Scott and Mr. Gunter in discussing the matter with State Department representatives would propose that the currency of invaded countries be regarded as without value for reparation payments and be returned to the country of issue but that other currencies be turned over to the Control Council to await further disposition. It was agreed, however, that if the State Department representatives were insistent, Treasury would agree to the transfer of currencies of non-invaded United Nations to the country of issue as a credit on reparation account. Currency of satellite Axis nations would be returned to the country of issue in satisfaction of any claims based on looting of currency.

Accordingly, Mr. Gunter and Mr. Scott met with Mr. Spiegel and Mr. Stibravy of the State Department, and Major Kindleberger, who is attached in some capacity to Ambassador Pauley. The State Department representatives presented a cable addressed to Ambassador Pauley which stated that the United States Government proposed the return of currency of invaded United Nations to the country of issue on the theory that all such currency could be presumed to be looted. The policy relating to the captured currencies of other nations is not decided. Clearance for this cable was given since it is in accord with the understanding recorded above.

HDS:in

~~Carried~~

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Authority UND 76509
By EP NARA Date 3/27/00

RG 84
Entry 3017
File 58371 "CONFIDENTIAL" FILE 1 1949
Box 5

J. Dam

AMERICAN CONSULATE GENERAL
MAR 23 1949
AMSTERDAM, NETHERLANDS

AMERICAN EMBASSY
The Hague, Netherlands
March 9, 1949

CG
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FILE

CONFIDENTIAL

VIA AIR POUCH

CONFIDENTIAL

No. 94

Subject: Claim of Netherland Government for Diamonds Located by Trusteeship in Madrid

The Honorable
The Secretary of State,
Washington, D. C.

Sir:

I have the honor to refer to correspondence between the Department and the Embassies at Madrid, Brussels and The Hague, concerning 336.24 carats unset, finished diamonds which came into the hands of the Trusteeship in Madrid, the diamonds having been taken by the Spanish police from the German Embassy in Madrid in October 1944, as described in Airgram No. 7, October 11, 1946 from the Embassy at Madrid, lastly, the Department's Airgram No. 124 of May 24, 1948 to the Embassy Brussels, copies to The Hague, London, Paris and Madrid. In the latter communication, the Embassy at Brussels was informed that the Department had no objection to forwarding the diamonds to the Embassy at The Hague. On June 15, 1948, the Embassy received and receipted for registered envelope and sealed package No. 702 (Bill 3, Sheet 1, Pouch E-21) mailed June 8 by the Embassy at Brussels. The covering memorandum refers to the Department's Airgram No. 124 of May 24, and states that the package contains the diamonds listed on the enclosure to the Embassy's (Brussels) despatch 1470 of August 21, 1947, to the Department. The seals are still intact and the package is in an Embassy safe.

The Department's circular airgram of November 7, 1947, 8:30 a.m., on this subject, stated that when concurrence of the British and French Governments had been obtained by the Embassies in London and Paris, the Embassy at The Hague, acting with the British and French Embassies, should invite the Netherland Government "to submit the indicated data for their consideration". The same airgram stated that the Department favored restitution of the diamonds to the Netherlands to the extent that the Netherland Government could supply adequate proof in each case that the transaction underlying the removal of the stones to Germany was not of a normal commercial character and constituted looting. Further requirements for determining the restitutability of the diamonds were also stated in the aforementioned airgram.

Representatives of this Embassy and of the British and French Embassies at The Hague have discussed the matter with appropriate officials of the Netherland Government on several occasions. On September 7, 1948, the Embassy received a note from the Netherlands Foreign Office dated August 20, 1948, a copy of which, in hectograph, accompanies this despatch as Enclosure No. 1. Enclosed with the aforementioned note were copies of supporting letters as follows:

From/

CONFIDENTIAL

FILE: 123.4 DIAMONDS

CONFIDENTIAL

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Authority <u>UND 76509</u>
By <u>EP</u> NARA Date <u>3/27/00</u>

RG <u>84</u>
Entry <u>3017</u>
File <u>58371 CONFIDENTIAL FILE 1949</u>
Box <u>5</u>

Despatch No. 94, March 9, 1949, American Embassy, The Hague, Netherlands.

CONFIDENTIAL

- 2 -

<u>From</u>	<u>Date</u>	<u>Hectograph copies submitted herewith as:</u>
Letter from Netherlands Government Diamond Bureau (Rijksbureau voor Diamant)	July 21, 1948	Enclosure No. 2
Letter from Trade Group for Diamonds and Precious Metals Industrie (Bedrijfsgroep Diamant en Edelmetaalindustrie)	July 22, 1948	Enclosure No. 3
Letter from Freeman Diamond Manufacturing	July 13, 1948	Enclosure No. 4
Letter from Benj. A. Soep & Co., Amsterdam	July 12, 1948	Enclosure No. 5
Letter from Asscher's Diamant Maatschappij, N.V., Amsterdam	July 7, 1948	Enclosure No. 6

Copies of each of the foregoing communications were received by the British and French Embassies at The Hague and the Embassy is informed that they are being submitted to the respective Foreign Offices.

Prior to a meeting which took place on March 8, 1949 among the officers concerned in the three missions, the representative of the British Embassy had questioned whether this material was sufficient to enable his Government to reach a decision in respect to disposing of the diamonds. However, he, as well as the Commercial Counselor of the French Embassy in The Hague and the reporting officers now believe, (subject insofar as the reporting officers are concerned to the observations mentioned later) that Enclosures 1-6 provide the proof the Netherland Government is able to advance that the stones were obtained through transactions not of a normal commercial character and, in fact, constituted looting. The representatives of the three Embassies believe that this material provides sufficient evidence for determining the restitutability of the stones.

It appears from the enclosed copies of the material submitted by the Foreign Office that in the majority of cases the persons who were forced to surrender diamonds theoretically received compensation in the form of credits with Lippman Rosenthal, Sarphatistraat, Amsterdam. It is possible that eventually there will be some payment to creditors of Lippman Rosenthal, Sarphatistraat, Amsterdam. It should be pointed out, however, that should any of the persons who deposited diamonds have received compensation at the time, in guilders, it is likely that the guilders represented transfers from Reichsmarks, for which the Netherlands Government received no countervalue.

It appears from the previous correspondence that the three Governments are satisfied with the identification by the Netherland authorities. However, the Embassy points out that while in the majority of

cases/

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Authority 11ND76509
By EP NARA Date 3/27/00

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Despatch No. 94, March 9, 1949, American Embassy, The Hague, Netherlands.

CONFIDENTIAL

- 3 -

cases the number of stones and the weight in the individual packets agree with similar packets which were taken from the Netherlands by the Germans, there are several packets which in number of stones and weight vary slightly from the descriptions in the documents submitted by the Netherland Government.

The Commercial Counselor of the French Embassy has recommended to his Foreign Office that the abovementioned documents be considered as convincing proof that the transactions underlying the removal of the stones to Germany were not of a normal commercial character and constituted looting and that the identification of the stones by the Netherland authorities be considered satisfactory. The Second Secretary (Commercial) of the British Embassy is forwarding the documents to London with the comment that it does not appear that the individuals concerned received value for the diamonds and that the transactions constituted looting. The British Embassy representative is not expressing an opinion on the identification of the diamonds by the Netherland authorities, as in his opinion, identification has already taken place in Brussels.

The Embassy is not submitting the manifests covering the transfer of the diamonds from the Netherland firms to the German authorities as it appears that satisfactory identification has already been established. From the documents submitted by the Netherland Foreign Office and from general knowledge, it appears that the diamonds were taken by the Germans without compensating the owners and that the action of the German authorities was, in effect, a form of looting.

Respectfully yours,
For the Ambassador:

Edward C. Wilkinson
Attache (Commercial)

Enclosures:

1. Note from Netherland Ministry of Foreign Affairs, dated August 20, 1948.
- 2-6. As listed on Page 2.

Original and Hectograph to Department
Three copies Embassy Files
cc: Amembassy, London
Amembassy, Paris
Amembassy, Madrid
Amembassy, Brussels
Amconsulate General, Amsterdam
Amconsulate, Rotterdam

ECWilkinson:GCurtis, Jr:db

CONFIDENTIAL

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Authority	IND 76509
By	EP NARA Date 3/7/80

RG	84
Entry	3017
File	REFILE ENVELOPE
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Unclosure No. 1 to Despatch No. 94, dated March 10, 1949
 from American Embassy, The Hague, Netherlands

CONFIDENTIAL

THE HAGUE,

194

VS MINISTRY OF
 FOREIGN AFFAIRS

Economic Department.

Nr. 82448.

The Ministry of Foreign Affairs presents its compliments to the Embassy of the United States of America, and has the honor to refer to recent conversations between the American, British and French Embassies at The Hague and the Ministry of Foreign Affairs, concerning a claim of the Netherlands Government, for certain diamonds, looted by the Germans and found in Madrid.

The following may be stated concerning the transactions which took place regarding these diamonds.

On April 16th., 1942, the Germans requisitioned diamonds which were present in Amsterdam. The diamonds had to be delivered to the "Rijksbureau voor diamant", the Netherlands office which had been entrusted with the control of the distribution of diamonds.

The diamonds thus delivered, were transported to Arnhem and stored in the safe of the "Amsterdamsche Bank". Afterwards the German firm Bosenhardt, on instructions of the German authorities of the "Vierjahresplan", bought the stored diamonds for a price, which had been fixed without taking into account the wishes of the original owners. In this manner, the Germans obtained a quantity of nearly 55.000 carats of diamonds. The transactions, though apparently legal in form, took place under duress. The element of force in the German action, may appear from the enclosed declarations of the Director of the

Embassy of the
 United States of America,
 THE HAGUE.

... "Rijksbureau..."

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Authority	NND 7809
By	EP NARA Date 3/27/00

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"Rijksbureau voor Diamant", dated July 21, 1948, of the President of the "Bedrijfsgroep Diamant" which is the Economic Organization of Diamond Manufacturers, dated July 22, 1948, of the Freeman Diamond Manufacturing, dated July 13, 1948, of the firm Soep & Co. dated July 12, 1948, and of Asscher's Diamant Maatschappij N. V., dated July 7, 1948.

The proceeds of the sale of the diamonds, were deposited in a blocked account with the Banking Corporation of Lippman Rosenthal at Amsterdam, which was entirely under German control.

A considerable part of the accounts of Lippmann & Rosenthal was transferred to Germany, so that the merchants in question never received the purchase money.

Bozenhardt sold the diamonds to the Bank of Sponholz & Co. in Berlin, which was the Bank of the "Vierjahresplan".

In order to obtain foreign currency, the German authorities sold certain lots of these diamonds to neutral countries, such as Spain.

In view of the definition of the term "restitution", which was laid down by the Allied Control Council for Germany, and which reads: "identifiable goods which existed at the time of occupation of the country concerned and which have been taken by the enemy by force from the territory of the country", the diamonds concerned have to be regarded as goods subject to restitution.

About 33,000 carats of the diamonds which were delivered and removed were found in Germany after the war, and have been restituted to the Netherlands, in accordance with the above mentioned definition.

...The above...

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Authority 11ND76009
By EP NARA Date 3/9/80

RG 84
Entry 3017
File REFILE ENVELOPE
Box 4

-3-

The above has also been communicated to the British and French Embassies. The same documents have been sent to them.

(SEAL OF THE MINISTRY
OF FOREIGN AFFAIRS)

The Hague, August 20, 1948.

337509

Form of control adopted? What is appropriate?

ECONOMIC DIRECTIVE - 1067

I. Assume such control of existing German industrial, agricultural, utility, communication and transportation facilities, supplies and services as are necessary for:

a. assuring safety of forces, satisfaction of their needs and accomplishment of the mission.

b. assuring immediate cessation of production, acquisition or development of implements of war.

c. assuring to extent feasible, production and maintenance of goods and services essential for (1) prevention or alleviation of epidemic or serious disease and serious civil unrest and disorder which would endanger occupying forces and the accomplishment of the objectives of their occupation; and (2) for further military operations to be conducted in other theaters of war. *(upon special orders)*

d. preventing dissipation or sabotage of German resources and equipment which may be required for relief, restitution or reparation to any of the Allied countries, pending a decision by the appropriate Allied Governments whether and to what extent German resources or equipment will be used for such purposes.

e. exercising appropriate supervision over transactions of all types between US Zone and areas outside Germany.

f. facilitating prompt restitution to liberated countries, *of* identifiable property looted by Germany.

g. prohibiting exports from Germany except for restitution, making surpluses available to liberated areas and for other purposes as may be specified in agreed policies of the CC.

