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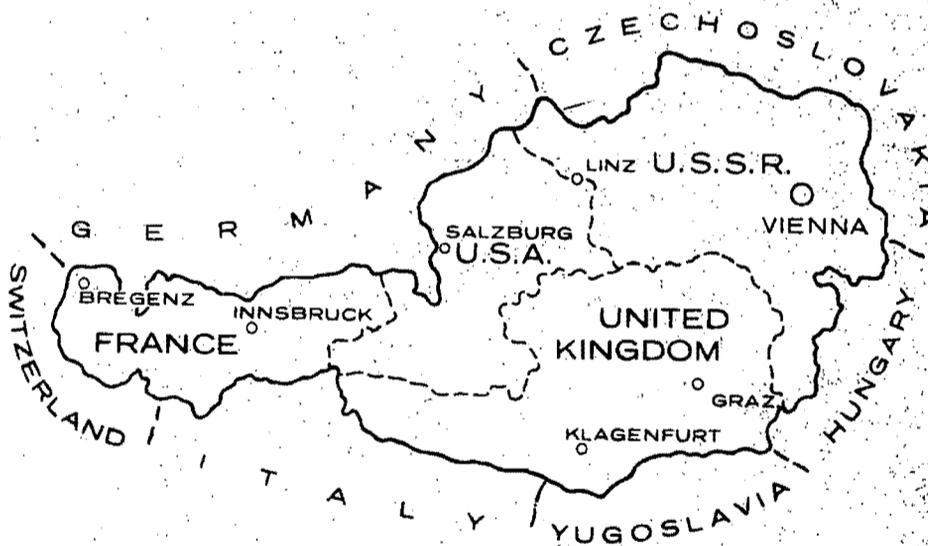
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MILITARY GOVERNMENT AUSTRIA



Report of the United States Commissioner

339770

August 1946

No. 10

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R. D. & R.

PROPERTY CONTROL

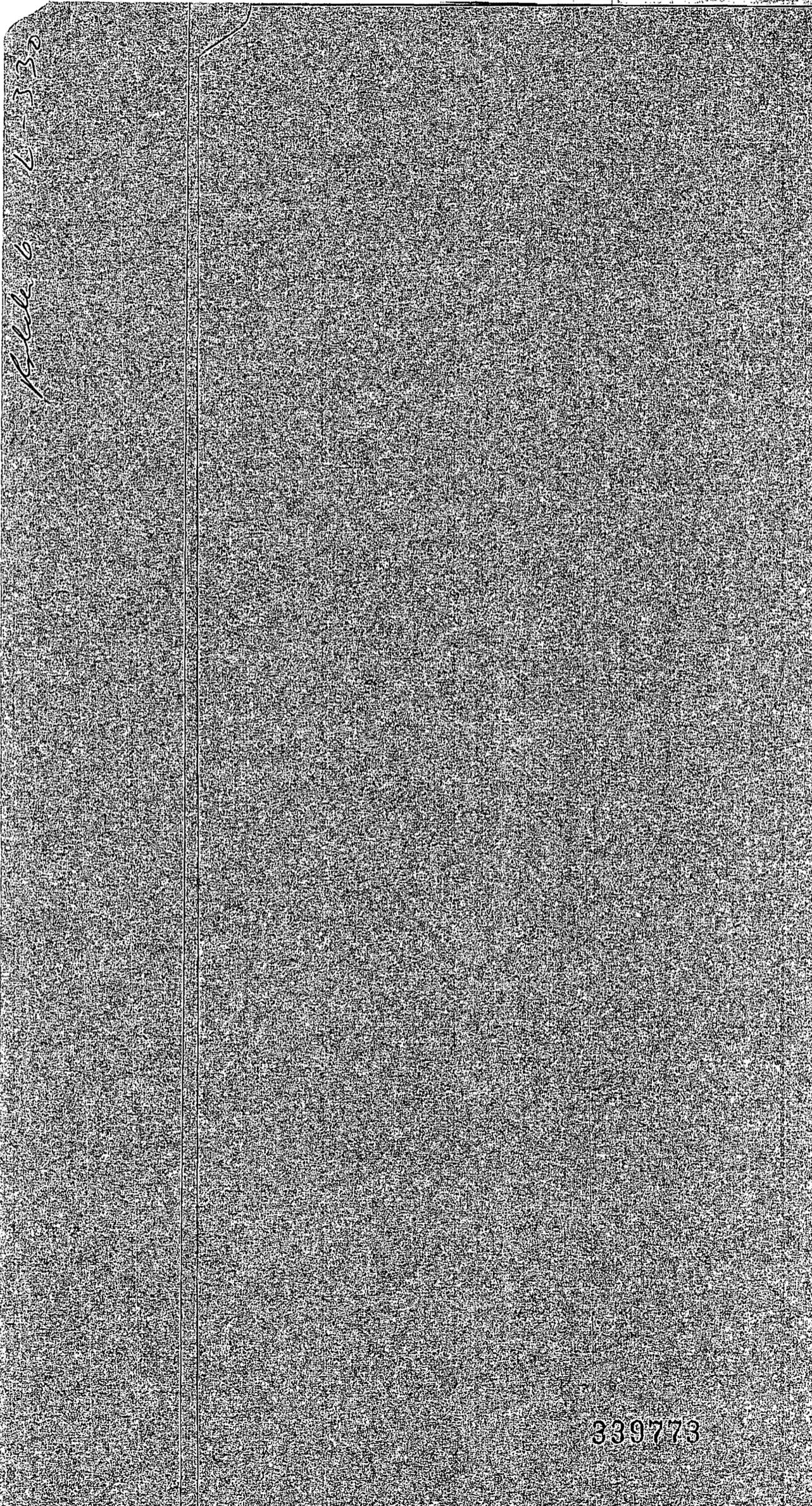
<u>Nationality</u>		<u>Location by Zone</u>	
United States	23	US Vienna Area	21
British	1	Land Upper Austria	54
Hungarian	5	Total US Zone	75
Czech	9	Soviet Zone	2
Jugoslav	1	French Zone	1
Australian	5	British Zone	7
Italian	31		
French	1		
Netherlands	1		
German	2		
Unknown	6		
Total	85	Total	85

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AUGUST 1946

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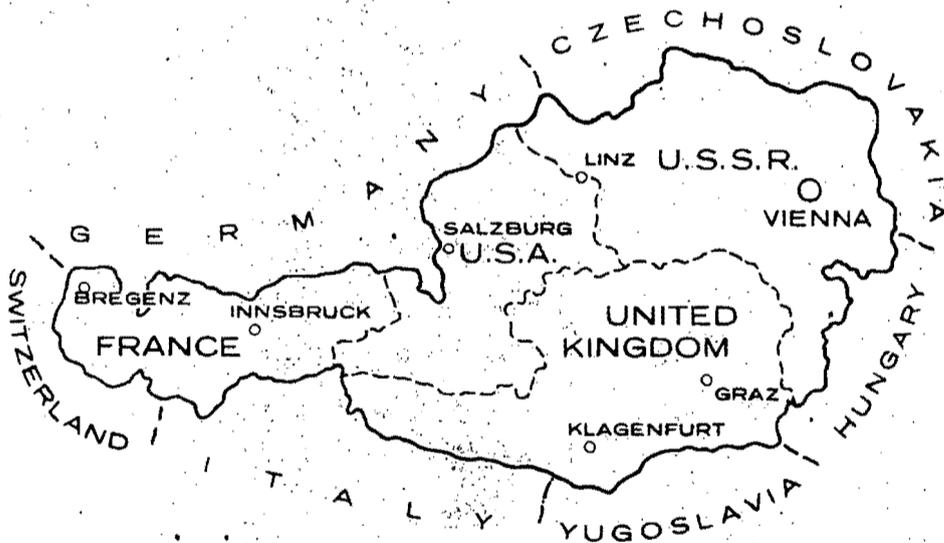
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MILITARY GOVERNMENT AUSTRIA



Report of the United States Commissioner

September 1946

339774

No 11

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REPARATIONS & RESTITUTION

PROPERTIES UNDER CONTROL

	Business Enterprise				Real Estate				Currency etc.				Art Objects				Other Properties				Total			
	Vienna	Upper Austria	Salzburg	Total	Vienna	Upper Austria	Salzburg	Total	Vienna	Upper Austria	Salzburg	Total	Vienna	Upper Austria	Salzburg	Total	Vienna	Upper Austria	Salzburg	Total	Vienna	Upper Austria	Salzburg	Total
United Nationals	214	34	10	258	333	83	46	462	-	2	-	2	-	3	-	3	4	30	18	52	551	152	74	777
Austrian State	-	1	-	1	-	19	8	27	-	-	-	-	-	1	1	2	-	6	1	7	-	27	10	37
Nazi Party & Party Leaders	-	113	22	135	-	587	128	715	-	-	1	1	-	-	-	-	-	5	7	12	-	705	158	863
Other Enemy Govt. & Nationals	-	15	1	15	-	7	6	13	-	2	4	6	-	1	-	1	-	19	11	30	-	44	21	65
Looted & Confiscated	-	-	-	-	-	7	1	8	-	1	-	1	-	1	-	1	-	1	1	2	-	10	2	12
German Govt. & Nationals	2	188	44	234	-	188	163	351	-	-	9	9	-	-	-	-	-	25	7	32	2	401	223	626
Abandoned	-	-	-	-	-	3	-	3	-	1	1	2	-	1	-	1	-	3	-	3	-	8	1	9
Other Unidentified	-	38	1	39	-	55	16	71	-	2	2	4	-	-	-	-	-	19	-	19	-	114	19	133
Totals	216	389	77	682	333	949	368	1650	-	8	17	25	-	7	1	8	4	108	45	157	553	1461	508	2522

SEPTEMBER 1946

339775

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52MILITARYSECURITY CHECK OF KRIEGSARCHIV (WAR ARCHIVES') PERSONNEL

A security check of Kriegsarchiv personnel by the British Element revealed that one employee had falsified his Fragebogen (questionnaire) and that a second had been a member of the National Socialist party. The Military Directorate acting on this information directed that the former be prosecuted and the latter be dismissed.

PANZERGRENADIERDIVISION GROSSDEUTSCHLAND. ("GROSSDEUTSCHLAND" ARMORED INFANTRY SS DIVISION)

The Military Directorate had previously called for a report from the Austrian Government requesting complete information on the Panzergrenadierdivision Grossdeutschland and the location of its former officers. The Austrian Government submitted a paper which was unsatisfactory to the Quadripartite Military Directorate. Two letters were sent out in regard to this organization - the first letter to Berlin requesting all available information concerning the Panzergrenadierdivision Grossdeutschland, and another to the Austrian Federal Ministry of Interior informing them that their report on the association of former members of the organization was incomplete and that more detailed information was desired.