What exceptions?

Except for above purposes no steps to be taken (1) looking to economic rehabilitation of Germany (2) designed to maintain or strengthen Germany economically - except to the extent necessary (1) to accomplish above and (2) to assure thorough elimination of discriminating Nazi practices. In actual operation of economic controls, the responsibility for and task of dealing with such economic problems as price controls, rationing, unemployment, production, reconstruction, distribution, consumption, housing or transportation will be left in German hands, taking such steps as necessary to assure, however, that economic controls are operated in conformity with the purposes and general objectives of MG.

II. Make a survey to determine:

What hands? How selected, purified?

a. The extent to which productive capacity and supplies within the zone are or can be made available for shipment to other zones of occupation or to other countries or for relief and rehabilitation in devastated

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U.S. Policy: GCS 1067
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DECLASSIFIED
Authority 265007
By TJ NARA Date 3/24/00

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areas of Europe.

b. the extent to which the fulfillment of the purposes stated in paragraph I. will necessitate shipment of supplies to US zone from other zones of occupation or from zones outside of Germany.

III. Necessary steps to be taken to protect from destruction and maintain for ultimate disposal by CC all plants, property, patents, and equipment and all books and records of large German industrial companies and trade and research associations that have been essential to the German war effort and German economy, particularly the research and experimental establishments of such concerns.

IV. Measures are to be taken to prevent transfer of title of real and personal property intended to defeat, evade or avoid the orders, proclamations or decrees of the MG or decision of courts established by it.

V. Information is to be collected and property preserved, public or private, which was seized, looted, or otherwise improperly acquired by Nazi officials and others, pending formation of a suitable commission to deal with them.

VI. a. all property in German territory belonging to any country with which any UN have been or are at war may be controlled.

b. CC is responsible for property of UN other than US, UK, USSR, equally as for theirs, except if distinction is provided by treaty of agreement. Within limits of the military situation such property should be preserved and protected.

VII. All practicable steps should be taken to uncover and compile evidence concerning property held abroad for German public or private account or benefit.

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U.S. Policy: 925 1062
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DECLASSIFIED
Authority: 265007
By: JI NARA Date: 3/24/00

337511

DECLASSIFIED
 Authority NND 765011
 By WDP NARA Date 3/25/00

RG 84
 Entry 2531-4029
 File RESTRICTION-GENERAL
 Box 53

File Run

Del. 1158 May 21 from Dept

May 25, 1946

SECRET

MEMORANDUM

TO : Mr. J.M. Dodge, Director,
 Finance Division

FROM : Office of Political Affairs

We are transmitting herewith for your information para-
 phrase of a cable sent from the Secretary of State to the
 American Embassy in Paris and repeated to Berlin.

'This Government has been informed by the representatives
 of Norway and the Netherlands that substantial amounts of securi-
 ties which were in their countries were removed during the period
 of occupation by Germany and they have asked for the aid of this
 Government in effecting the return of these securities. State
 Department also has information to the effect that considerable
 looting of securities occurred in other countries during the time
 of occupation.

'Prior to our entry into the war, the United States
 Treasury adopted controls intended to prevent the disposal of
 such looted securities in the United States. These controls,
 however, required the screening of numerous valid transactions
 in the attempt to detect a very few looted securities. For
 example, under General Ruling No. 5 every security imported
 into the United States was screened although it was found that
 the great majority of them did not involve looting. It is
 necessary that the Treasury revamp this control machinery in
 the near future so that attention will be directed to only
 securities of U.S. issuers and dollar securities of non-U.S.
 issuers which are believed to have been looted by the enemy.
 Therefore, the Treasury is considering the establishment of a
 list of these looted securities and of taking such steps as may
 be necessary to prevent their sale. However, before any such
 measures can be adopted, the Treasury is in need of information
 which will identify such looted securities. This information
 should consist of the serial number of the security, the issuer,

400 B - Manual

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Authority NND 765011By WDP NARA Date 3/25/00RG 84Entry 2531-20290File RESTITUTION-GermanyBox 53

-2-

and the registered holder, if the securities are registered. All those securities which were uncovered within the country where the actual looting took place should be excluded from this list, since the government in question will no doubt take measures to protect the legitimate owner. The Treasury would like to have this information submitted by the governments of the countries concerned and would like to receive it by August 1. Consequently, all governments desirous of taking part in such a program should immediately attempt to collect the desired information.

'You are instructed to inform immediately the appropriate government agency of this fact. Because of the importance of the problem and the desire on the part of the United States Government to give as much assistance as is possible, the Department would appreciate the views of the governments concerned on this proposed program and information as to whether or not they desire to participate therein.

'State Department will raise with the ACO the general problem of uncovering in Germany evidences of looted securities and the development of an appropriate restitutions program.'

Loyd V. Steere
Deputy Director

WDP
WDP:DH

cc: Office of Staff Secretary

337513

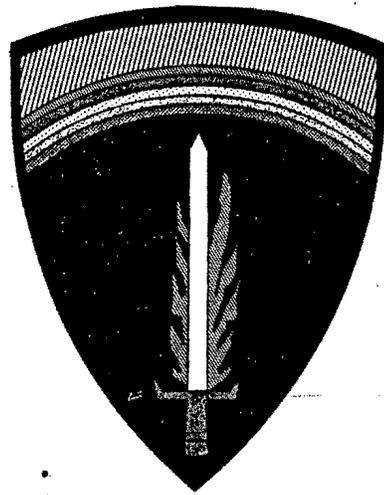
PROP

Civil Affairs Division, Army 1949

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)

19 20/1949

PROPERTY CONTROL
IN THE U.S. - OCCUPIED AREA OF GERMANY
1945 - 1949



SPECIAL REPORT OF THE
MILITARY GOVERNOR

/ **JULY 1949** *)*

Foreign Affairs Division: Army 4481

numerous specific proposals for the orderly disposition of properties under control. The report of the Property Disposition Board was concerned with ultimate disposition of categories of properties, regardless of the agency responsible for operational control. The properties included industrial plants, housing projects, bank accounts, gold bullion, jewels, paintings, insurance companies, radio stations, newspapers, publishing houses, and income derived from some of these units. With the minor exception stated elsewhere, Military Government regulations existing in March 1946 did not authorize the release of any property from control except on account of reparations and restitutions, for use by the occupying powers, or by order of higher headquarters under limited licensing provisions.

After a careful study of the problem, Military Government directed the Laenderrat ^{1/} to develop plans for assuming custody and supervision of most of the property under Military Government control (excluding, however, properties of the Reichsbahn, the Reichspost, and the Reichsbank, external assets, foreign exchange assets, and I.G. Farben holdings). These plans were completed, approved by Military Government, and put into effect by the middle of June 1946, when most properties under control were transferred to German authorities for custody and administration, subject to Military Government for policy direction. Properties belonging to any United Nations and neutral nationals were still subject to special control measures and supervision by Military Government authorities to insure full protection of such countries' interests in Germany.

It was the policy of the occupation to maintain necessary controls and at the same time to place responsibility upon the German people and approved German agencies and institutions to the greatest extent possible.

The problem was mainly one of interim custody pending the time when the individual owners or ultimate recipients would be able to manage their properties. In the case of U.S. nationals, the U.S. "Trading with the Enemy Act" and, with respect to all absentee owners, the existing travel and communications restrictions presented obstacles. The Property Disposition Board recommended that responsibility for protecting the property should be placed upon the Laender, that they should be required to maintain complete records of such properties, and that Military Government should provide the necessary inspection and supervisory machinery. Pending the formation of a central German government, it was felt that Military Government must continue to reply to United Nations nationals who requested information pertaining to the condition of their property in the U.S. Zone.

TRANSFER OF PROPERTY CONTROL RESPONSIBILITY TO GERMAN AUTHORITIES

Ever since 1 November 1945, Property Control officials had been working on a plan providing for the transfer of certain property control responsibilities to German authorities. In line with Military Government policy and the recommendation of the Property Disposition Board, the first step was taken under a directive dated 17 May 1946 and entitled "Transfer of Property Control Responsibilities in Greater Hesse and Wuerttemberg-Baden to Land Ministers President." This directive authorized and directed the transfer to the respective Ministers President of responsibility for custody and administration of all property under control as provided for in MGR Title 17. ^{2/} In addition, responsibility for the program of taking into custody and the administration of property, at that time performed by Military Government under MGR Title 17, was also to be assumed by German authorities.

It should be pointed out that this program relates only to custody and administration; disposition of property, except as authorized by Title 17, also had to await Military Government authority. In addition, safeguards and certain responsibilities were retained by Military Government Land offices and the office of the

^{1/} Council of States, composed of the Ministers President of the U.S. Zone Laender.

^{2/} See Annex VI, p. 52.

14
337515
JULY 1949

DECLASSIFIED
Authority NND 765011
By WDP NARA Date 3/25/00

RG 84
Entry 2531-202AD
File RESTRICTION - General
Box 53

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)

STAFF CABLE CONTROL

3/3

OUTGOING MESSAGE

~~CONFIDENTIAL~~
~~ROUTINE~~

POLITICAL DIVISION
MAY 15 1946

TO : AGWAR FOR WARGAD
FROM : OMGUS SIGNED CLAY
REF NO : CC-4993 TOO: 141645B MAY 46/ehd

Reourad May CC-4350; Reurad May W-87383.

Our query refers to foreign currencies taken into custody in Germany by Occupying Armies plus foreign currencies deposited by German residents under Law Number 53 for US Zone and corresponding Laws other Zones. Amounts are not yet established. Present UK, French, US position advocates return to issuing country of all foreign currencies other than neutral currencies and use of neutral currencies to finance necessary imports. Our query is: May neutral currencies be so used?

U.S. position is to divide these currencies as reparations

W-87383 is AGC IN 27464

ORIGINATOR : FINANCE AUTH: CHARLES E. SANDS
EXEC. OFFICER

INFORMATION : O/SS
LEGAL
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CC-4993

~~CONFIDENTIAL~~

14 May 46 1730B

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~~CONFIDENTIAL~~

P 01849 Exempt from paraphrase. Handle in compliance with AR 380-5.

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RG 59
Entry Central Decimal Files (1945-49)
File 740.00119/6-2049
Box 3917

DECLASSIFIED
Authority NND 760050
By BT NARA Date 6/77



OFFICE OF GERMAN
AND CLASSIFIED
AFFAIRS
THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA
1949 JUL 13 PM 8 58
GA
DEPARTMENT OF STATE

ACTION
is assigned to

No. 311. Vienna, Austria, June 30, 1949. DC/R

SUBJECT: The Status of Restitution in Austria.

OFFICIAL RECORDED COPY
Return to DC/R Files
when ACTION is com-
pleted.

THE HONORABLE
THE SECRETARY OF STATE,

WASHINGTON

SIR:

I have the honor to refer to the Legation's despatches No. 75 of February 5, 1948 and No. 68 of February 1, 1949 relating to the progress of claims filed under the Austrian Restitution Laws and to transmit herewith statistical tables showing the latest figures as compared with those previously submitted as well as a resume of recent trends in the application of the respective laws.

Respectfully yours,

George W. Renchard

George W. Renchard
American Consul.

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DEPARTMENT OF STATE

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DECLASSIFIED

Authority NND 760050

By BT NARA Date 6/27

Enclosure to
Despatch No. 311,
June 30, 1949,
Vienna, Austria.

The Austrian Restitution Laws have prompted the filing of a vast number of restitution claims on the part of persons who were deprived of their property during the Nazi regime for political or racial reasons.

The total number of claims filed up to April 30, 1949 amounted to 8745 under the First, 845 under the Second and 19278* under the Third Restitution Laws.

The appeals filed with the Federal Ministry for Property Safeguarding and Economic Planning against decisions rendered in the first instance by the Provincial Finance Departments (Finanzlandesdirektionen) total 315 (First Law) and 60 (Second Law), whereas the appeals filed with the Superior and the Supreme Restitution Commission against decisions rendered in the first instance by the Restitution Commissions (Third Law) total 3000 and 413 respectively.

Owing to the large number of racial persecutees who emigrated from Austria to the United States during the Nazi regime and subsequently acquired American citizenship by naturalization, the number of American restitution claimants is relatively high. The Legation's files contain records of more than 1800 cases in regard to which American claimants applied to this office for information or assistance respecting their claims. ✓

The dead line for filing claims under the First and Second Restitution Law is December 31, 1949, under the Third Restitution Law June 30, 1949. In the meantime the Austrian Government has already enacted a decree whereby the time limit for filing claims under the Third Law shall likewise be extended to the end of this year. This decree will go into effect within the course of this month unless unanimously refused by the Allied Council.

While the number of new cases brought to the attention of the Legation has gradually decreased this office is now receiving complaints from the claimants that the hearing of their cases is being unduly delayed or that they consider the decisions, especially with regard to claims falling under the Third Restitution Law, as unsatisfactory. ✓

As far as the First Restitution Law is concerned the situation is, as a rule, comparatively simple. The property was confiscated and declared forfeited in favor of the German Reich because the owner was considered an "enemy of the people" or a "Jewish refugee" which under

the

*In addition 2617 cases were settled outside of court by compromises, renuncements or acknowledgments.

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RG

59

Entry

Central Decimal
Files (1945-49)

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740.0011916-2049

Box

3917

DECLASSIFIED

Authority NND 760050

By BT NARA Date 6/27

ACTION

- 2 -

the Nazi interpretation included also those who were deported or sent to a concentration camp. The deprived proprietor received no compensation whatsoever and the revenues derived from the property after its confiscation were paid into the German Treasury. After the liberation of Austria this confiscated property, as far as it was located in this country, was placed under the administration of the Austrian Government. Upon application filed by the former owner or his legal heirs it is restituted to him together with such revenues as have been collected after the liberation of Austria.

The cases falling under the Second Restitution Law are comparatively few in number. They relate to property which was acquired from persecutees by individuals who have since been convicted as war criminals and whose property, in consequence of such conviction, was declared forfeited in favor of the Republic of Austria; the same also applies to property acquired by the NSDAP.

A much larger and more complex problem constitutes the restitution of property in the possession of private parties, which is dealt with by the Third Restitution Law, in particular the restitution of so-called aryanized property. Eight to ten years have passed since the time the rightful owners have been deprived of their property. A large percentage of the deprived proprietors were deported to Poland or sent to concentration camps from where they never returned.

The property of which the rightful owner was deprived has frequently changed ownership in the meantime or has been put to different use involving considerable change, reconstruction, reequipment, etc. Aryanized business establishments have been reorganized, fused with other concerns, have been partly or wholly liquidated, etc. Before restitution can be effected each case has therefore to be thoroughly examined. If the original owner who was deprived of the property has died, his death has to be verified and if a death certificate cannot be obtained, as is usually the case if the person was deported or sent to a concentration camp, special court proceedings have to be instigated to have the deprived proprietor declared dead. Subsequently the estate must be settled and assigned to the heirs by the local probate court before restitution can be effected. If the defendant's whereabouts are unknown a curator has to be appointed by the court.

The Restitution Commissions which have but a limited, although of late increased, staff of judges are unable to handle the thousands of claims as promptly as the claimants might wish or expect. The statistics appended to this report indicate, however, that the percentage of cases which are still pending or have not yet been taken into consideration is steadily decreasing and that the number of claims settled or granted exceeds by far those which have been refused.

The majority of the complaints against the decisions of the Restitution Commissions do not relate to the

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RG 59
 Entry Central Decimal Files (1945-49)
 File 740.0011916-204
 Box 3917

DECLASSIFIED
 Authority NND 760050
 By BT NARA Date 6/27

ACTION
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- 3 -

restitution or non-restitution of the property as such but rather against such portion of the decision as concerns the revenues and, even more so, the refund of the purchase price paid by the acquirer (aryanizer).

In order to obtain a complete understanding of the situation one has to resort to the respective provisions of the Third Restitution Law. The law provides that restitution has to be effected whenever, in connection with the National Socialist assumption of power, the owner of property was deprived thereof during the German occupation of Austria either arbitrarily or by operation of law or regulations or by contract or other transactions. It provides further that any transaction where the owner was a political or racial persecutee, shall be considered as having been concluded under compulsion, provided the acquirer cannot prove that it would have been concluded also irrespective of the National Socialist assumption of power.

The acquirer would, as far as Jewish property is concerned, therefore have to prove either that the purchase was concluded under the same or quite similar terms as had already been initiated by the seller prior to March 13, 1938, or that the seller was at the time of the National Socialist assumption of power already in such stressed financial circumstances that he would have had to sell in any event. In practice it is rarely possible to furnish such proof. The fact that the property owner who now claims restitution had put up for sale his property because he needed money to enable him to leave the Nazi occupied country, that he concluded a sales contract with the acquirer without the latter using any personal coercion or duress on the seller and that the acquirer paid a reasonable price does not absolve the acquirer from having to reconstitute the property. This means in fact that even a sales contract concluded in good faith and without intention of depriving or of taking advantage of the seller will, as a rule, be declared null and void if concluded with a political or racial persecutee and that the acquirer will have to return the property irrespective as to whether he duly observed the rules of fair business practice or whether he threatened the seller with having him sent to a concentration camp and/or took over the property without sufficient compensation.

This rule likewise applies to cases where the property is no longer in possession of the first acquirer (aryanizer) but was sold by the latter to a third party. Such third party who acquired the property in good faith has nevertheless to reconstitute it to the original (deprived) owner. Excepted are cases where the property was acquired at public auction, or in the course of bankruptcy proceedings, or from a legitimate tradesman, or from a person to whom the original owner entrusted the property for safekeeping provided the acquirer did not know or was not bound to know that he acquired alienated property.

If the rules of fair business practice were duly observed by the first acquirer and he is therefore to be

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Box

59
Central Decimal
Files 1947-49
740.00119/6-204
3917

DECLASSIFIED

Authority NND 760050

By BT NARA Date 6/27

is assigned to

- 4 -

considered an "anstaendiger Erwerber" (decent acquirer) neither he nor his assignee is responsible for any losses or damages beyond his control and is not compelled to retribute the revenues which he derived from the property up to the time the restitution claim was filed against him. He may also claim compensation for improvements and additions made on the property.

As far as the refunds are concerned which the restitutee has to make on the sales price the Third Restitution Law provides that the restitutee shall be obliged to refund only such portion of the purchase price paid by the first acquirer which he, the restitutee, received at his free disposal. In cases, however, where the rules of fair business practice were duly observed by the first acquirer the Restitution Commission may at its discretion decide whether and to what extent the restitutee shall have to refund such portion of the sales price as was paid by the first acquirer but not received at the seller's (restitutee's) free disposal. In making such decision the Restitution Commission shall take into consideration the individual situation and the relation of the parties concerned.

Everybody agrees that the political and racial persecutees should be appropriately indemnified for the torts inflicted upon them during the Nazi regime and that Nazis, who acquired property by taking advantage of the difficult situation by which Jews and other political persecutees were confronted, should bear the full loss resulting from the annulment of their unfair deals.

The public opinion, however, is that torts should not be retaliated by torts against people who acquired property from persecutees without taking advantage of the latter's predicaments and who in buying such property in many instances enabled the seller to emigrate instead of being deported to Poland or sent into a concentration camp from where these unfortunates, as a rule, never returned. Before a Jew was allowed to emigrate he had to show that all taxes (including the Reichs Flight Tax and Jew Expiation Levy which together amounted to 50%) and private or business debts had been paid or appropriate provisions made for their payment. In addition the emigrant was obliged to pay sundry passport and visa fees, travel expenses, etc., and in many instances had to hand out substantial bribes to Nazi officials. For all this he needed ample liquid funds which he could only raise by disposing of his property.

Under general civil law a contract concluded with the rightful owner in good faith, without duress and under conditions and terms which are in keeping with fair business practice could not be subsequently declared null and void as is done under the provisions of the Third Restitution Law. The restitutors and prospective restitutors and their protagonists have therefore attempted to have the Third Restitution Law changed in favor of the so-called "anstaendige Erwerber" (decent acquirers) and have organized a League for the Protection of Restitutors (Schutzverband der Rueckstellungsbetroffenen) which has caused some anxiety among the restitution claimants. Recently a meeting of the said League was disrupted by members of the so-called "KZ Verband", an organization of former inmates of Nazi concentration camps which is fostered by the Communist Party.

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Central Decimal
Files (1947-49)

File

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Box

3917

DECLASSIFIED

Authority NND 760050

By BT NARA Date 6/27

ACTION

- 5 -

While no change of the law has been effected it is felt that the Restitution Commissions, in interpreting the law, are now showing greater leniency toward the restitutors as far as the refund of the purchase price is concerned.

The Restitution Commissions have to deal in this respect with two problems: 1) which portion of the sales price, if any, is to be considered as having been received by the seller at his free disposal? 2) when is a deal to be considered as having been concluded under conditions and in terms which are in keeping with the rules of fair business practice?

ad 1) The Restitution Commissions have established the practice to interpret the term "paid to the seller at his free disposal" as meaning that the purchase price was applied for the benefit or to the advantage of the seller or in compliance with his instructions, i.e. for his or his dependants' support, emigration expenses etc., but not, however, if it was paid into a blocked account subject to confiscation.

In its decision of October 16, 1948 (RVK 144) the Supreme Restitution Commission ruled also that Reichs Flight Tax and Jew Expiation Levy paid by the buyer for the account of the seller shall be considered as payments which the restitutee has to refund to the restitutor provided the seller gave instructions to pay these taxes and levies, or if the property was encumbered with such tax or levy at the time the sales contract was concluded, or was thus encumbered by the time the title was transferred in the Land Register and the seller had, as customary, agreed in the sales contract to sell the property free of all encumbrances.

ad 2) As regards the question whether the rules of fair business practice have been duly observed the Supreme Restitution Commission, in its aforementioned decision, ruled that the general attitude of the acquirer shall be taken into consideration and, whether or not in view of the political and economic situation prevailing at the time the deal was closed, the acquirer was aware or was bound to be aware of entering upon an unfair deal and/or nevertheless insisted that it be carried out. Such is to be assumed if the acquirer was aware that the terms under which the deal was concluded deviated substantially from the normal either because the seller was unable to act freely or because the sales price did not represent the true value. That the seller did not act of his free will is to be assumed if the deal was not concluded by him personally or by his duly empowered attorney, i.e. for instance if it was concluded by a commissary administrator or trustee appointed by the Nazi authorities, or if the property had already been seized, or if the seller was under the threat of being sent to a concentration camp if not willing to dispose of his property, or under some other kind of compulsion known to the buyer but not necessarily caused or inflicted by the latter.

Even after the contracting parties had agreed on the price, the price was as a rule subject to the approval of the Jewish Property Control Office (Vermögensverkehrsstelle)

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RG 59
 Entry Central Decimal Files 1949-49
 File 740.0011916-2049
 Box 3917

DECLASSIFIED
 Authority NND 760050
 By BT NARA Date 6/27

ACTION
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which very frequently reduced it and then collected the difference or part thereof as a so-called aryanization fee (Arisierungsauflage). If the difference between the agreed price and the fixed price was such that under normal conditions the seller or his freely chosen attorney would have refused to conclude the deal and the acquirer insisted on fulfillment, such insistence on his part might be considered as an unfair act. It must not be overlooked, however, that owing to the very large amount of Jewish property thrown on the market at that time, the market price in the years 1938 - 1941, especially for houses and business enterprises, was lower than before the German occupation.

The presumption of an unfair deal also arises if the buyer knew or was bound to know that the seller would receive no benefit from the compensation paid because all or most of it would be confiscated by the Nazi authorities. In this connection it should be noted, however, that the law which declared all property of emigrated Jews as forfeited in favor of the German Reich was only enacted in November 1941, and could therefore not be anticipated by the person who purchased the property prior to that time.