AUSTRIAN STATE ARCHIVES #2

A quadripartite sub-committee continued to be occupied in the Austrian State Archives #2, classifying all documents. It was unanimously agreed by the Military Directorate that the sub-committee would complete its work by 28 October 1946 and submit a complete report to the Military Directorate.

SS BLOOD GROUP TATTOO MARKINGS ON AUSTRIAN PWs

The Military Directorate was in receipt of a letter written by the Austrian Government to the Internal Affairs Directorate. This letter dealt with the fact that the Austrian Government did not consider all personnel who had been tattooed with the SS blood group marking as actual SS members, since many had been forced to have their blood group classifications tattooed on them. The Internal Affairs Directorate referred the letter to the Military Directorate for recommendation. A recommendation was unanimously agreed upon and was sent to the Internal Affairs Directorate as follows:

" The Military Directorate views with suspicion anyone who bears the SS blood group tattoo mark, however, it is recognized that certain individuals were forced or drafted into the SS. The Quadripartite Military

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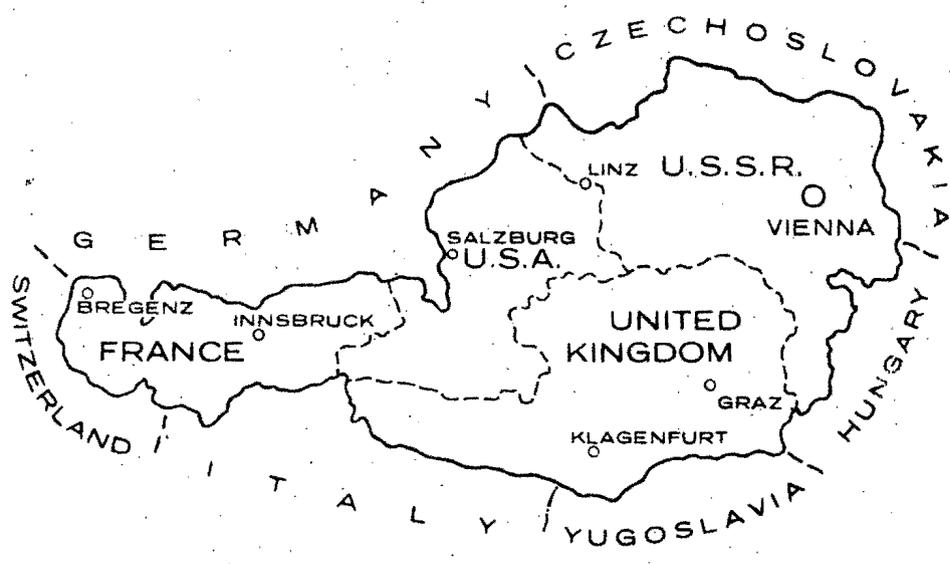
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MILITARY GOVERNMENT AUSTRIA



*Report of the
United States Commissioner*

October 1946

339778

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 By JK NARA Date 7/3/00

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R. D. & R.

PROPERTY CONTROL

GENERAL

The program of turning over German External Assets, or partially owned German External Assets, to the trusteeship of the Austrian Federal Government, was continued at an accelerated pace.

Preliminary investigations were started on two large banking houses, Creditanstalt-Bankverein and Bank fuer Oberoesterreich und Salzburg, and one utilities holding company, Alpen-Elektro-Werke, Vienna, to determine portfolios and ownership as of 1938 and 1945 and to trace any changes between those dates.

In line with a plan to transfer in groups plants and installations from the same industrial field, 39 German owned building and construction firms were released to the trusteeship of the Austrian Government in the largest group transfer accomplished in any single month since the announcement of the program in July.

The process of turning over properties in groups from the same industrial field enabled the Austrian Government to lay its plans for the assumption of administration of these industries, and coordinate their integration into the Austrian economy. The firms transferred were entirely confined to those engaged in or associated with the contracting, construction and building trades, among the assets of which was included much vitally needed building material. Confining their planning to firms of the same industrial field, the Austrian governmental agencies operated with marked increased efficiency in their assumption of control and systematic integration of these building firms into the Austrian economy, which heretofore had been available to that economy only on a piece-meal basis.

A total of 67 plants thus far had been turned over to the trusteeship of the Austrian Federal Government.

The U.S. Element worked out an agreement with the British Element by which a transfer of 174 vitally needed machine tools from the Steyr-Daimler-Puch, A.G., automotive manufacturing firm in the U.S. Zone, was made to the Graz Branch of this same firm located in the British Zone.

This initial transfer was based on a request from the Graz Plant of the Steyr-Daimler-Puch, A.G., forwarded to the U.S. Element with the indorsements of the British Element and the Austrian Ministries of Trade and Reconstruction, and Property Control and Economic Planning. The British Element, in its indorsement, volunteered to allow the U.S. Element to exercise in the British Zone, the degree of supervision over the transferred assets necessary to insure the carrying out of the U.S. Element's responsibilities with respect to German External Assets. The U.S. Element, in reply to the British indorsement, assured the British Element that it would have the same privilege with regard to supervision of German External Assets in the U.S. Zone, if transfer of such assets from the British Zone to the U.S. Zone, were ever effected.

OCTOBER 1946

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R. D. & R. PROPERTY CONTROL

AUSTRIAN PROPERTY CONTROL

The Austrian Federal Government under the provisions of its Public Administrators' Law, reported in September, had begun a program for the establishment of its Property Control Agencies at the Land level. They had, thus far, taken action with respect to over 500 properties in Land Salzburg and Upper Austria, principally under Austrian denazification directives.

Although the Public Administrators' Law was fully recognized by the U.S. Element, it had not been permitted to operate with respect to properties already taken under control by Military Government Property Control Officers, pending the transfer of the administration of these properties to the Austrian agencies. Meanwhile, Property Control Officers were assisting the Austrian officials in the establishment of their Property Control Agencies and would act in a supervisory capacity with respect to their activities under the Austrian Public Administrators' law. With the publication of Military Government Instruction No. 194, Property Control Officers would cease to exercise direct jurisdiction over all classes of property heretofore subject to their control, with the exception of properties of Allied Nationals and ex-enemy nations, exclusive of Germany. All other classes of property would be administered by the Austrian Government Agencies.

Claims by US and Allied Nations for Properties and Business Enterprises

The number of claims and inquiries received from Allied citizens, who had formerly been Austrian citizens, amounted to only 10 letters in October as compared with 65 in September. October was the fifth consecutive month in which there had been a marked decline in this category of claims. The following table illustrates the source and location of the claims:

<u>Nationality of Claimants</u>		<u>Location of Property in Zones</u>	
United States	6	Vienna	2
Unknown	4	U.S. Zone	
		Upper Austria	3
		Soviet Zone	-
		French Zone	1
		British Zone	4
Total	<u>10</u>	Total	<u>10</u>

Property Control Officers in the US Zone, Austria and the US Vienna Area processed an additional 160 properties. There were currently 2,657 properties under control. The added and released properties were in the following categories:

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R. D. & R. PROPERTY CONTROL

<u>Business Enterprises</u>	<u>Taken under Control</u>	<u>Released from Control</u>	<u>Net Increase</u>
United Nationals	45		
Enemy Government Nation's	3		
Miscellaneous	<u>4</u>		
Total Added			
Nazi Party & Party Leaders		12	
Unidentifiable		<u>3</u>	
Total released		15	
Net increase			<u>37</u>

Real Estate

United Nationals	96		
Nazi Party & Party Leaders	2		
Miscellaneous	<u>1</u>		
Total Added			
Austrian State		<u>5</u>	
Total released		5	
Net increase			<u>94</u>

Movable Properties

United Nationals	2		
Nazi Party & Party Leaders	5		
Miscellaneous	<u>2</u>		
Total Added			9
Austrian State		4	
Miscellaneous		<u>1</u>	
Total released			<u>5</u>
Net increase			4

Total Processed 160 25 135

OCTOBER 1946

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R. D. & R.

PROPERTY CONTROL

PROPERTIES UNDER CONTROL																								
	Business Enterprise				Real Estate				Currency etc.				Art Objects				Other Properties				Total			
	Vienna	Upper Austria	Salzburg	Total	Vienna	Upper Austria	Salzburg	Total	Vienna	Upper Austria	Salzburg	Total	Vienna	Upper Austria	Salzburg	Total	Vienna	Upper Austria	Salzburg	Total	Vienna	Upper Austria	Salzburg	Total
United Nationals	259	33	11	303	427	85	46	558	-	2	-	2	-	3	-	3	4	32	18	54	690	155	75	920
Austrian State	-	1	0	1	-	18	8	26	-	-	-	-	-	1	1	2	-	3	1	4	-	23	10	33
Nazi Party & Party Leaders	-	116	22	138	-	583	128	711	-	-	1	1	-	-	-	-	-	5	8	13	-	704	159	863
Other Enemy Govt. & Nationals	-	15	2	17	-	7	6	13	-	2	4	6	-	1	-	1	-	20	9	29	-	45	21	66
Looted & Confiscated	-	-	-	-	-	7	1	8	-	1	-	1	-	1	-	1	-	1	1	2	-	10	2	12
German Govt. & Nationals Abandoned	1	173	48	222	-	190	163	353	-	-	9	9	-	-	-	-	-	29	7	36	1	392	227	620
Other Unidentified	-	-	2	2	-	4	-	4	-	1	2	3	-	1	-	1	-	4	-	4	-	10	4	14
Other Unidentified	-	36	-	36	-	55	16	71	-	2	2	4	-	-	-	-	-	18	-	18	-	111	18	129
Totals	260	374	85	719	427	949	368	1744	-	8	18	26	-	7	1	8	4	112	44	160	691	1450	516	2657

OCTOBER 1946

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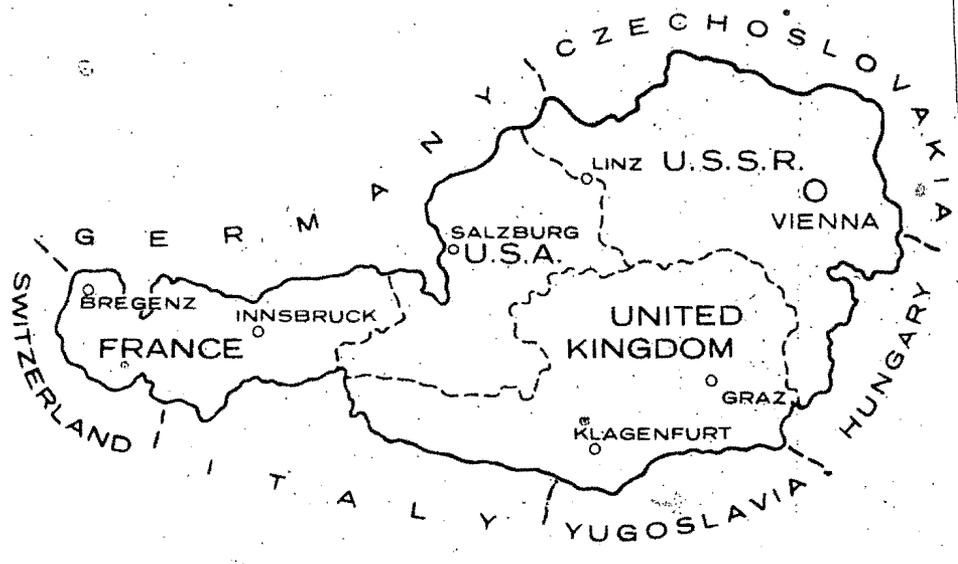
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MILITARY GOVERNMENT AUSTRIA



Report of the United States Commissioner

*November 1946
No 13*

339784

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REPARATIONS, DELIVERIES & RESTITUTION

Military Government officials in the US Zone and the US Vienna Area processed 242 properties, a net increase over October. There were currently 2677 properties under control. The properties released or taken under control were in the following categories:

<u>Business Enterprises</u>	<u>Taken under Control</u>	<u>Released from Control</u>	<u>Decrease or Increase</u>
United Nationals	39		
Enemy Government Nationals	3		
Other Unidentifiables	<u>3</u>		
Total taken under control	45		
<u>Miscellaneous</u>		1	
German		49	
Abandoned Properties		<u>2</u>	
Total released		52	- 7
<u>Real Estate</u>			
United Nationals	84		
Miscellaneous	<u>1</u>		
Total taken under Control	85		
Austrian State		16	
German		28	
Other Unidentifiables		<u>2</u>	
Total released		46	- 39
<u>Movable Properties</u>			
Miscellaneous	1		
United Nationals		7	
Nazi Properties		1	
German Properties		3	
Abandoned		1	
Other Unidentifiables		<u>1</u>	
Total Released		13	- 12
Cumulative Total of Increase			<u>- 20</u>

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REPARATIONS, DELIVERIES & RESTITUTION

PROPERTIES UNDER CONTROL																								
	Business Enterprise				Real Estate				Currency etc.				Art Objects				Other Properties				Total			
	Vienna	Upper Austria	Salzburg	Total	Vienna	Upper Austria	Salzburg	Total	Vienna	Upper Austria	Salzburg	Total	Vienna	Upper Austria	Salzburg	Total	Vienna	Upper Austria	Salzburg	Total	Vienna	Upper Austria	Salzburg	Total
United Nationals	299	32	11	342	504	91	47	642	-	3	-	3	-	3	-	3	4	29	13	46	807	158	71	1036
Austrian State	-	1	-	1	-	2	8	10	-	-	1	1	-	1	1	2	-	3	-	3	-	7	10	17
Nazi Party & Party Leaders	-	116	25	141	-	556	127	603	-	-	3	3	-	-	1	1	-	5	4	9	-	677	160	837
Other Enemy Govt. & Nationals	-	14	2	16	-	7	7	14	-	3	3	6	-	1	-	1	-	21	9	30	-	46	21	67
Looted & Confiscated	-	-	-	-	-	7	1	8	-	1	1	2	-	1	-	1	-	1	-	1	-	10	2	12
German Govt. & Nationals Abandoned	-	133	40	173	-	190	163	353	-	-	10	10	-	-	-	-	-	28	4	32	-	351	217	568
Other Unidentified	-	37	2	39	-	53	16	69	-	2	2	4	-	-	-	-	-	17	-	17	-	109	20	129
Totals	299	335	80	712	504	910	369	1783	-	10	22	32	-	17	2	9	4	107	30	141	807	1367	503	2677

NOVEMBER 1946

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REPARATIONS, DELIVERIES & RESTITUTION

GERMAN EXTERNAL ASSETS

Investigation was continued of Creditanstalt-Bankverein and Bank fur Oberostereich und Salzburg and investigation was started of the Landerbank Wien, A.G. Investigation of Alpen-Electro-Werke, Vienna, a utilities holding company, was completed and the draft report was prepared.

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MILITARY

AUSTRIAN STATE ARCHIVES #2

The Executive Committee approved the recommendations of the Military Directorate for the disposition of the documents in the Austrian State and Military Archives.

The Austrian State and Military Archives contain documents belonging to Austria and Austria-Hungary beginning with the year 1050 and continuing to the present. A certain number of these documents deal with the description of the world war of 1914-18, and another group of the documents deal with the world war 1939-45. The majority of these documents are from German and Austrian military establishments, general headquarters, installations and units. A considerable number of the documents of the Archives refer to foreign states. In the same building there is also a great deal of literature, magazines, pamphlets, newspapers, snapshots, and negatives preaching National Socialism and containing anti-Soviet, anti-American, anti-French, and anti-British writings.

A sub-committee was set up by the Military Directorate to investigate the Austrian State Archives. All documents in the Archives were classified into five categories:

- List A - Documents to remain in the Archives.
- List B - Documents to be destroyed.
- List C - Documents to be handed over to certain allied powers not represented on the sub-committee.
- List D - Books of interest to more than one of the four powers represented, to be kept in a separate room of the Archives to which any element of the commission would have access.
- List E - Documents to be handed over to one of the four powers represented on the sub-committee.

On 28 October 1946, the sub-committee completed its work and submitted the above lists to the Military Directorate. The Military Directorate approved these lists and submitted them to the Executive Committee of the Allied Council for approval.

The Executive Committee of the Allied Council approved the recommendations of the Military Directorate during November, and work was begun in the Archives by the Military Directorate's sub-committee to carry out the approved provisions as to the disposition of the documents.

Upon the implementation of these provisions, the Austrian State Archives #2 would be considered completely demilitarized and would, with certain minor restrictions, be opened to the Austrian public.

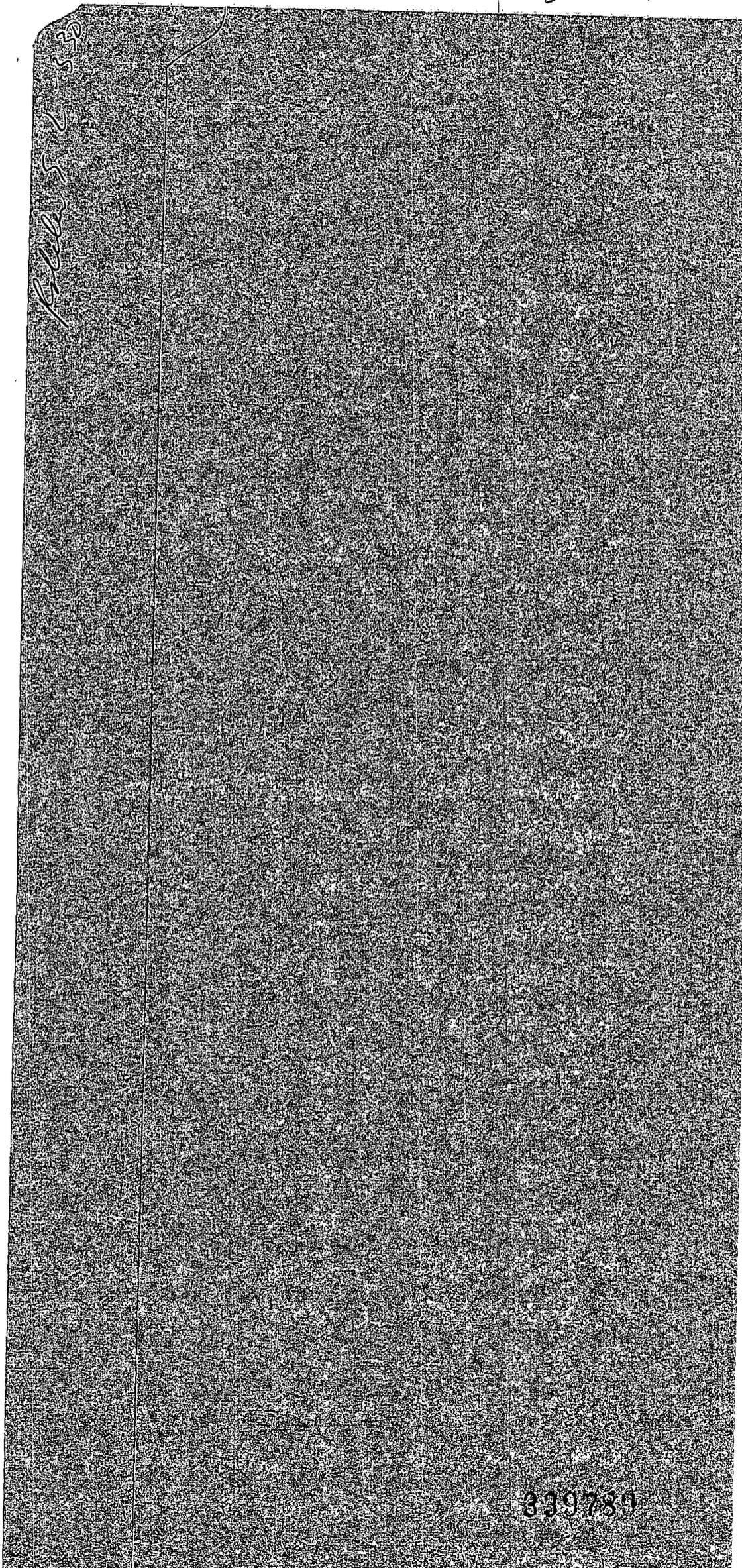
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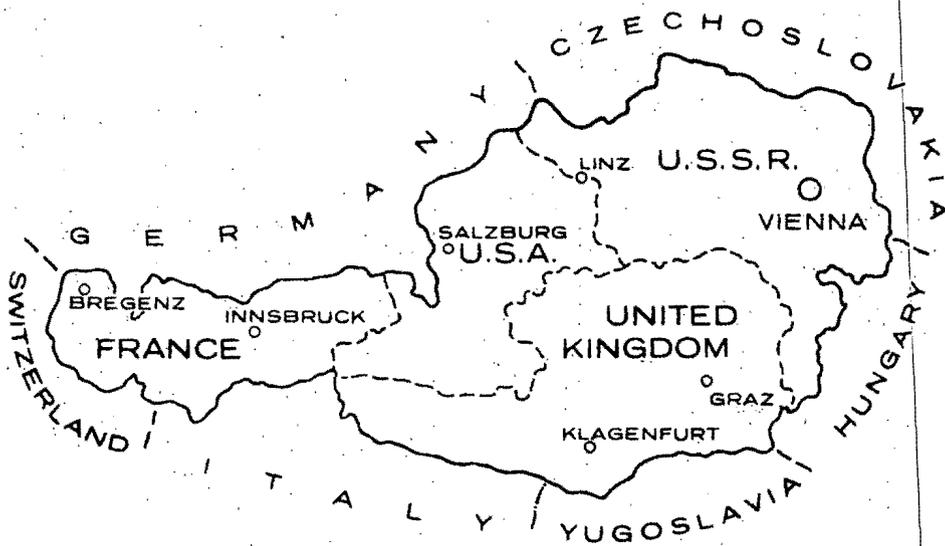
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MILITARY GOVERNMENT AUSTRIA



Report of the United States Commissioner

*January 1947
No 15*

339790

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Box

52D. & R.REPARATIONS & RESTITUTIONGENERAL

New claims received from Allied and ex-enemy nations totalled 134 as compared to 64 in December.