The question whether or not the rules of fair business practice have been observed by the acquirer - while not affecting the restitution of the alienated property as such - is thus of considerable importance.

If the Restitution Commission decides that the rules of fair business practice had been observed by the acquirer the restitutor has a much better standing, not only with regard to the refund of the purchase price but also with regard to compensation for improvements and additions made on the property and the restitution of the revenues derived from the property.

The restitutee or his heirs, from their point of view, naturally consider it a hardship to have to refund moneys which the acquirer paid but which were applied for the discharge of the seller's Reichs Flight Tax or Jew Expiation Fine, or which were credited to an account of which the seller could make practically no use because soon afterwards he emigrated or was deported whereupon the account forfeited in favor of the German Reich. On the other hand it must be realized that whatever portion of the purchase price etc. the restitutor receives back from the restitutee constitutes - owing to the devaluation of the Austrian currency - only a fraction of the purchase power it had at the time the said purchase price was paid.

The Restitution Laws and in particular the Third Restitution Law have been subject to criticism from both sides, the same also applies to many decisions of the Restitution Commissions. Even the best of laws, however, and its most conscientious interpretation would not be able to readjust the political, sociologic, financial and economic chaos created by the Nazi regime and to render full justice to all parties concerned. ✓

337523

RG 59
 Entry Central Decimal Files (1947-49)
 File 740.00119/6-2049
 Box 3917

DECLASSIFIED
 Authority NND 760050
 By BT NARA Date 6/27

ACTION

Supplement

Since the foregoing report was written it has been learned that representatives of the People's Party introduced a bill in Parliament on June 22, 1949 to amend the Third Restitution Law. The said bill proposes a more restrictive definition of the term alienated property, i.e. the conditions under which a person is to be considered as having been deprived of his property. According to the proposed amendment the presumption of alienation shall not arise if the seller dealt with a buyer of his own choice and an appropriate sales price was paid. No alienation of property shall furthermore be assumed and no restitution effected if the sale was prompted by financial difficulties which already existed prior to March 13, 1938.

In cases where the acquirer was himself a political persecutee, the Restitution Commission, according to the bill, shall use its discretion in weighing the conflicting interests and shall refrain from granting restitution if by such restitution the restitutor would suffer a considerably greater loss than the restitution claimant by not receiving back his property. According to the proposed amendment the Restitution Commission in rendering its decisions shall be governed by the principle that no party should gain by the losses of the other.

It is understood that the bill also proposes the insertion of a definition of the term "economic change which the alienated property underwent" as used in Article 23 (3) of the law. This Article relates to cases where the restitution of alienated property is not feasible owing to such changes; it provides that in such cases the Restitution Commission may, provided the principles of equity are observed, order the acquirer to surrender some other property owned by him or grant the deprived proprietor participation corresponding to the damages which the latter suffered.

The bill proposes further that Article 23 (4) of the Third Restitution Law which provides compensation in lieu of restitution in cases where restitution of large landed estates used for agricultural or forestry purposes would injure predominating public interests (for instance because it was used in the meantime for resettlement), shall henceforth also apply to other categories of property where important public interests are involved.

Whether this amending bill will be passed by Parliament can as yet not be foreseen. It should be noted that the bill was not introduced by the Government but merely by representatives of one of the coalition partners; moreover the Parliament will probably end its summer session within less than three weeks and it is not expected to reconvene before the October elections. There is therefore very little time left for parliamentary discussion of the bill. A change in the Third Restitution Law, nearly two and a half years after its enactment, would certainly cause many juridic difficulties. The amendment would either constitute a discrimination between

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RG 59
Entry Central Decimal Files (1947-49)
File 740.00119/6-2049
Box 3917

DECLASSIFIED
Authority NND 760050
By BT NARA Date 6/77

those whose cases were heard prior to and those whose cases were heard after the change or, if the law is made retroactive, it would necessitate the reopening of numerous cases already decided.

It is therefore quite possible that the People's Party introduced the said bill as an election manouver with a view of gaining the votes of former Nazis who while denied from taking part in the 1945 elections will be a factor in the forthcoming elections.

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RG 59
 Entry Central Decimal Files (1949-49)
 File 740.00119/6-204
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DECLASSIFIED
 Authority NND 760050
 By BT NARA Date 6/27

Statistics

I. Claims filed with the Finanzlandesdirektion

a) Pursuant to the 1st Restitution Law

with	up to Dec. 31, 1947	up to Jan. 31, 1949	up to March 31, 1949	up to April 30, 1949
total filed	4703	8222	8548	8745
withdrawn or transferred	90 (2%)	376 (4%)	379 (4½%)	382 (4%)
granted	1402 (30%)	4003 (49%)	4400 (51%)	4620 (53%)
refused	387 (8%)	688 (8%)	718 (8½%)	730 (8%)
in process	1236 (26%)	1788 (22%)	1791 (21%)	3013 (35%)
not yet considered	1588 (34%)	1367 (17%)	1260 (15%)	

b) Pursuant to the 2nd Restitution Law

total filed	185	772	823	845
withdrawn or transferred	13 (7%)	30 (4%)	34 (4%)	36 (4%)
granted	32 (17%)	222 (29%)	245 (30%)	255 (30%)
refused	26 (14%)	96 (12%)	112 (14%)	122 (15%)
in process	80 (43%)	281 (36%)	272 (33%)	432 (51%)
not yet considered	34 (19%)	143 (19%)	160 (19%)	

Appeals filed with Federal Ministry for Property Safeguarding and Economic Planning

a) Pursuant to the 1st Restitution Law

total filed	143	286	304	315
withdrawn or transferred	7 (5%)	23 (8%)	27 (9%)	28 (9%)
granted	15 (10%)	63 (22%)	76 (25%)	79 (25%)
refused	70 (49%)	159 (56%)	169 (55%)	179 (57%)
in process	23 (16%)	18 (6%)	17 (6%)	29 (9%)
not yet considered	28 (20%)	23 (8%)	15 (5%)	

b) Pursuant to the 2nd Restitution Law

	up to Dec. 31, 1947	up to Jan. 31, 1949	up to March 31, 1949	up to April 30, 1949
total filed	5	48	55	60
withdrawn	-	5 (11%)	7 (13%)	7 (12%)
granted	2 (40%)	11 (23%)	16 (29%)	18 (30%)
refused	2 (40%)	13 (27%)	13 (24%)	20 (33%)
in process	1 (20%)	4 (8%)	9 (16%)	15 (25%)
not yet considered	-	15 (31%)	10 (18%)	

II. Claims filed with Restitution Commissions pursuant to 3rd Restitution Law

total filed	6775	18227	18870	19278
withdrawn	259 (4%)	1446 (8%)	1701 (9%)	1789 (9%)
transferred	134 (2%)	689 (4%)	767 (4%)	804 (4%)
granted	194 (3%)	1911 (11%)	2295 (12%)	2492 (13%)
settled	224 (3%)	2271 (12%)	2676 (14%)	2866 (15%)
refused	215 (3%)	1089 (6%)	1231 (7%)	1277 (7%)
pending	5749 (85%)	10821 (59%)	10200 (54%)	10050 (52%)

Appeals filed with

a) the Superior Restitution Commissions

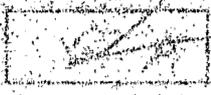
total	265	2434	2815	3000
withdrawn	-	22 (1%)	29 (1%)	30 (1%)
transferred	-	26 (1%)	36 (1%)	42 (1%)
granted	113 (43%)	1371 (56%)	1701 (60%)	1824 (61%)
settled	5 (2%)	108 (4%)	149 (5%)	161 (5%)
refused	58 (22%)	407 (17%)	522 (19%)	557 (19%)
pending	89 (33%)	500 (21%)	378 (14%)	386 (13%)

RG 59
Entry Central Decimal Files (1947-49)
File 740.00119/6-204
Box 3917

DECLASSIFIED
Authority NND 760050
By BT NARA Date 6/27

ACTION

is assigned to



b) the Supreme Restitution Commission

	up to Dec. 31, 1947	up to Jan. 3, 1949	up to March 31, 1949	up to April 30, 1949
total filed	10	271	350	413
granted	6 (60%)	178 (66%)	231 (66%)	280 (68%)
settled	-	54 (20%)	84 (24%)	99 (24%)
refused	1 (10%)	13 (5%)	13 (4%)	13 (3%)
pending	3 (30%)	26 (9%)	22 (6%)	21 (5%)

RG 260
 Entry FED-Central Files
 File 900.10-^{Organ}_{list of FE}
 Box 394

S E C R E T

SUPREME HEADQUARTERS
 ALLIED EXPEDITIONARY FORCE

AGO 757 (FWD)
 7 September 1944

AG 040-1 GE-AGM

SUBJECT: Establishment of the Currency Section for Germany.

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

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

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

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

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

a. Functions:

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

- 1 -

337529

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 DECLASSIFIED

RG 260
 Entry FED-Central Files
 File 900 10 - ^{organ} _{list of FED}
 Box 394

b. Powers:

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

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

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

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

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

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Box	394

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

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

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

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

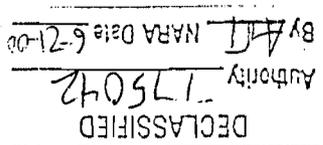
12. In order to facilitate the operations of the Currency Section in its financial dealings with local civilian institutions and governmental authorities, necessary evidences of authority will be supplied to the Currency Section by your headquarters. To the extent practicable, these evidences of authority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

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

By command of General EISENHOWER:

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

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File	<u>900 10 - ^{organ. &} _{hist of FED}</u>
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Relationship between USFET - OMCUS - FED

13 December 1946

1. FED Director 13 Dec
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1. In accordance with your request there is attached a schedule setting forth the relationship between the Foreign Exchange Depository, USFET and OMCUS, which schedule contains references to pertinent authority.

FOR THE CHIEF OF BRANCH:

[Signature]
 FRANK C. GABELL
 Deputy Chief
 Foreign Exchange Depository

Incls:
 1 - schedule

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RG	260
Entry	FED-Central Files
File	900.10 - ^{Organ. &} _{Hist of FED}
Box	394

RELATIONSHIP BETWEEN USFET - OMCUS - FED

1. Prior to 14 July 1945 - SHAEF Period

Organization: SHAEF, G-5, FINANCE, CURRENCY SECTION FOR GERMANY.

The Currency Section was determined to be the proper organization within SHAEF to take possession of the valuables uncovered in Germany and to retain custody thereof.

2. 26 April 1945

JCS 1067/76, Part III, Para 49(a) "Financial". This directs the commander in Chief, US Forces, as follows:

"....To effect these purposes the Control Council should

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

Note: JCS 1067 specifies "Control Council" which organization subsequently became OMCUS.

3. 7 July 1945

Letter Hq USFET, File AG 014.1-1, Subject "Administration of Military Government in the U. S. Zone in Germany". Directive. Section XVI Finance, Part 6, Para 3.

"3. Disposition of Bullion and Foreign Exchange

a. There will be shortly established in the American Zone and perhaps in all of Germany a special agency established by the Commanding General of the USFET or the Control Council respectively which will reduce to its possession and control all German foreign exchange and external assets of any kind and description located within or outside of Germany.

b. In the meanwhile, you will forward monthly, unless unusual amounts are delivered, to the Finance Division, G-5, USFET, at the Reichsbank in Frankfurt all quantities of gold and silver bullion or coin or foreign currencies or other foreign exchange as defined in Para 5, Article III, Law 53, held by or turned over to the Reichsbank in your District, or looted gold or silver objects or jewelry located in your District."

4. 14 July 1945

Dissolution of SHAEF and establishment of USFET.

Organization - USFET, G-5, FINANCE, CURRENCY SECTION FOR GERMANY.

The Currency Section retained its custody of the valuables.