Completed restitutions totalled 14 as compared to 21 in December.

Physical handicaps, i.e., weather, lack of fuel and difficulty in securing transportation, seriously hampered restitution operations.

CZECHOSLOVAKIA

Restitutions to Czechoslovakia included one barge used in marine repair work on the Danube, 10 pairs of horse shoe nail machines, 21 oil paintings and 1 diesel truck. The value of these restitutions was estimated at \$71,500.

FRANCE

Six operations of a miscellaneous nature comprised French restitutions. Two claims were settled by the return of furniture and art objects including oriental rugs. Other French restitutions completed included 21 steel oxygen bottles, air compressors, 2 cranes and 4 electric motors. The value of restitutions made in January was estimated at \$58,000.

HUNGARY

Loading operations necessary for the restitution of machine tools from Gunskirchen, Upper Austria, were completed with 70 freightcars ready for shipment to Hungary. This property originally had been confiscated from the Hungarian firm "IMHAG".

NETHERLANDS

Restitutions to the Netherlands Government continued with the dismantling and loading of 22 cars of machinery from the Eisenwerke Iron & Steel Works at Linz. The lack of special type low silhouette freightcars held up the shipment of a train-load of this material destined for the Netherlands.

POLAND

Four restitutions to Poland were completed, including 2 grinding machines, 7 railway tankcars and miscellaneous household equipment items. Value of these restitutions was estimated at \$42,000.

Progress in returning Polish property was retarded by a lack of fuel for locomotives. In some cases it was necessary to use Polish coal for trains carrying restituted articles to Poland.

JANUARY 1947

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Box 5

R. D. & R.

PROPERTY CONTROL

taken under control in accordance with Military Decree No. 3. Persons receiving the property report from the Department of State were being instructed to name an administrator with power of attorney for their property interests.

The total number of properties under control was 2,462 as compared to 2,551 properties at the end of December 1946. This was a decrease of 89 properties with the majority of the releases being real estate properties.

The number of claims and inquiries received from various claimants, the majority of whom were former Austrian citizens currently naturalized U.S. citizens, amounted to 44 in January, compared with 70 in December. The following table illustrates the source and location of the claims:

<u>Nationality</u>		<u>Location of Property</u>	
United States	2	Vienna	1
Austrian	3 (a)	U.S. Zone	
		Upper Austria	3
French	1 (b)	French Zone	1
		Soviet Zone	2
Citizenship not stated	38	Location of property not stated	37
	<u>44</u>		<u>44</u>

- (a) Forwarded to Austrian Federal Ministry
- (b) Forwarded to French Element

GERMAN EXTERNAL ASSETS

Investigations of Creditanstalt Bankverein and Laenderbank, Wien, the two largest commercial banks in Austria, and the Reichswerke A.G., Alpine Montan Betriebe "Hermann Goering", Linz, the big steel combine, were continued. Investigations of Lenzinger Zellwolle und Papierfabrik A.G., Linzing, and Stickstoffwerke Ostmark, A.G., Linz, were begun.

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taken under control in accordance with Military Decree No. 3. Persons receiving the property report from the Department of State were being instructed to name an administrator with power of attorney for their property interests.

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Austrian	3 (a)	U.S. Zone	
		Upper Austria	3
French	1 (b)	French Zone	1
		Soviet Zone	2
Citizenship not stated	38	Location of property not stated	37
	<u>44</u>		<u>44</u>

- (a) Forwarded to Austrian Federal Ministry
 (b) Forwarded to French Element

GERMAN EXTERNAL ASSETS

Investigations of Creditanstalt Bankverein and Laenderbank, Wien, the two largest commercial banks in Austria, and the Reichswerke A.G., Alpine Montan Betriebe "Hermann Goering", Linz, the big steel combine, were continued. Investigations of Lenzinger Zellwolle und Papierfabrik A.G., Lenzing, and Stickstoffwerke Ostmark, A.G., Linz, were begun.

JANUARY 1947

339793

PROPERTIES UNDER CONTROL
as of 31st January 1947

TABLE I

	Business Enterprises				Real Estate				Foreign Currency etc				Art Objects				Other Properties				Total			
	US Vienna Area	Upper Austria	Land Salzburg	Total	US Vienna Area	Upper Austria	Land Salzburg	Total	US Vienna Area	Upper Austria	Land Salzburg	Total	US Vienna Area	Upper Austria	Land Salzburg	Total	US Vienna Area	Upper Austria	Land Salzburg	Total				
United Nationals	299	32	16	347	504	95	47	646	-	3	-	3	-	2	-	2	4	25	13	42	807	157	76	1040
Austrian State	-	-	-	-	-	2	8	10	-	-	1	1	-	1	1	2	-	3	-	3	-	6	10	16
Nazi Party & Party Leaders	-	107	19	126	-	426	92	518	-	-	3	3	-	-	1	1	-	4	3	7	-	537	118	655
Other En. Gov. & Nationals	-	13	6	19	-	7	7	14	-	2	3	5	-	1	-	1	-	23	9	32	-	46	25	71
Looted & confiscated	-	-	-	-	-	-	1	1	-	1	-	1	-	1	-	1	-	1	-	1	-	3	1	4
German Gov. & Nationals	-	114	39	153	-	187	157	344	-	-	10	10	-	-	-	-	-	29	4	33	-	330	210	540
Abandoned	-	-	-	-	-	3	-	3	-	1	2	3	-	1	-	1	-	4	-	4	-	9	2	11
Other Uniden.	-	36	2	38	-	52	16	68	-	2	2	4	-	-	-	-	-	15	-	15	-	105	20	125
Totals	299	302	82	683	504	772	328	1604	-	9	21	30	-	6	2	8	4	104	29	137	807	1193	462	2462

R. D. & R.

PROPERTY CONTROL

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JANUARY 1947

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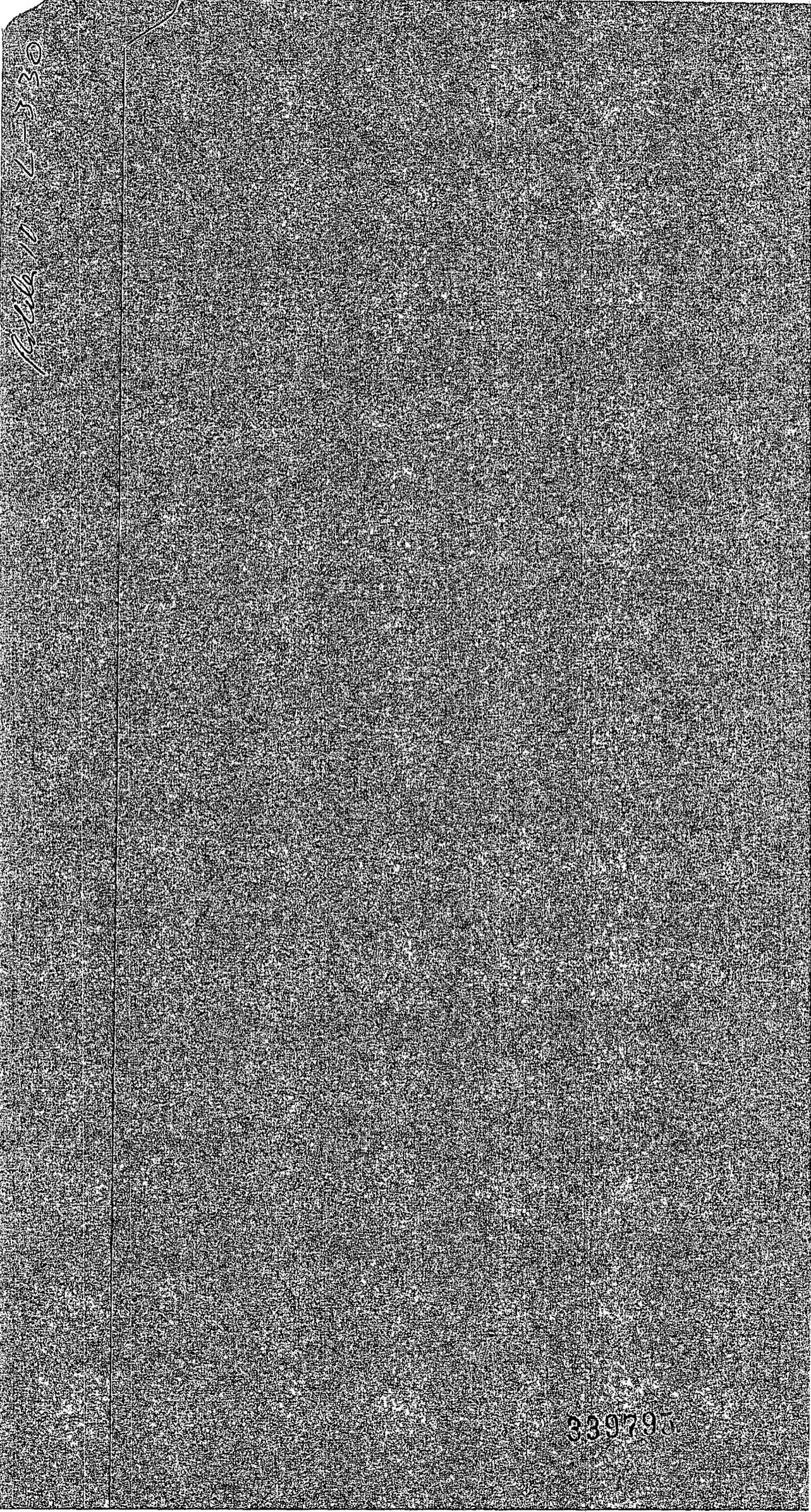
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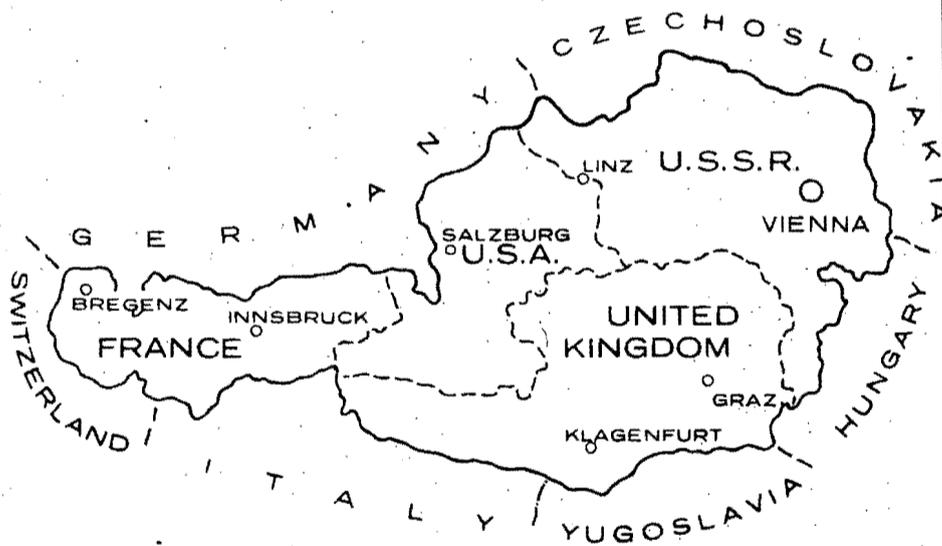
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MILITARY GOVERNMENT AUSTRIA



Report of the United States Commissioner

*February 1947
No 16.*

339796

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52R. D. & R.REPARATIONS & RESTITUTIONYugoslavia

Packing and crating operations of the electrical machinery removed from the power station at Kostolac, Yugoslavia continued in Upper Austria and Land Salzburg. This operation was delayed to some extent because of the need for special transportation facilities. Arrangements were completed for the restitution of 14 Yugoslav locomotives and other miscellaneous Yugoslav property. These shipments were awaiting receipt of coal for transportation.

PROPERTY CONTROL

In accordance with the US policy of turning over to the trusteeship of the Austrian Government all German or partially German owned assets located in the US Zone, 14 more plants were placed under their administrative control. This raised to a total of ninety-nine, the firms thus far released under the Trusteeship Agreement.

The Austrian Parliament passed the second and third restitution laws on 6 February. The second law concerns the restitution to dispossessed owners, property held by the Nazi Party, and which by Austrian law had become property of the Austrian State. All property falling in this category would be restored to the former owners who had been dispossessed. The claim for restitution must be filed within one year after the enactment of this law; however, the time may be extended by ordinance of the Federal Ministry for Property Control and Economic Planning. The third law deals with the restitution of property not covered by the first or second restitution law, and covers aryanized property currently held by private individuals.

Fifteen real estate properties located in Land Salzburg, formerly owned by the Austrian State and subsequently confiscated by the German Army for military use, were returned to the Austrian Government for administration and disposition, in accordance with pertinent Austrian restitution legislation.

Interzonal transfer of industrial equipment and materials was effected in several cases. Arrangements were made to transfer vitally needed machine tools from the Steyr-Daimler-Puch, A.G., automotive manufacturing firm in the US Zone, to the Graz branch of the same firm, located in the British Zone. Also transferred to the British Zone were 22 miscellaneous machine tools needed by various firms for the continued operation of their plants. Fifty tons of asbestos were released for transfer from the US Zone to a plant located in the Soviet Zone. This asbestos was vitally needed to manufacture brake lining and miscellaneous parts used by the Austrian railroads. A lease was arranged covering the transfer of a diesel motor

FEBRUARY 1947

339797

PROPERTIES UNDER CONTROL
as of 28 February 1947

TABLE I

	Business Enterprises				Real Estate				Foreign Currency etc				Art Object				Other Properties				Total			
	US Vienna Area	Upper Austria	Land Salzburg	Total	US Vienna Area	Upper Austria	Land Salzburg	Total	US Vienna Area	Upper Austria	Land Salzburg	Total	US Vienna Area	Upper Austria	Land Salzburg	Total	US Vienna Area	Upper Austria	Land Salzburg	Total	US Vienna Area	Upper Austria	Land Salzburg	Total
United Nations Nationals	299	33	15	347	504	95	46	645	04	0	4	02	0	2	4	26	14	44	807	160	75	1042		
Austrian State	0	0	0	0	0	2	7	9	00	1	1	01	1	2	0	3	0	3	0	6	9	15		
German Gov. & Nationals	0	113	40	153	0	187	156	343	00	10	10	00	0	0	0	29	5	34	0	329	211	540		
Nazi Pty & Pty Leaders	0	107	19	126	0	413	91	504	00	3	3	00	1	1	0	4	3	7	0	524	117	641		
Other En. Gv. & Nationals	0	14	6	20	0	7	7	14	02	3	5	01	0	1	0	23	9	32	0	47	25	72		
Looted & confiscated	0	0	0	0	0	0	1	1	01	0	1	01	0	1	0	1	0	1	0	3	1	4		
Abandoned	0	0	0	0	0	3	0	3	01	2	3	01	0	1	0	4	1	5	0	9	3	12		
Other Uniden.	0	35	2	37	0	52	16	68	02	0	2	00	0	0	0	15	0	15	0	104	18	122		
Totals	299	302	82	683	504	759	324	1587	01	19	29	06	2	8	4	105	32	141	807	1182	459	2448		

FEBRUARY 1947

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PROPERTY CONTROL

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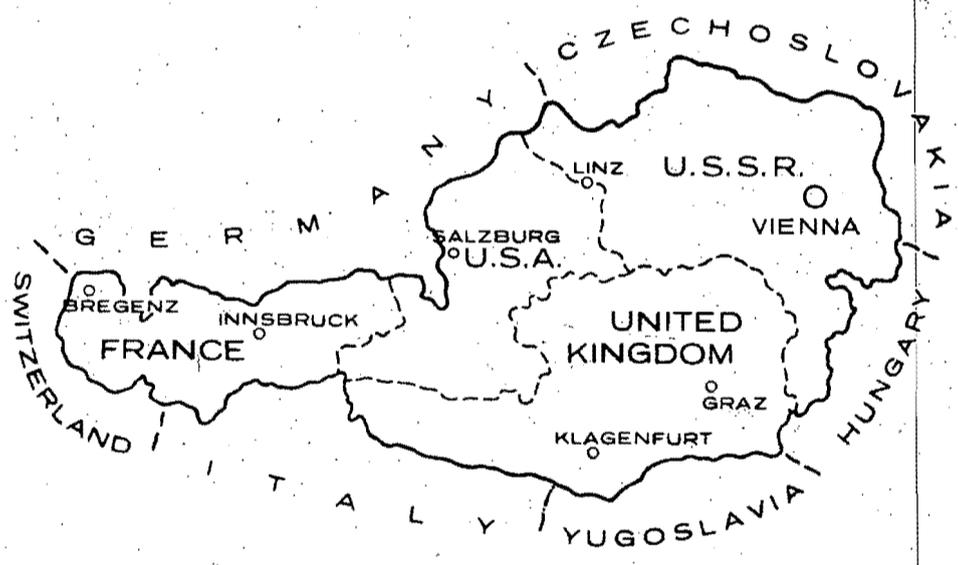
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Box 53



MILITARY GOVERNMENT AUSTRIA



*Report of the
United States Commissioner*

*March 1947
No 17*

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153135116-33053R. D. & R.REPARATIONS & RESTITUTIONGENERAL

The number of new claims received from Allied and enemy nations totalled 164 as compared with 210 in February. Of these 107 were Hungarian claims.

The improvement in weather conditions facilitated restitution operations, which amounted to 27. In February only one had taken place.

Following is a resume of restitutions to the various countries during March:

France

A French machine tools mission, composed of two sections, one representing the French National Armament Ministry and the other French private owners, completed the identification of French machine tools at the Steyrwerke, Linz, Upper Austria. Forty machine tools were released. Part of this machine tool mission continued its search for machine tools of French origin at the Grillwerke, Hallein, Land Salzburg; the other section remained in Upper Austria to identify machine tools and other material in that area.

A second mission charged with the restitution of motor vehicles of French origin continued its operations in Upper Austria. Sixty-eight additional cars and trucks were released from Bezirke (Districts) Wels, Braunau, Vocklabruck, Grieskirchen and Scharding, making a total of more than 200 motor vehicles of French origin released thus far to the French Government from Upper Austria.

Hungary

Properties, comprising 15 claims, were released to the Hungarian Restitution Mission. Included were 8 passenger vehicles, 1 ambulance, 4 fire engines, 7 cases of medical documents, and 4 freight-cars of valuable machinery, machine tools, electrical motors and equipment.

Netherlands

The Netherlands Industrial Mission terminated its operations in the US Zone of Austria by completing the shipping of a 13-ton rotor, part of an electric generator, from Upper Austria to Holland. The remaining Dutch claims pertained primarily to looted art objects.

Norway

At the Aluminum Works, Braunau, Upper Austria, a Norwegian Mission continued with loading operations of 300 tons of aluminum. This restitution was expected to be completed by 30 April 1947.

MARCH 1947

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R. D. & R. REPARATIONS & RESTITUTIONPoland

One train of 41 freight-cars of Polish machinery was shipped from the Steyrwerke, Linz. Lack of coal had prevented departure of this shipment in February, as originally scheduled. Forty-three electric motors were released to the Polish Restitution Mission from the Iron and Steel Works, Linz, Upper Austria.

Arrangements were completed for the release of 83 former Polish locomotives, classified as unserviceable. Repairs would be made by the Austrian State Railways to enable them to be moved to Poland in trains of 5 locomotives each, beginning in April.

Yugoslavia

Twelve restitutions were completed; included were an 18-freight-car shipment of electrical machinery originating from the Electric Power Plant at Kostolac, Yugoslavia, 2 freight-cars of cotton-wool and 1 freight-car of miscellaneous small electrical equipment.

PROPERTY CONTROL

During March, 23 additional former German or partially German owned properties were turned over to the Austrian Federal Government under terms of the Trusteeship Agreement. A majority of the plants turned over were building and construction firms. A total of 122 properties had thus far been turned over under this program.

A collection of approximately \$50,000 worth of gold, silver, precious stones and miscellaneous jewelry (comprising the so-called "Kurt Becher Deposit"), collected by SS leaders as ransom from Jewish concentration internees, was released from Property Control to the trusteeship of the Jewish Agency for Palestine. Arrangements were made for the transportation of these funds and valuables to Palestine, for use in the rehabilitation of persecuted persons of Jewish faith.