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File	<u>90010 - ^{organ.} Hist of FED</u>
Box	<u>394</u>

(Main) APO 757
8 February 1946

SUBJECT: History of the Origin and Present Status of the Currency Branch and the Foreign Exchange Depository

TO : Acting Deputy Director, Finance Division, Office of Military Government (US Zone), USFET Main, APO 757, U. S. Army

I. DISCUSSION

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

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

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

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defined in Military Government Law No. 53.

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

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

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

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

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

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

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

II. RECOMMENDATIONS:

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

KURT L. WALITSCHKE
Major GSC
Chief, Currency Branch

KLW/leh
Telephone: Frankfurt 24583

337536

*Gold
Team*

PO

See con

*File
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910.75

CONFIDENTIAL

28 July 1947

SUBJECT: Report of Special Inspection of the Foreign Exchange Depository

TO : Director, Finance Division, OMCUS, APO 742, U.S. Army

1. Following comments are submitted in connection with report of Inspection General, EUCOM, dated 10 July 1947:

a. Para 5 c Receiving and Warehousing

(1) The inventory program and progress will be examined to determine the present status and remaining work to be done with a view to expediting completion.

(2) The present practice of issuing an interim receipt upon delivery and a final receipt upon inventory has operated satisfactorily on the few shipments received in the past year. The bulk of shipments were received in 1945 and on these shipments no attempt is made to send our final inventory receipt to the original depositor.

(3) F.E.D. cannot insure that all items are received which are intended for delivery to us. We only finally receipt for items actually received. In present practice we require the shipper to also submit an itemized list of items, which is used for checking purposes. Our final receipt is sent through channels to the office of the shipper. On the 1945 shipments, F.E.D. cannot insure that all valuables picked up by the armed forces eventually were deposited in the F.E.D. On present shipments we feel this uncertainty has been practically eliminated.

b. Para 6 a Inventory

(1) We have always considered the "Gold Report" prepared in 1945 by U.S. Treasury experts and listing all monetary gold in detail, to be the basic record of gold holdings and as such a part of the books in F.E.D. The summarization of this record, which has been continuing at intervals, will be completed and entered in ledgers before 1 Sept 1947.

*Specialty
Personal
Requirements*

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File *OMCUS 910.75*
Box ~~399~~ 399

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By *SZ* NARA Date *16 APR*

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Report of Special Inspection (Contd.)

- 2 -

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

(2) Currency Section maintains a subsidiary ledger in which all currency other than Reichsmarks is entered. General ledger of Currency Section is maintained in Reichsmarks only. See Tab A N for form of record maintained for unidentified PW funds.

c. Para 7 b Key duplicates

Situation corrected.

d. Para 7 c Bonding

While personnel are not bonded it is believed that continuation of division of control, presence of Army Security Officers and selection of personnel of proven integrity may eliminate a financial bonding requirement.

e. Para 7 d Alarm system

This system has been installed.

f. Para 8 a External Security

All persons entering the F.E.D. wing of the Reichsbank Building are required to be identified.

g. Para 9 a Depository

(1) At 31 May 1947 the records reflected all items which had been inventoried and recorded but did not reflect all items in the F.E.D., due to:

- (a) Items inventoried, not recorded (but in process of being recorded)
- (b) Items not yet inventoried
- (c) Items on hand in custodian capacity without instructions to inventory

Only when inventory operations are completed will it be possible for books to reflect all assets on hand.

(2) Approximations of the value of depository assets on hand have been made and can be furnished.

h. Para 10 c 5 Restricted deposit

This account was completely closed in June 1947 and no longer appears on books.

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Entry Ardelia Hall
File ~~4168~~ #0 11275
Box ~~432~~ 399

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Authority NND775057
By SZ NARA Date 10-11-88
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Report of Special Inspection (Contd.)

- 3 -

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

i. Para 10 c 8 Mutilated Currency

Mutilated currency is destroyed by German Reichsbank officials who submit a destruction certificate listing serial numbers, together with their request for reimbursement. In view of policy of restoring operations to Germans, this method has been found practical. Destruction certificates are on file for all disbursements made to reimburse Reichsbanks for mutilated currency destroyed.

j. Para 10 c 11 Cash losses

It is considered that this amount is "written off" by being charged to the present "Loss" account. There is no profit or loss account envisaged in Currency Section operations.

k. Para 10 c 19 Navy Advance account

Correspondence has been sent to both Army and Navy, endeavoring to settle this account, without a decision being reached to date. The account cannot be settled without Navy approval.

l. Para 10 c 20

This is recorded on books as "Unclaimed Funds - Owner Known" and "Unclaimed Funds - Owner Unknown", both being different and serving separate bookkeeping purposes.

m. Para 11 a Other Cash Assets

These assets are recorded in and controlled by a subsidiary ledger, but being in currency other than Reichsmarks, are not recorded in the general ledger. For security, the assets are kept in the vault.

n. Para 12 Recommendations

(a) It has been found impractical to inventory items immediately upon receipt. In special exceptions this has been done. Generally such practice would interfere with routine inventory operation. In some cases shipments have been received for custody only, the inventory being subject to later instructions. Since 1945 only nine shipments have been received and are on hand uninventoried. With the exception of one large shipment, No. 79 the remaining eight are small and will be inventoried in near future.

(b) It has been found impractical to appraise all items at time of inventory, e g: securities, rare coins, currencies. Nevertheless, items are inventoried, recorded and controlled by a unit control

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Entry Sideline Hall
File ~~QAC~~ #110.75
Box ~~432~~ 399

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

system despite absence of valuation. The monetary value of items will be determined and recorded as of the date of their release from F.E.D.

(c) One of the three required duplicate keys was placed in custody of Head, Depository Section. Entrance to Main Vault required a combination and 3 keys; at present no one person has all 4 factors.

(d) All individuals entering F.E.D. wing must produce identification and those not holding an F.E.D. pass must sign a Register.

(e) The present established authorized practice has proven satisfactory. Personnel requirements would make it unfeasible for Currency Section to supervise all AM mark destruction in US Zone. Adequate records are maintained pertaining to currency destroyed.

(f) The Balance Sheet of the Currency Section is intended to disclose the source and disposition of all funds and the Account "Cash Losses" is intended to show a mode of disposition. Continuance of this account is necessary to prepare a proper final accounting for the Currency Section operations.

(g) On 25 June 1947 the Currency Section initiated steps to have this account adjusted. The present status of the matter is beyond control of the Currency Section.

WGB
Tel.: Frankfurt 24583

WILLIAM G. BREY,
Colonel, GSC.
Chief, Foreign Exchange Depository

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

337540

RG 260
Entry Andelin Hall
File ~~260~~ 399
Box 399

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Authority 1110775057
By SZ NARA Date 16-APR

REPRODUCED AT THE NATIONAL ARCHIVES

POJ SECURITY

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File # 910.75

Security Check of Foreign Exchange Deposit Vault

6 Jan 1947

KPJ/RMG/rb S-4

3. Hq Cnd FED 28 Jan
USFET Fin.Div. 1947
OMGUS
(Rear)
Thru:
Chief,
OMGUS
(Rear)

1. As requested in Note #1, careful check was made by Engineer Section of this Command on 23 Jan 1947 to determine the degree of security of the vaults located in the Reichsbank building.

2. Major Tenney of the Engineer Section, Hq Command, advises us that these vaults are more than adequately protected; that there has been no interference with walls, doors bricked up spaces, etc., and that there is no possibility of entry in the vaults except through known and authorized entrances.

3. It was recommended, however, that broken glass in three windows in strong room #2 be replaced and steel bars be welded across these windows. A work order is being processed accordingly for completion of this work by the Engineer Section, Hq Command.

FOR THE COMMANDING GENERAL:

K. P. Jones
Lt. Col, AGD
Adjutant

Tel: 24523

4. FED Chief 3 Feb
OMGUS OMGUS 1947
Rear Rear
APO APO
757 757

1. Appreciation is expressed for the attention which has been accorded our minute No. 1.

2. Their are 2 additional Strong Rooms (No. 1 and No. 3 containing Allied Military Marks which are in addition to the four vaults mentioned in minute 1. It would be further appreciated if these 2 Strong Rooms were also given a security check at an early date.

FOR THE CHIEF OF BRANCH:

FRANK C. GABELL
Executive

337541

RG 260
Entry Andelin Hall
File ~~AMGUS~~ #910.75
Box ~~432~~ 399

DECLASSIFIED
Authority NND775057
By S2 NARA Date 10-11-88

*Gold
Team*

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18

CONFIDENTIAL

28 July 1947

SUBJECT: Report of Special Inspection of the Foreign Exchange Depository

TO : Director, Finance Division, GMAUS, APO 742, U.S. Army

1. Following comments are submitted in connection with report of Inspection General, EUCCOM, dated 10 July 1947:

a. Para 5 c Receiving and Warehousing

(1) The inventory program and progress will be examined to determine the present status and remaining work to be done with a view to expediting completion.

(2) The present practice of issuing an interim receipt upon delivery and a final receipt upon inventory has operated satisfactorily on the few shipments received in the past year. The bulk of shipments were received in 1945 and on these shipments no attempt is made to send our final inventory receipt to the original depositor.

(3) F.E.D. cannot insure that all items are received which are intended for delivery to us. We only finally receipt for items actually received. In present practice we require the shipper to also submit an itemized list of items, which is used for checking purposes. Our final receipt is sent through channels to the office of the shipper. On the 1945 shipments, F.E.D. cannot insure that all valuables picked up by the armed forces eventually were deposited in the F.E.D. On present shipments we feel this uncertainty has been practically eliminated.

b. Para 6 a Inventory

(1) We have always considered the "Gold Report" prepared in 1945 by U.S. Treasury experts and listing all monetary gold in detail, to be the basic record of gold holdings and as such a part of the books in F.E.D. The summarization of this record, which has been continuing at intervals, will be completed and entered in ledgers before 1 Sept 1947.

337542

RG 260
Entry Andelin Hall
File GMAUS 910.75
Box 399

Finance

DECLASSIFIED
Authority NND775057
By SZ NARA Date 10-11-99

REPRODUCED AT THE NATIONAL ARCHIVES

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

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e. Para 7 d Alarm system

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Only when inventory operations are completed will it be possible for books to reflect all assets on hand.

(2) Approximations of the value of depository assets on hand have been made and can be furnished.

h. Para 10 c 5 Restricted deposit

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Entry	Ardelia Hall
File	016125 #91075
Box	432 399

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 Authority NND775057
 By S2 NARA Date 10-11-99

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i. Para 10 c 8 Mutilated Currency

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m. Para 11 a Other Cash Assets

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n. Para 12 Recommendations

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(b) It has been found impractical to appraise all items at time of inventory, e g: securities, rare coins, currencies. Nevertheless, items are inventoried, recorded and controlled by a unit control

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RG 260
Entry Adelin Hall
File ~~432~~ No. 75
Box ~~432~~ 399

DECLASSIFIED
Authority NND775057
By SZ NARA Date 10-11-88

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

system despite absence of valuation. The monetary value of items will be determined and recorded as of the date of their release from F.E.D.

(c) One of the three required duplicate keys was placed in custody of Head, Depository Section. Entrance to Main Vault required a combination and 3 keys; at present no one person has all 4 factors.

(d) All individuals entering F.E.D. wing must produce identification and those not holding an F.E.D. pass must sign a Register.

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(g) On 25 June 1947 the Currency Section initiated steps to have this account adjusted. The present status of the matter is beyond control of the Currency Section.

WGB
Tel.: Frankfurt 24583

WILLIAM G. BREY,
Colonel, GSC,
Chief, Foreign Exchange Depository

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

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Entry Adelia Hall
File ~~GAAS~~ #910.75
Box ~~42~~ 399

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By SZ NARA Date 10-11-99

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Authority **NND 917312**
By **WDP** NARA Date **7/7/00**

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Entry Lot 53D 307
File Reparations Jan. 1952
Box 14

OUTGOING AIRGRAM

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DEPARTMENT OF STATE DIVISION OF COMMUNICATIONS AND RECORDS TELEGRAPH BRANCH

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L AMEMBASSY,
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Rome.
A-155, Aug 13, 1951

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I. With reference to Dudes 3343 dated May 17 the Department delivered to IRO representative in Washington on July 2, 1951 a note authorizing the IRO to deliver to the Italian Government the share of the so-called Rome Treasure which was assigned to the Italian Government for charity purposes, as agreed upon in the Note Verbales reproduced in the reference despatch.

II. (a) Consequently on July 5, 1951, in a short and informal meeting at the Department, the Washington representative of the IRO handed to a representative of the Italian Embassy, a check in favor of the Republic of Italy in the amount of \$60,000, including \$5,939 corresponding to 50% of the United States bank notes included in the Treasure. An additional transfer will be made as soon as the remaining valuables included in the Treasure have been liquidated. For your information, it seems that the total amount of the proceeds will somewhat exceed the estimate made at the time of the inventory.

(b) The Italian representative was also informed by IRO that there is available for immediate transfer to the Italian Government an amount of approximately 10,000 Swiss franc bank notes, corresponding to 50% of the Swiss bank notes which were found in the Treasure and which are presently on deposit in a special IRO account in Switzerland. The Italian Government was asked to give instructions for the modalities of the transfer of this amount.

III. (a) With reference to the problem of the German currency and coins included in the Treasure (Dudes 3457 dated May 28, 1951) the Department's view is that the paper currency in question is worthless and the chief element in the decision as to its disposal should be practicality and speed. No questions of principle are seen, and it appears to be a matter of slight importance whether the currency is shipped to HICOM or is given to the German Consulate General in Rome. The Department feels that this currency can be distinguished from other German State Property without difficulty since its value is nil. The same considerations apply in this case to the base coins of German issue, since they have no monetary value and their intrinsic value is understood to be negligible.

(b) Additional consideration, as Embassy is well aware, is the Department's eagerness that the entire external assets program in Italy should be wound up as soon as possible.

(c) Moreover, Department representatives discussed the matter on July 3, 1951 with a representative of the British Embassy the recent tripartite agreement in London not to divert Germans of title to German issued securities

and other

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ROME A-155

-2-

and other indicia of ownership in German currency. The British representative pointed out that to transfer the German currency to the German Assets Committee would simply imply a waste of time and energy because the Committee would not have any choice but to return the German currency to the German Government.

(d) The Department believes that the Embassy's recommendation cannot be accepted for the substantive reasons summarized above. Unless the Embassy has other basis for its objection, it is requested that the original instructions be implemented as suggested by the High Commission, by handing the German currency and base coins to the German Consulate General in Rome. Another alternative in view of worthless nature of currency is that it be destroyed. Because of the negligible value of the base coins, the Embassy is authorized to dispose of them at its discretion, upon consultation with the British Embassy.

(e) The substance of the instructions summarized under (d) above is being sent by cable, in answer to LMBTEL 667, August 7.

IV. A copy of this airmail is being sent to NICOG, Frankfurt.

WEBB (ACTING)

Cleared with L/E, UNA/R, GEA
 (see attached green)

EUR:GAFecoro:RBlack:lsj;raa
 8/13/51

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Authority NND 917312
By WDP NARA Date 7/7/00

RG 59
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INCOMING TELEGRAM

Department of State

FILE COPY

TELEGRAPH BRANCH
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CIA
DCL
DCR

Control: 8947
Rec'd: July 17, 1951
7:22 p.m.

FROM: Bern
TO: Secretary of State
NO: 94, July 17, 8 p.m.

PRIORITY.

SENT DEPT 94, RPTD INFO PRITY FRANKFORT 9, PARIS 16,
LONDON 17.

At Allied tripartite meeting on Washington accord July 16, Brit Del proposed that paper be submitted at plenary on July 17 which would contain essential points on which agreement was considered to have been reached. These points summarized in fol paras. In addition, it was considered that so-called "mincr" issues would be covered by separate agreement in which these points were described merely as matters of interpretation. Latter device would avoid necessity submitting minor issues to Swiss parliament for ratification (in case ratification new agreement necessary) and would make basic agreement generally similar. Three dels agreed that basic paper described above should be submitted as proposed draft agreement in order provide at outset quadripartite meetings basis for test Swiss intentions re accord, shift emphasis from proposed AHC law re compensation to general question reaching agreement on outstanding issues, and indicate Allied confidence in adequacy compensation proposal as basis overall agreement.

Basic agreement covers fol points:

1. Liquidation to commence immed on notification to Swiss Govt that necessary legislative measures have been taken in Germany; except that property worth less than Swiss francs 10,000 will be unblocked.
2. 25 percent of proceeds liquidation will be transferred to BDL for account FEDREP.
3. Payment of compensation to German owners will be effected in manner described in annex (annex consists substantially articles 1 and 2 of draft AHC law, based on Allied memo to Swiss of Apr 20).
4. Swiss francs 20 million will be paid from Allied share to Swiss Govt as reimbursement for sum already advanced to

See Reparations

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IRO. New **REPRODUCTION OF THIS MESSAGE IS PROHIBITED**

337548

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 Authority NND 917312
 By WDP NARA Date 7/7/00

RG

Entry

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Box

59

Lot 53D 307

Reparations Jan. 1951 - 1952

14

CONFIDENTIAL

-2- 94, July 17, 8 p.m., from Bern.

IRO. New advance of Swiss francs 17,205,605 wld be made immed from Allied share to IRO.

5. JEIA list to be immed terminated. (Contrary to impression gained by Dept JEIA list still being maintained, although not enforced, and continues to be source of discord with Swiss).

6. Swiss Govt will put at Allied disposition German heirless assets which may be found in Switz.

7. Swiss will unblock persecutee's property.

8. Questions of application or interpretation of accord will be settled according to provisions adopted at conference.

VINCENT

PAF:JEO

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Authority NND 917312
By WDP NARA Date 7/7/00

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Entry Lot 53D 307
File Reparations Jan. 1951 -
Box 14 1952

RG 59
Displaced Persons Committee
Box 14

2
1/3/c

ACCESS RESTRICTED

The item identified below has been withdrawn from this file:

File Designation IRO Reparations Jan 1951-2
Desp 6366
Date June 29, 1951
From London
To State

In the review of this file this item was removed because access to it is restricted. Restrictions on records in the National Archives are stated in general and specific record group restriction statements which are available for examination. The item identified above has been withdrawn because it contains:

Security-Classified Information

Otherwise Restricted Information

Authority

Date

WITHDRAWAL NOTICE

DECLASSIFIED
Authority NND 917312
By WDP NARA Date 7/7/00

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Entry Lot 53D 307
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Box 14 1952

~~FILE COPY~~
extra
RETURN TO UNA/R
June 28, 1951

UNA/R - Mr. Warren
UNA/R - Herbert C. Madison
Merchandizing Advisory Committee

The following excerpt concerning the activities of the Merchandizing Advisory Committee is taken from the Semi-Annual Report of the Director General for the Period 1 July 1950 to 31 December 1950 (GC/197, page 45, paragraph 151):

"151. Recognition is due also to the Merchandizing Advisory Committee, which, under the Chairmanship of Colonel R.C. Kramer, has completed the difficult task of liquidating large quantities of "non-monetary gold" of highly diversified character. This has produced net proceeds of \$1,636,688.97. The Committee accepted no compensation for its services, which were performed with a remarkably low overhead expense."

Mention of the Merchandizing Advisory Committee is also made in the Annual Report of the Director General for the Period 1 July 1949 to 30 June 1950 (GC/166, page 65, paragraph 259):

"259. Another source of revenue which it is hoped will materialize is the reimbursement to the Fund of \$120,000 by the United States Government under legislation which has been introduced, proposing the refund of customs duty paid on considerable quantities of non-monetary gold brought to the United States for liquidation sale under the auspices of the Merchandizing Advisory Committee."

*OK
Reparations*

UNA:UNA/R:HCMadison:jer

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By WDP NARA Date 7/7/00RG 59
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STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : ✓ UNA/R - Files

DATE: April 23, 1951

FROM : UNA/R - H. C. Martin *HC*

SUBJECT: Reparation Payments to IRO as of April 20, 1951.

As of April 20, 1951 the situation with respect to reparation payments to IRO under Article 8 of the Paris Conference on Reparations and the Five Power Agreement on Reparations was as follows:

A. External Assets

\$25,000,000 was allocated IRO from German external assets in neutral countries. Of this \$12,500,000 had been obtained from Sweden and \$5,000,000 from Switzerland, a total of \$17,500,000. \$7,500,000 was still due; \$4,000,000 is supposed to be obtained under the Portuguese Accord and \$3,500,000 under the Swiss-Allied Accord. There appears to be little chance of any funds being realized from the Portuguese Accord, and negotiations were then underway in ^{Geneva} on the Swiss-Allied Accord.

B. Heirless Assets

According to Mr. Seymour J. Rubin, IRO has realized virtually nothing if not absolutely nothing from heirless assets in neutral countries. He says he knows of no country which has turned over any heirless assets to IRO under this formula. Mr. Rubin stated that the Jewish Restitution Successor Organizations (JSRO) have, however, received the equivalent of from \$1,500,000 to \$2,000,000 from heirless assets in Germany under German restitution laws.

C. Non-monetary Gold

According to Mr. Rolbein, IRO's sales agent in New York for non-monetary gold, IRO has realized approximately \$3,500,000 from the sale of non-monetary gold allocated to it.

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OUTGOING TELEGRAM

Department of State

1 P. M.

INDICATE: COLLECT
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CONTROL
7827

SENT TO: Amembassy, LONDON TOSIG 553

107-21-51

RPTD TO: Hicog, FRANKFORT 7105
Amembassy, BRUSSELS FOR FOX 1404
Amlegation, BERN 1436

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ART 8 Paris AGMT resulted in 5 Power AGMT published Treaties and Other INTER Acts Series (TIAS) No. 1594 and DEPT Bulletin JUL 14, 1946 (RE SIGTO 610 APR 19 RPTD Brussels 293).

RE ART 8A Paris AGMT, non-monetary gold. Property in this CATEG including other valuables not (RPT not) identifiable as to origin collected in US Zones, GER and AUST, pursuant JCS Directive and turned over to IRO. Sale in US yielded 2.9 MIL DOLS and in addition approx 1/2 MIL DOLS realized from sales in SWITZ. These figures final as all sales completed. Nothing RECD from UK and FR Zones.

RE PARA 8B, see FOL REFS; ART V in PORT Accord, which is, however, inoperative pending final signing of Accord. PARA 1 of Sandstrom LTR (SWED Accord), published Page 389 QUOTE Germany, Story in Documents, 1947-49 UNQUOTE, see also TIAS 1637. ART 5, Annex to Swiss Accord. APPROX 17.5 MIL DOLS paid to IRO to date including 50 MIL SWED Kroner and 20 MIL Swiss FRS. Re additional 17 MIL Swiss FRS to be paid by Swiss, Bern PLS report current status. Balance CID come from PORT Accord if implemented.

300 Reparations

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NA/R

RE ART 8B

drafted by: EUR:RA:WRG:lchrist
GER:GEA:MJDux:ras
4/20/51
L/E - Mr. Maurer /s/ WRG

Telegraphic transmission and classification approved by: Robert E. Asher

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Page 2 of telegram to London 553 (TOSIC)

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RE ART 8C, heirless assets, see FOE REFS: ART 10 POR Accord also inoperative as above. Supplemental LTR No. 5 to SPAN Accord. TIAS 1657, Page 22, for SWED Accord. SUBJ also covered in unpublished LTR of Swiss Accord. See also Bern TEL 1443 APR 19 RPTD London 68 and DEPTTEL 1425 to Bern RPTD London TOSIG 547. Nothing RECD this CATEG from any source.

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DO NOT TYPE IN THIS SPACE
262.0041/3-2151

FOREIGN SERVICE DESPATCH

FROM: NICOG FRANKFURT 3015 March 21, 1951
TO: THE DEPARTMENT OF STATE, WASHINGTON. AIR POUCH
REF: COURDES 2595 February 9, 1951 **FILE COPY**
SUBJECT: FOUR PHASE PROGRAM, 3rd PROGRESS REPORT (February 8 to March 19, 1951)

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For Dept.
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Phase I

Only one Belgian claim remains open.

Phase II

No new developments.