A new procedure was initiated for the segregation into categories and eventual disposition of 82,000 machine tools which were surveyed and registered in Upper Austria and in Land Salzburg. The machines of proven Austrian ownership would be released to the Austrian Government for disposition in accordance with the best interests of the Austrian economy, with the understanding that the Austrian Government would assume liability in connection with any claims subsequently arising regarding such machines. The Austrian Government would also assume the further obligation to give priority for the

MARCH 1947

339802

PROPERTIES UNDER CONTROL
as of 31 March 1947

TABLE I

	Business Enterprises				Real Estate				Foreign Currency etc				Art Object				Other Properties				Total			
	US Vienna Area	Upper Austria	Land Salzburg	Total	US Vienna Area	Upper Austria	Land Salzburg	Total	US Vienna Area	Upper Austria	Land Salzburg	Total	US Vienna Area	Upper Austria	Land Salzburg	Total	US Vienna Area	Upper Austria	Land Salzburg	Total	US Vienna Area	Upper Austria	Land Salzburg	Total
United Nations Nationals	299	35	15	349	504	89	47	640	- 4	-	4	- 2	- 24	25	13	42	807	155	75	1037				
Austrian State	-	-	-	-	-	2	8	10	- -	1	1	- -	1 1	-	-	-	-	2	10	12				
German Gov't & Nationals	-	105	35	140	-	187	153	340	- -	10	10	- -	- -	29	5	34	-	321	203	524				
Nazi Party & Party Leaders	-	105	17	122	-	405	92	497	- -	1	1	- -	1 1	4	3	7	-	514	114	628				
Other En. Govts & Nationals	-	13	2	15	-	6	8	14	- 2	3	5	- -	- -	23	6	29	-	44	19	63				
Looted & Confiscated	-	-	-	-	-	-	-	-	- 1	1	2	- 1	- 1	1	-	1	-	3	1	4				
Abandoned	-	-	-	-	-	3	-	3	- 1	1	2	- 2	- 2	6	-	6	-	12	1	13				
Other Unident.	-	34	-	34	-	53	17	70	- 2	1	3	- -	- -	15	-	15	-	104	18	122				
Totals	299	292	69	660	504	745	325	1574	- 10	18	28	- 5	2 7 4	103	27	134	807	1155	441	2403				

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PROPERTY CONTROL

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purchase or lease of such machines to those individuals currently in physical custody of such machines, with such recapture clauses as might be necessary. The machines showing German ownership or no known ownership would be turned over to the Federal Ministry for Property Control and Economic Planning, in accordance with the Trusteeship Agreement of 16 July 1946, subjecting the trustee to accountability to Headquarters, U. S. Forces in Austria, and with the understanding that any transfers from the U.S. Zone would receive prior approval by the U.S. Forces in Austria. The remaining machines, having ownership such as ex-enemy nationals, United Nations nationals and other, would be screened with the view to deciding on their disposition, restitution or retention as captured enemy material.

Plans were made for the ultimate disposition of miscellaneous looted properties held under Property Control. The plans call for the release of such properties to the Intergovernmental Committee on Refugees, the Austrian Government, the "Gold Pot", established under the Paris Reparations Act, and to the Jewish Agency for Palestine. The majority of this category of properties was looted, the rightful owners of which were victims of Nazi aggression.

The total number of properties under Military Government Property Control as of 31 March amounted to 2403, compared to 2448 properties for February. One hundred and thirty-one new property claims were received as compared to 58 in February, 128 of these 131 were received from the United States.

GERMAN EXTERNAL ASSETS

The reports on Bankhaus E.v. Nicolai & Co., Wien, formerly the Rothschild Bank, and Bankhaus Hieggelke & Co., Wien, both private banks, were completed. The writing of the report on the Creditanstalt Bankverein, Wien, the largest commercial bank in Austria, was continued. The investigations of the large commercial bank, Laenderbank, Wien, the steel combine, Reichswerke, A.G., Alpine Montan Betriebe "Hermann Goering", Linz, Lenzinger Zellwolle und Papierfabrik, A.G., Lenzing, Stickstoffwerke Ostmark, A.G., Linz, and the Handels und Industrie Gesellschaft, Linz, together with its subsidiaries were continued. Investigation of Hypotheken und Credit-Institut, A.G., Wien, was begun.

MARCH 1947

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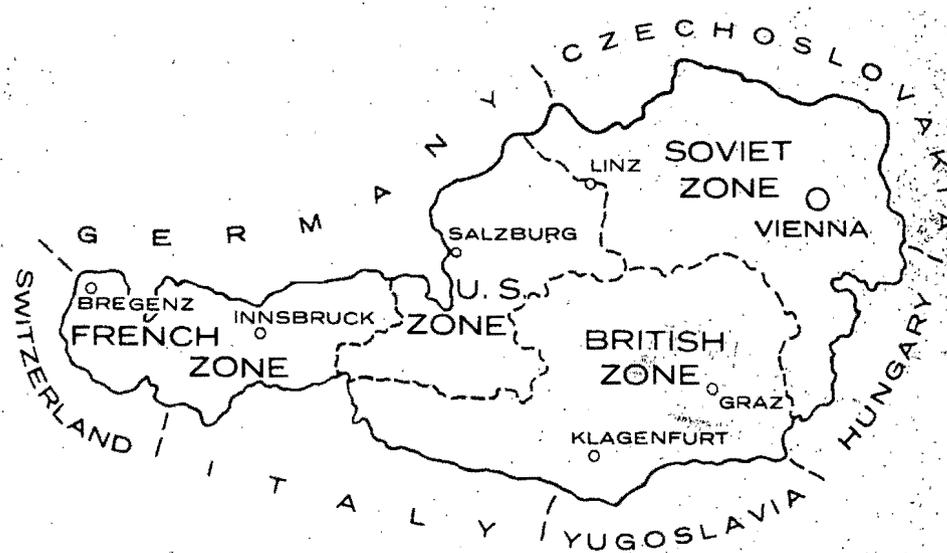
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MILITARY GOVERNMENT AUSTRIA



*Report of the
United States High Commissioner*

*August 1947
No. 22*

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 By: JK NARA Date: 7/8/00

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R. D. & R.

PROPERTY CONTROL

TABLE I

PROPERTIES IN U.S. ZONE UNDER DIRECT CONTROL AS OF 31 AUGUST 1947

	United Nationals			Other Enemy Govts & their Nationals			German Govt & German Nationals			Other Categories			Total under Control			Total
	Vienna	Upper Austria	Land Salzburg	Vienna	Upper Austria	Land Salzburg	Vienna	Upper Austria	Land Salzburg	Vienna	Upper Austria	Land Salzburg	Vienna	Upper Austria	Land Salzburg	
Business Enterprises	20	11	7	-	10	5	-	9	1	-	3	-	20	33	13	66
Real Estate	31	30	25	-	-	4	-	172	114	-	3	3	31	205	146	382
Miscellaneous	4	21	7	-	24	9	-	29	20	-	26	3	4	100	39	143
Total	55	62	39	-	34	18	-	210	135	-	32	6	55	338	198	591

Explanation

Other Categories:

- Nazi Party & Party Leaders' Property
- Loot & Confiscated Property
- Abandoned Property
- Other Unidentified

Miscellaneous:

- Foreign Currency
- Art Objects
- Other Properties

AUGUST 1947

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R. D. & R.

PROPERTY CONTROL

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TABLE II

PROPERTIES UNDER INDIRECT SUPERVISION THRU AUSTRIAN GOVERNMENT AGENCIES

Total under Trusteeship	Total under Supervision	Total Claims filed	Total
U.S. Zone Austria	U.S. Zone Austria	All Zones Austria	
338	836	1187	2361
Total Properties Under Control, Trusteeship Supervision and Claims to Property Interests			Grand Total 2952

AUGUST 1947

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racial, social, or political reasons. A series of reports were also furnished to the Commission with respect to the subject of German State owned property in Austria, particularly with respect to the additions made to such properties and the creation of new State properties, subsequent to the German annexation of Austria.

Military Government instructions were completed, providing for the regulations concerning the continuing administration and routine disposition of approximately 90,000 machine tools and movable properties surveyed and recorded during the preceding 18 months. This would provide for the interim custody of all such machine tools considered to be subject to restitution to Allied nations. A clear determination of ownership of these machine tools and equipment would permit the unqualified release of those discovered to be rightfully owned, and a transfer of those discovered to be German-owned, to the Austrian Government under the Trusteeship Agreement. Thus they could be used in the Austrian economy, pending a final agreement on the disposition of German property.

The Military Government instructions referred to would dispel the confusion heretofore existing among the Austrian industrialists and small enterprise owners concerning the regulations of Military Government over machine tools and properties in the US Zone, and the resulting lack of confidence with respect to the rental, sale, and use of such machine tools. The increased confidence should go far to bring about a resumption of normal business procedures and increased activities with respect to the matter of investments, reconstruction, expansion of plants, and other business practices.

Conferences were held with representatives of the Preparatory Commission for the International Refugee Organization with respect to the joint inventory and release of all valuable unidentifiable looted properties which were made by representatives of that organization and the U.S. Element. The completion date had been tentatively set as 30 September 1947. The release of this "non-monetary gold", discovered in Austria, would make available to PCIRO goods of a value in excess of \$2,000,000, the proceeds of the sale of which would be used entirely for the rehabilitation and repatriation of Displaced Person victims of the Nazi persecution.

Twenty-one former German or partially German owned properties were turned over to the Austrian Federal Government under the terms of the Trusteeship Agreement, bringing the total thus turned over to 338.

AUGUST 1947

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53R. D. & R.GERMAN EXTERNAL ASSETSR. D.GERMAN EXTERNAL ASSETS

Supplemental reports were prepared at the request of the experts in the U.S. delegation on the Treaty Commission in connection with basic reports previously delivered, the more important of these concerning the Danube Steamship Company and certain banks. In the early part of the month, the head of the US delegation on the Treaty Commission requested preliminary reports on 11 insurance companies operating in Austria with a known or suspected German interest. These companies were as follows:

- Donau Concordia Allgemeine Versicherungs A.G. (Donau Concordia)
- Internationale Unfall- und Schadenversicherungs-Gesellschaft A.G. (Internat. Unfall)
- Deutscher Ring Oesterr. Lebensversich. A.G. der Deutschen Arbeitsfront, formerly OEVAG (OEVAG)
- Ostmaerkische Volksfuersorge Lebensversicherungs A.G. (Volksfuersorge)
- Heimat, Allgemeine Versicherungs A.G. (Heimat)
- Wiener Allianz Versich., A.G. (Wiener Allianz)
- Wiener Rueckversich. Gesellschaft (Wiener Rueck)
- Der Anker, Allgemeine Versicherungs A.G. (Der Anker)
- Allgemeine Elementar Versicherungs A.G. (formerly Anglo-Elementar Versich. A.G. (Anglo-Elementar)
- Erste Allgemeine Unfall- und Schadenversicherungs-Gesellschaft (Erste Allgemeine)
- Ostmark Versicherungs A.G., formerly Versicherungsanstalt der Oesterreichischen Bundeslaender Versich. A.G. (Bundeslaender)

Due to war damage, the consequent destruction of records, and the removal or disappearance of key officials, the work was seriously hampered and complete and detailed reports were impossible to prepare within the time allotted. However, after numerous conferences with the experts, a form of report was devised which met the needs of the US delegation. Seven of the 11 reports were delivered within the allotted time and the other 4 reports were in the process of preparation.