Phase III

The following progress has been made during the period under review:

Active claims, February 9, 1951	976
new claims received during period	<u>70</u>
	1046
claims disposed of during period	<u>697</u>
active claims on hand March 19, 1951	349

Net reduction during period: 627 claims

In most of the still active claims (349), the decision hinges on the submission of further information and documentation. Practically all such cases have recently been screened and the claimants have been requested to supplement their form applications by specified proof (e.g. certificate of nationality, death certificate, substantiation of persecutee status, etc.).

As evidenced by the above and earlier figures, particular emphasis has been placed since January 1, 1951 on the liquidation of Phase III in order to eliminate issues overlapping with Phase IV. It is expected that the present Phase III program can, for all practical purposes, be finished ahead of schedule.

A new problem has, however, been raised by the information supplied by the banks in answer to our letter of October 16, 1950 (see Enclosure 2 of COURDES 1242, October 16, 1950). Some 2600 "potential" Phase III claims have been extracted from this information. We are still engaged in analyzing and digesting this information. It would appear that most of these "potential" claims concern Jewish persecutees and we may be able to turn the bulk over to IRSC. Furthermore, the majority of the cases relate to worthless

Reparations

KideKeyserlingk/is
REPORTER(S)

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File Reparations Jan. 1951 -
Box 14 1952

2 NICOS FRANKFURT 3015

securities. In any event, we shall have to devise a short cut to avoid another Phase III program of 8-9 months' duration. We shall report after examination of all factors involved.

Study on German corporations in which UN nationals or persecutees hold an interest in excess of 25% will be dispatched separately.

Phase IVCurrencies:

Progress on deliveries of Safehaven, Turkish and U.S. currencies has been slower than expected. Assembly at the Bank deutscher Laender is not yet complete. It would appear that the accelerated Phase III releases have considerably taxed the staff of the Land Central Banks assigned to Law 53 work.

Securities:

Lists of securities to be released to I.A.R.A. countries have been completed for all Land Central Banks in Heese and Bremen. Bavaria and Wurttemberg/Baden may take another 6 weeks. We are now waiting for notification by the Governments concerned in conformity with AGSEC(51)265.

"Receipt and Agreement":

Reference is made to your A-2640, February 16, 1951. In order to proceed with Phase IV and assure an early termination of the program, we feel that the "recapture clause" presents a certain solution although it may be more of a moral than practical value. Compliance with your paras (2) and (3) is in no way affected by its incorporation in the Receipt and Agreement.

Gold:

Attached hereto is list of monetary gold coins available for delivery to TGC (see OURDES 2336, January 17, 1951, para (3)d). This list is subject to correction upon physical inspection and submission of further details by some of the Land Central Banks. In view of the slowness of assembling items at the Bank deutscher Laender, we will probably handle the assembly of these coins ourselves.

Your early authorization in accordance with, or comments on, para (3) of OURDES 2336 are requested.

Proposed Procedure re certain currencies and securities:

In order to meet the target date it is imperative that we streamline our

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By WDP NARA Date 7/7/00RG 59
Entry Lot 53D 307
File Reparations Jan. 1951
Box 14 1952

3 NICOS FRANKFURT 3615

procedure wherever possible.

1. We are holding at the Land Central Banks currencies of certain countries in total amounts which appear too insignificant to warrant handling under Phase IV, e.g. Bolivia 1.60 Bolivianos, Costa Rica \$ 0.85, Ireland sh 2, Lichtenstein Kr. 1.-, Paraguay Pes. 2, etc. The same applies to Lots A and B at the Foreign Exchange Depository (see OURDES 99, July 14, 1950). We propose to turn over such amounts to the Bank deutscher Laender.

2. We are holding, at the Foreign Exchange Depository and the Land Central Banks, large quantities of currencies of the USSR, Bulgaria, Hungary, Poland, Roumania and small amounts of currencies of the 3 Baltic States. These currencies are to our knowledge worthless. Wherever we establish the worthlessness beyond any doubt, we propose to destroy the currency notes and to preserve merely a protocol setting forth such destruction.

3. We propose to approach the Governments of Czechoslovakia and Yugoslavia with a view toward obtaining their agreement with the destruction of worthless Slovakian and Croatian notes. The same applies to Albania.

4. We propose to turn over to the Bank deutscher Laender all copper and nickel coins of no value.

5. The same procedure as under the preceding para 2 is contemplated with regard to pre-1917 Russian, Bulgarian, Hungarian, Polish and Roumanian issues of securities as well as Baltic States securities.

Your early concurrence or comments are requested.

FED Let B:

In view of your cable 706, July 27, 1950, your instructions are requested concerning disposition of the balance of Lot B not covered by the proposed procedure as above.

S. T. Castleman
Deputy Chief, Finance Division
Office of Economic Affairs

Enclosure:

List of monetary gold coins.

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RG

59

Entry

Lot 53D 307

File

Reparations Jan. 1951 -

Box

141952Enclosure to Despatch 3015,
March 21, 1951, HICOG FRANKFURTGold Coins (monetary)Summary

Mark	76,785.--	Lire	880.--
\$	12,772.50	Austrian dukats	27
£	1,744.10.--	Tunesian frw.	60.--
ffrs.	10,840.--	Hungarian frs.	90.--
sfrs.	4,610.--	Pesetas	150.--
bfrs.	440.--	Brit. Ind. £	24.--
Austrian shilling	1,100.--	skr.	90.--
rubles	4,945.--	Lira	120.--
Austrian kroners	17,550.--	Norwegian kroners	35.--
Itq.	105 3/4	Czech. dukats	30
hfl.	1,530.--	Turkish Piaster	35.--
dkr.	50.--	Drachmes	20.--

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*Return to
UNA/R
700 SA 5*

MAR 5 1951

In reply refer to
UNA/R

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My dear General Wood:

The receipt is acknowledged of your letter dated February 21, 1951 concerning the Swiss-Allied Accord and the sum of 17,205,600 Swiss francs due to the International Refugee Organization (IRO) pursuant to arrangements made by the Allies under the Five Power Agreement of June 14, 1946.

The Department can now affirm that a quadripartite meeting on the Accord is scheduled to begin in Bern on March 5, 1951.

The Department appreciates the importance to IRO of the further payment of 17,205,600 Swiss francs which Switzerland has been requested to advance pursuant to Section V of the Annex to the Accord and regrets that Switzerland has not found it possible to accede to this request. As the sixth paragraph of your letter suggests, however, there are indeed larger and more difficult problems to be dealt with in the forthcoming negotiations, including the delivery to the Allied Powers of the proceeds of liquidated German property in Switzerland.

The preoccupation of the Department with these other problems should in no way be interpreted as a weakening of the Department's interest in and support of matters relating to IRO. Contingent upon the transfer of such proceeds to the Allies, the United States, for its part, is prepared to discharge the Allied contractual

obligation

Major General Walter A. Wood, Jr.,
Chief, United States Office,
International Refugee Organization,
1346 Connecticut Avenue,
Washington 6, D.C.

Spec. for...

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By WDP NARA Date 7/7/00

RG 59
Entry Lot 53D 307
File Reparations Jan. 1952
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*Returns to
WPA/R
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obligation to IRO pursuant to the Five Power Agreement by making available as a matter of priority the additional sum which has been agreed should accrue to IRO from the liquidated proceeds of German property in Switzerland.

Copies of this letter are being sent to the American Minister, Bern, and to the British and French Embassies, Washington, which you mention as having been sent copies of your communication.

Sincerely yours,

By *John G. Winick*

For the Acting Secretary of State:

The receipt is acknowledged of your letter dated December 1941 concerning the liquidated assets and the use of the same for the benefit of the International Refugee Organization (IRO) pursuant to arrangements made by the Allies under the Five Power Agreement of June 12, 1941.

George H. Perkins
Assistant Secretary

The Department can not advise that a communication regarding the above is included in the file for the above subject.

The Department appreciates the suggestion by you of the further payment of \$1,000,000 Swiss francs which would be used to advance payments to Article I of the Charter. The amount and suggests that liquidated assets not about to be made to this payment. In the sixth paragraph of your letter suggests, however, there are actual intent and best utilization problems to be dealt with in the liquidated assets, including the delivery to the Allied Forces of the proceeds of liquidated German property in Switzerland.

The recognition of the Department with respect to the above should in no way be interpreted as a withdrawal of the Department's interest in and support of matters relating to the liquidation of the proceeds of such proceeds to the Agency for the United States. For the part, is prepared to discharge the duty of the Department.

WFRY'S GENLEY

Major General Walter L. ...
Chief, United States ...
International Refugee Organization,
Washington, D.C.
EUR:ME:LRWilliams
UNA:UNA/R:GWarren:cmc
3/2/51
L/E (Mr. Maurer)

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21 February 1951

21 February 1951

✓
His Excellency
M. Henri Bonnet
Ambassador E. and P.
Embassy of the French Republic
Washington, D. C.
My dear Mr. Ambassador:

In view of the time element involved and the fact that the Director General of the International Refugee Organization, Mr. J. Donald Kingsley, is presently in Tokyo and will not return to Geneva until after March 1st, he has requested me to address the enclosed letter to your Excellency for transmission to the Foreign Office of the International Refugee Organization in connection with the Swiss Allied Accord.

Very sincerely yours,

Mr. Kingsley brings to your attention the fact that as a result of information which he has received from Switzerland and recent reports in the French press, the office has been advised that a meeting is to be held soon in Switzerland between France, the United Kingdom and the United States, on one side, and the Swiss Government, on the other, concerning the Swiss Allied Accord.

W. A. Wood, Jr.
Major General, U. S. Army Retired
Chief, United States Office IRO

As the French Government has indicated, there remains a balance of 17,500,000 Swiss francs which is still due to the I.R.O. from the \$25,000,000 fund allocated for specific refugees needs under the Paris Reparation Agreement and the Five-Power Agreement of June 14, 1946. Over a year ago, recognition of this balance became available and taking into account the 100,000,000 Portuguese escudo available under the Reparation Accord, the Governments of France, the United States, and the Government of Switzerland for a further advance of 17,500,000 Swiss francs. Subsequently, on April 3, 1950, Mr. Kingsley addressed a urgent appeal to the Foreign Minister of Switzerland, M. Petavelle, who responded favorably to the tripartite request.

It is our understanding that the Government of Switzerland responded unfavorably to the Allied request. However, no formal reply was made to Mr. Kingsley by the Swiss Government. Mr. Kingsley and the I.R.O. remained hopeful that at the quadripartite meeting which was scheduled to take place in Paris about a year ago, the Allies and the Swiss Government would find it possible to reach an agreement which would permit payment of the 17,500,000 Swiss francs to the I.R.O. Since the funds were not made available following this meeting, the I.R.O. has waited with great interest the developments with respect to the Swiss Allied Accord.

The Director General therefore takes this occasion to bring again to the attention of the French Government the urgent necessity for receipt of the additional Swiss franc payment. As has been previously brought to the attention of the Allied and the Swiss Governments,

Handwritten: IRO Reparations

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Entry Lot 53D 307
File Reparations Jan. 1951
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21 February 1951.

The Honorable Dean Acheson
Secretary of State

Washington, D.C.

ous support which the United States has given in connection with the problem of this advance payment, but the receipt of the requested 17,205,600 Swiss francs by the I.R.O. in the very near future is of such great urgency that I should like to request again, on behalf of my dear Mr. Secretary, that every effort be made by the United States and its associated governments to obtain the agreement of the Government of Switzerland to make the requested

The Director General of the International Refugee Organization, Mr. J. Donald Kingsley, has requested that I communicate with you with respect to the balance of 17,205,600 Swiss francs due to the International Refugee Organization in connection with the Swiss Allied Accord, which will occupy the Allies and the Swiss delegations, but as it affects the refugee problem, cannot be discussed in reports.

Mr. Kingsley brings this matter to your attention at this time as result of information which he has received in Switzerland and recent reports in the French press to the effect that a meeting is to be held soon in Switzerland between the United States, the United Kingdom and France, on one side, and the Swiss Government, on the other, concerning the Swiss-Allied accord.