The Swiss Legation presented the claim of one Alfred Kunz for the release from American Property Control of a 45 percent interest in Alfred Kunz and Company. The Swiss Legation reported to the U.S. Element that it had been authorized by the Swiss authorities to give all possible support to the Kunz claim.

AUGUST 1947

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MILITARY GOVERNMENT AUSTRIA



Report of the United States Commissioner

December 1946

No 14

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TRANSPORT

WATERWAY

Reuter, London, England
 C.T.K., Prague, Czechoslovakia
 M.T.Y., Budapest, Hungary
 A.F.P., Paris, France
 TASS, Moscow, Russia
 Rador, Bucharest, Rumania

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DECEMBER 1946

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R. D. & R.

REPARATIONS & RESTITUTION

R. D.

GENERAL

The number of new claims received was 64 as compared to 48 filed in November. Fifty-four Italian claims comprised the majority of new cases received. Twenty-one restitutions were effected, including industrial equipment to Hungary, Poland, the Netherlands, and other properties to Czechoslovakia and Austria.

The number of claims received up to the end of December 1946 was as follows:

Status of Restitution Claims Cumulative to 31 December 1946

No.	Country	Claims *Received	Claims Dropped	Restitutions Effected	Claims Pending
1	USSR	4	0	2	2
2	Poland	110	23	39	48
3	Czechoslovakia	304	208	18	78
4	Yugoslavia	63	9	11	43
5	France	69	11	22	36
6	Netherlands	77	8	31	38
7	Belgium	4	1	1	2
8	Luxembourg	1	1	0	0
9	Norway	2	0	0	2
10	Rumania	12	0	0	12
11	Greece	1	0	1	0
12	Bulgaria	1	0	0	1
13	Italy	106	0	6	100
14	Hungary	576	3	32	541
15	Austria	31	0	31	0
16	Germany (US Zone)	8	0	6	2
TOTALS		1369	264	200	905

*All claims filed less claims dropped because of duplication, location of property outside of US Zone and outside US jurisdiction.

The approximate total value of restitutions made to the various claimant nations amounted to \$94,458,000, of which \$68,933,850 were Art objects, \$13,731,700 Industrial Equipment, \$5,287,000 Transportation Equipment and \$6,505,462 other properties.

DECEMBER 1946

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Approximate Evaluation of Effected Restitutions
as of 31 December 1946

No.	Country	Art Objects	Industrial Equipment	Transportation Equipm.	Other Properties	Totals
1	USSR	0	10,000	0	75,000	85,000
2	Poland	1,110,000	7,500,000	0	0	8,610,000
3	Czechoslovakia	32,900	91,450	5,014,000	79,000	5,217,350
4	Yugoslavia	5,000	46,500	0	69,500	121,000
5	France	813,450	1,323,000	0	1,657,350	3,793,800
6	Netherlands	1,057,000	3,400,750	175,000	52,000	4,684,750
7	Belgium	20,000	0	0	0	20,000
8	Greece	0	0	0	1,000	1,000
9	Italy	2,020,000	0	0	33,000	2,053,000
10	Hungary	1,000,000	1,360,000	98,000	4,432,000	6,890,000
11	Austria	61,618,500	0	0	106,600	61,725,100
12	Germany (US Zone)	1,257,000	0	0	0	1,257,000
*TOTALS		\$68,933,850	\$13,731,700	\$5,287,000	\$6,505,450	\$94,458,000

*Approximate value, based on current exchange rate for US dollars.

R. D. & R. REPARATIONS & RESTITUTION

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DECEMBER 1946

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R. D. & R.

REPARATIONS & RESTITUTION

R. D. &

RESTITUTIONS

AUSTRIA

The following property was returned to a representative of the Austrian Government:

1. A shipment of valuable art materials, containing part of the famous Bondy glass and China collection (masterpieces of the 14th to the 18th century), wood-cuttings, sculptures and paintings from various private collections.
2. Fifteen cases of rare old books, property of Salzburg University.
3. A box-car containing 57 bales of velvet, satin and similar materials, property of the Vienna State Opera, were shipped from Munich to Vienna.

These items were returned by the Munich Central Collecting Point.

Paintings and Art Objects totalling 126 items were released to Austrian Government representative.

CZECHOSLOVAKIA

One railroad tank car was returned to Czechoslovakia and preparation made for the restitution of 3 other similar cars.

One truckload of textiles was returned to Prague from Wels, Austria.

FRANCE

A detailed plan of operation was drawn up to expedite restitution of French vehicles. This would involve the registration of all automobiles of French make at Bezirk (District) Headquarters throughout the US Zone. Ownership proofs would then be reviewed by US Army representatives and decision made as to which cars were available for restitution.

HUNGARY

The Hungarian Restitution Mission completed the loading and dispatching of 25 freightcar-loads of Hungarian "Filler" coins to Hungary. These coins had been shipped by barge from Hungary at the cessation of hostilities and were found in Linz by the US Forces.

The firm "IMHAG", a machine manufacturing concern at Guns- kirchen, Land Upper Austria, formerly requisitioned by the US Army, was made available for restitution. It was expected that the loading operation of an estimated 70 carloads of the firm's property would be completed by the end of January 1947.

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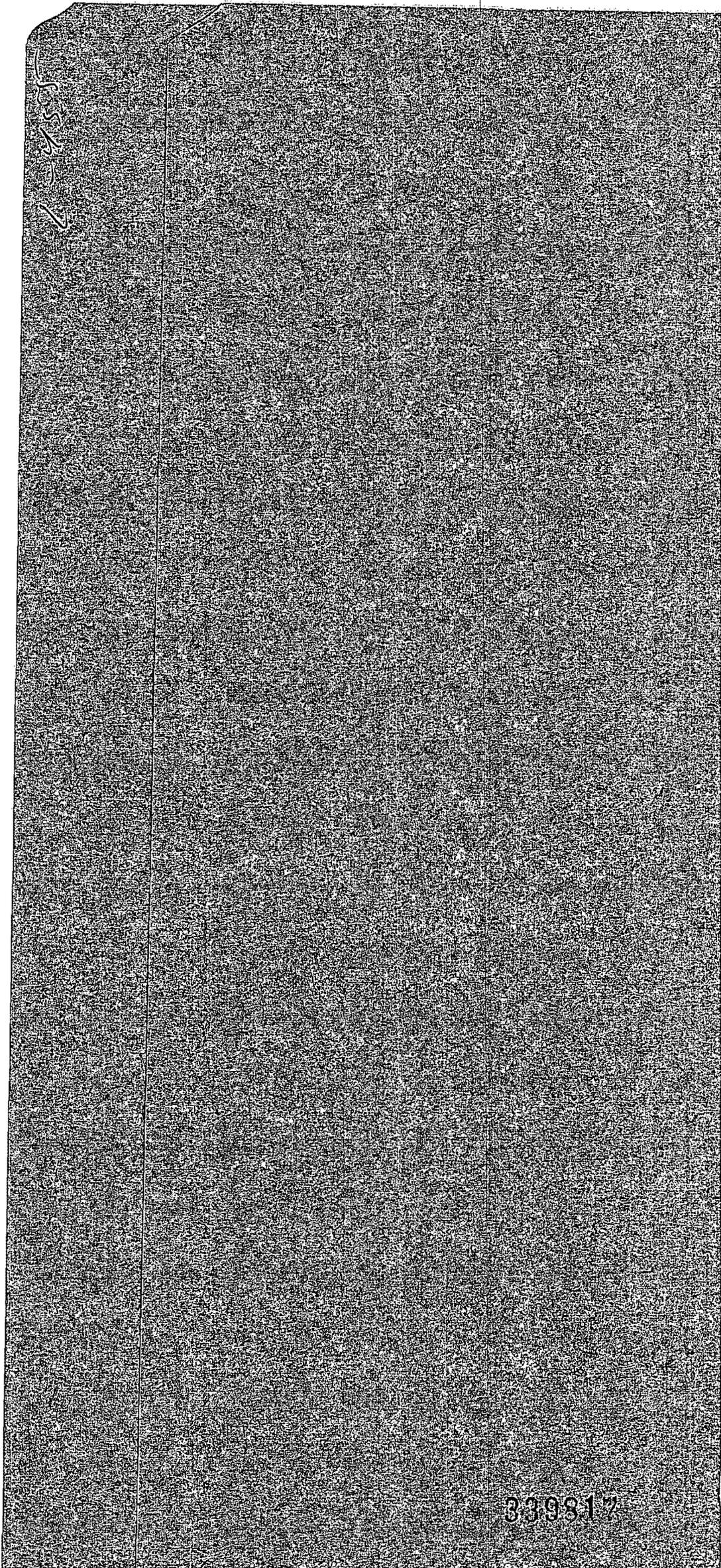
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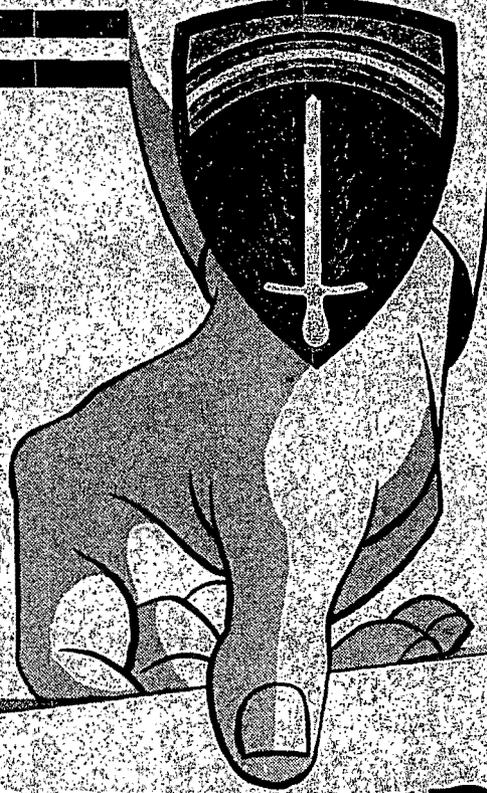
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L-455

Marcus

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STATUS REPORT ON MILITARY GOVERNMENT OF GERMANY

L-455

U.S. ZONE

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)
15. MARCH 1946

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NA 14070 (9-87)