As the Department of State is aware, there remains a balance of \$7,500,000 which is still due to the I.R.O. from the \$25,000,000 fund allocated for specific refugee needs under the Paris Agreement and the Five-Power Agreement of June 14, 1946. Over a year ago, recognizing the urgent necessity that all or part of this balance be made available to the I.R.O., and taking into account the 100,000,000 Portuguese escudo allocation to I.R.O. under Portuguese Accord, the Government of the United States, United Kingdom, and France, at the request of the I.R.O., addressed a request to the Government of Switzerland for a further advance to the I.R.O. of 17,205,600 Swiss francs. Subsequently, on April 5, 1950, Mr. Kingsley addressed an urgent appeal to the Foreign Minister of Switzerland, M. Petitpierre, to respond favorably to the tripartite request.

It is our understanding that the Government of Switzerland responded unfavorably to the Allied request. However, no formal reply was made to Mr. Kingsley by the Swiss Government. Mr. Kingsley and the I. R. O. remained hopeful that at the quadripartite meeting which was scheduled to take place in Bern about a year ago, the Allies and the Swiss Government would find it possible to reach an agreement which would permit the payment of the 17,205,600 Swiss francs to the I. R. O. Since the funds were not made available following that meeting, the I.R.O. has waited with great interest the developments with respect to the Swiss-Allied Accord.

The Director General therefore takes this occasion to bring again to the attention of the Department of State the urgent necessity for receipt of the additional Swiss franc payment. As has been previously brought to the attention of the Allied and the Swiss Governments, the continuation of the special programs to rehabilitate and resettle certain classes of non-repatriable victims of German action, involving the lives of thousand of victims, is wholly dependent upon the receipt of the requested 17,205,600 Swiss francs. Mr. Kingsley and the I.R.O. are well aware of the

337563

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RG 59
Entry Lot 53D 307
File Reparations Jan. 1952
Box 14

21 February 1951

active and continuous support which the United States has given in connection with the problem of this advance payment, but the receipt of the requested 17,205,600 Swiss francs by the I.R.O. in the very near future is of such great urgency that I should like to request again, on behalf of Mr. Kingsley, that every effort be made by the United States and its associated governments to obtain the agreement of the Government of Switzerland to make the requested payment.

The Director General is also aware that this problem may appear to be relatively unimportant in relation to the larger and more difficult problems which will occupy the Allies and the Swiss at the forthcoming delegation; but as it affects the refugee problem, I cannot overemphasize its importance.

On behalf of the Director General and the International Refugee Organization, I should like to express our deep appreciation for the active and continuous support which has always been extended to us in connection with this pressing problem and to express our sincere hope that an agreement will be reached which will make immediately available the 17,205,600 Swiss francs.

Mr. Kingsley and his advisors will be in Switzerland soon after March 1st. If during the course of the negotiations it is felt that the I.R.O. can be of any assistance, Mr. Kingsley hopes that you will not hesitate to call upon him.

A copy of this letter is being sent, at Mr. Kingsley's request, to Mr. John Carter Vincent, American Minister in Bern, and a similar communication is being delivered to the British and the French Governments.

Very sincerely yours,

W. A. Wood, Jr.
Major General, U.S. Army Retired
Chief, United States Office I.R.O.

It is our understanding that the Government of Switzerland responded unfavorably to the Allied request. However, no formal reply was made to Mr. Kingsley by the Swiss Government. Mr. Kingsley and the IRO remained hopeful that at the quadripartite meeting which was scheduled to take place in Bern about a year ago, the Allies and the Swiss Government would find it possible to reach an agreement which would permit payment of the 17,205,600 Swiss francs to the IRO. Since the funds were not made available following that meeting, the IRO has awaited with great interest the developments with respect to the Swiss-Allied Accord.

The Director General therefore takes this occasion to bring again to the attention of the British Government the urgent necessity for receipt of the additional Swiss franc payment. As has been previously brought to the attention of the Allied and the Swiss Governments, the continuation of the special programs to rehabilitate and resettle certain classes of non-repatriable victims of German action, involving the

337564

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RG 59
Entry Lot 53D 307
File Reparations Jan. 1951-
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DEPARTMENT OF STATE

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Memorandum of Conversation

DATE: February 7, 1951
The extent of \$4,000,000 under the Portuguese Accord and \$2,000,000 under the Swiss-Allied Accord.

SUBJECT: In connection with the payment of 50 million Swiss francs to the IRO by 1946, the attached memorandum states that the Swiss-Allied Accord to Germany, Payment Due International Refugee Organization under Swiss-Allied Accord. for the Swiss-Allied Accord but due to the insistence of the Swiss, the Allies decided to support a request for only 30 million francs. The PARTICIPANTS: that if the full 50 million Swiss francs were paid under the Allied Accord, Mr. Abba P. Schwartz - Special Representative, IRO. Mr. L. R. Williams - NE. payment of 1. The full obligation to the IRO under the reparation agreement will have been discharged. If this were done, the amount pointed out, the IRO would of course forgo the right to receive the 20 million francs under the Portuguese Accord.

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COPIES TO:

I told Mr. Barrow - USA/R was not in a position to request a proposal with Mr. Williams - NE at the present time Department is directing all appropriate effort toward that end. I will call Mr. Williams - NE thought the Department would be reluctant to view the Mr. Williams - NE with by taking up his proposal with the Swiss.

the Swiss to implement the Accord satisfactorily there would be no need to consider the priorities that should be assigned in the Accord. Mr. Schwartz, representing the International Refugee Organization, called at my office to inquire as to the present status of the Swiss-Allied Accord. Mr. Schwartz stated that immediately prior to his departure from Europe in January, he had heard rumors to the effect that the Department had made a proposal to the Swiss for a meeting and that the Swiss were about to accept. Mr. Schwartz went on to say that his interest, as Counsel for the IRO, was in pursuing the payment of 17,205,600 Swiss francs due to the IRO as reparation from Germany pursuant to Part I, Article 8 of the Final Act of the Paris Conference on Reparation of 1945 and the Five Power Agreement of June 14, 1946.

I told Mr. Schwartz that the Department had made a proposal for a Quadripartite Conference on the Accord and that the Swiss had replied affirmatively. I also told Mr. Schwartz that I could not confirm to him that there would be a meeting since no definite arrangements had been made as yet.

Mr. Schwartz said that Mr. Donald Kingsley, Director General of the IRO, would address letters to the Secretary of State and to the British and French Ambassadors in Washington referring to the possibility of an Accord meeting and requesting the three Governments to bear in mind the treaty rights of the IRO with respect to reparation from German external assets in the neutral countries.

Mr. Schwartz left the attached memorandum and enclosures which explain the history of the claim of the IRO to the equivalent of 25 million dollars. Mr. Schwartz explained that to date the IRO has received the equivalent of \$12,500,000 from Sweden and \$5,000,000 from Switzerland. \$7,500,000 is still due. Mr. Schwartz pointed out that the balance due is supposed to be obtained to

210 Reparations Form

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Entry Lot 53D 307
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-2-

Memorandum of Conversation

the extent of \$4,000,000 under the Portuguese Accord and \$3,500,000 under the Swiss-Allied Accord.

February 17, 1948

In connection with the payment of 20 million Swiss francs to the IRO in July 1948, the attached memorandum states that Mr. Nat King, then assigned to Bern, urged that the Allies request the full 50 million francs provided for in the Swiss-Allied Accord but due to the insistence of the British, the Allies decided to support a request for only 20 million francs. Mr. Schwartz pointed out that if the full 50 million francs provided for under the Swiss-Allied Accord were to be made available to the IRO instead of the contemplated payment of 17 odd million francs the full obligation to the IRO under the reparation agreement will have been discharged. If this were done, Mr. Schwartz pointed out, the IRO would of course forego its right to receive 100 million escudos under the Portuguese Accord.

COPIES TO:

I told Mr. Schwartz that I was not in a position to comment on his proposal other than to say that at the moment the Department is interested in securing implementation of the Accord by the Swiss and that the Department is directing all appropriate effort toward that end. I also told him that I thought the Department would be reluctant to cloud the issues at the present time by taking up his proposal with the British and French. I told him that if the Swiss do implement the Accord satisfactorily there would be time enough to consider the priorities that should be applied in dividing up whatever is received from the liquidation of German assets. Mr. Schwartz stated that immediately prior to his departure from Bern, he had stated to the effect that the Department had made a proposal to the Swiss to the effect that the Swiss were about to agree to the payment of 20 million francs to the IRO as reparation from Germany pursuant to Article 1 of the Final Act of the Paris Conference on Reparations of 1945 and the Swiss Law of August 15, 1946.

I told Mr. Schwartz that the Department had made a proposal for a meeting of the Conference on the Accord and that the Swiss had replied affirmatively. I also told Mr. Schwartz that I could not confirm to him that there would be a meeting unless no definite arrangements had been made as yet.

Mr. Schwartz said that Mr. Donald King, Director General of the IRO, would address letters to the Secretary of State and to the British and French Ambassadors in Washington referring to the possibility of an accord meeting and requesting the three Governments to bear in mind the equity rights of the IRO with respect to reparation from German external assets in the neutral countries.

Mr. Schwartz left the attached memorandum with Mr. Williams, Director of the IRO to the equivalent of 25 million dollars. Mr. Schwartz explained that to date the IRO has received the equivalent of 212,500,000 from Sweden and 65,000,000 from Switzerland. Mr. Schwartz pointed out that the balance can be expected to be disbursed by

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FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

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TO : Department of State

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FROM : ROME 2191 January 26, 1951

REF : Department's Instruction No. 126 of November 20, 1950;
 Embassy's Despatch No. 1265 of April 25, 1950.

SUBJECT : Transmittal of IRO's receipts for the "Rome Treasure."

Forwarded herewith, for the files of the Department, are copies of the papers drawn up by the American and British Embassies at Rome in connection with the delivery to Messrs. David L. Rolbein and Abba P. Schwartz, the authorized representatives of the International Refugee Organization for this purpose, of that organization's share of the so-called Rome Treasure which has been in storage at the Bank of Italy. These documents consist of three joint authorizations to the Bank to release the several categories of valuables on deposit, of the respective signed receipts therefor, and of two written declarations by Messrs. Rolbein and Schwartz with regard to their disposition of coins and currency which should prove to be counterfeit.

The first of these authorizations covered the eleven packages containing the items listed in the inventory transmitted as an enclosure to the Embassy's Despatch No. 1265 of April 24, 1950. Among these are some forty items which may prove to be identifiable. Messrs. Rolbein and Schwartz have arranged to keep these items on deposit in Rome until all practicable efforts have been made by them, in conjunction with the Italian authorities who have promised their full cooperation, to identify and locate the owners. They have had a number of photographs taken and it is already apparent that in some instances the proprietor will be readily identifiable. For example, a large amount of silverware was found to bear the crest of the house of Savoy, which circumstance provoked an outburst of enthusiasm on the part of several employees of the Bank, of monarchist sentiment, who hastened to polish and even to kiss a silver platter which was being photographed.

Five items originally listed on authorization No. 3 were eliminated, in accordance with the Department's instructions, since they had been taken from Japanese and Thai sources. They are being kept on deposit at the Bank.

It will be noted that in the first of the two supplementary declarations requested from the International Refugee Organization's representatives, they undertook to return to the Embassies, as soon as practicable, all coins and currencies found to be counterfeit. Such assurance was requested inasmuch as both United States and British coins were among those being delivered under the authorization in question. Since that was not the case with authorization No. 3, however, they were given the option of returning the coins and currencies found to be counterfeit or of having them destroyed.

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2 ROME 2191 January 26, 1951

Messrs. Rolbein and Schwartz commenced their work here on January 8, as scheduled. They made good progress and after spending a few days at their headquarters in Geneva, returned here and completed the present phase of their task on January 24. Through the help of the Ministry of Foreign Affairs, they had obtained the necessary export permits and they made arrangements to pack and ship, by regular commercial channels, all the non-identifiable items. They expect to return to Rome sometime in April to continue with the work of locating the owners of those items which have been set aside as possibly identifiable.

FOR THE AMBASSADOR

Llewellyn E. Thompson, Jr.
 Minister Counselor

Enclosures:

One copy each of the three authorizations and receipts, and of two declarations.

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