GRAPHIC SURVEY

8 MAY 1945 — 1 MARCH 1946



REPRODUCTION TAB

~~REPRODUCTION~~

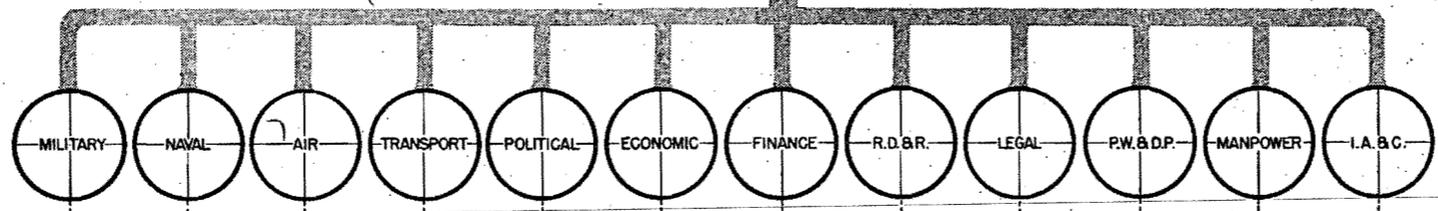
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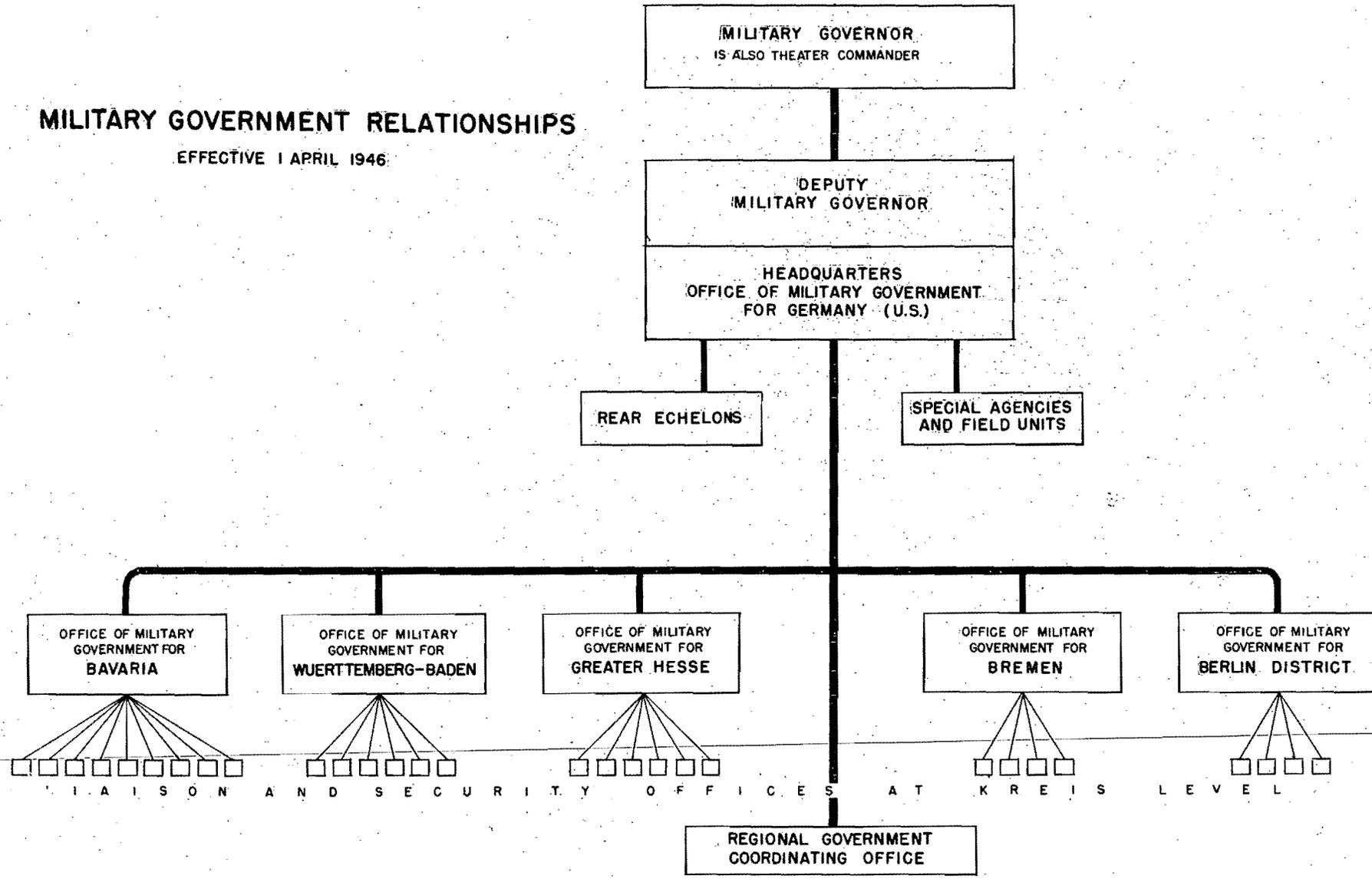
REPRODUCTION TAB

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MILITARY GOVERNMENT RELATIONSHIPS

EFFECTIVE 1 APRIL 1946

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REPRODUCED AT THE NATIONAL ARCHIVES

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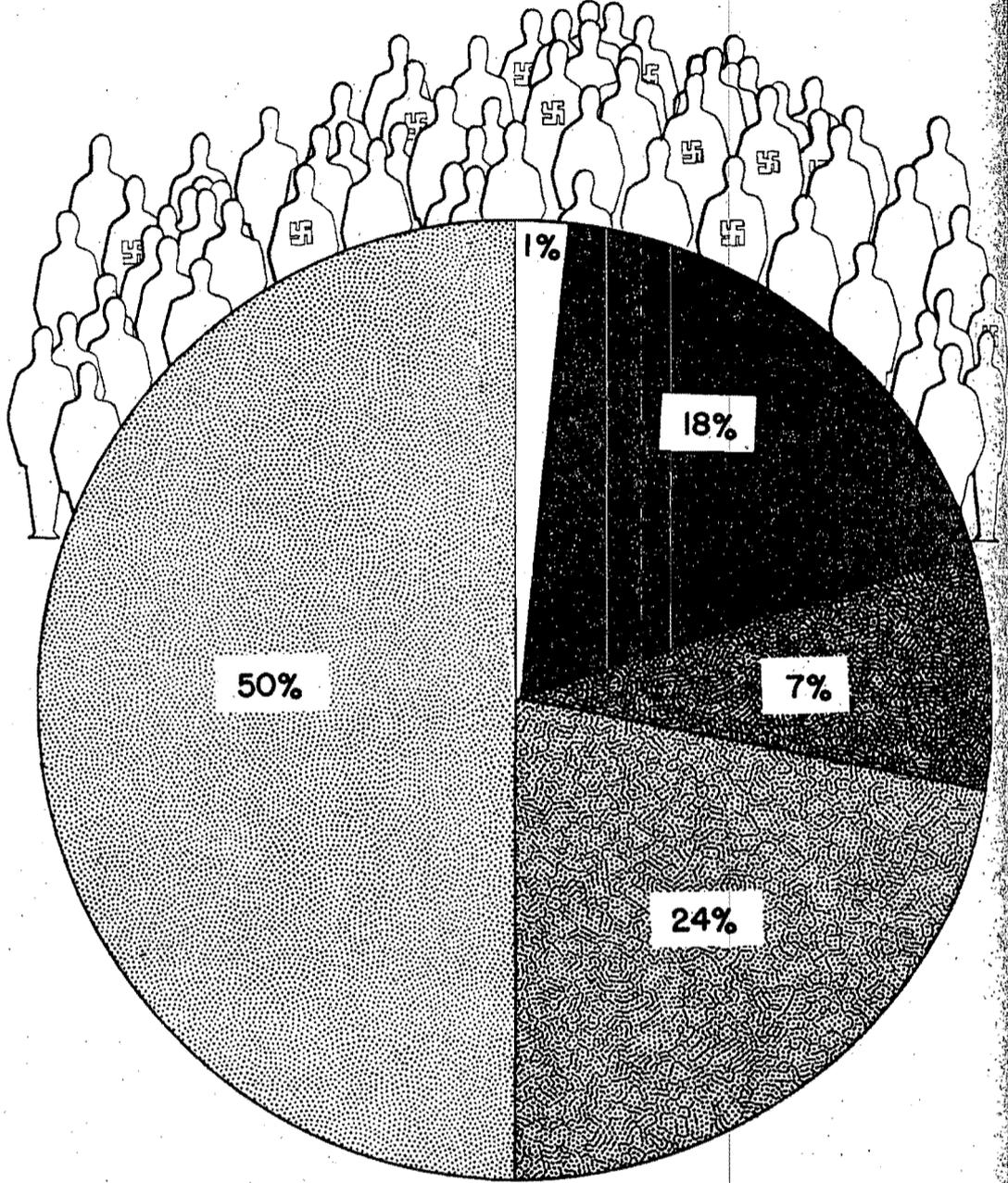
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NAZISM IN U.S. ZONE
BASED ON SPECIAL-BRANCH FINDINGS IN MORE THAN 1 000 000 CASES



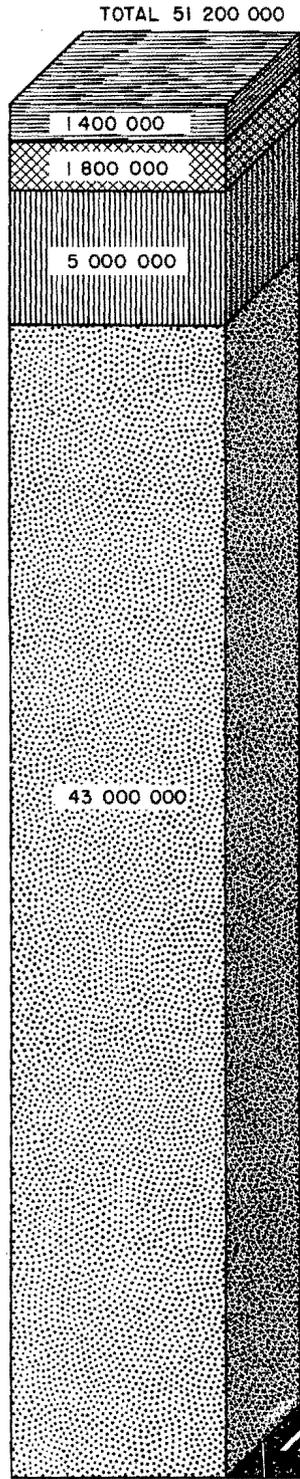
- NON-EMPLOYMENT MANDATORY
- EMPLOYMENT DISCRETIONARY, ADVERSE RECOMMENDATION
- EMPLOYMENT DISCRETIONARY, NO ADVERSE RECOMMENDATION
- NO EVIDENCE OF NAZI ACTIVITY
- EVIDENCE OF ANTI-NAZI ACTIVITY

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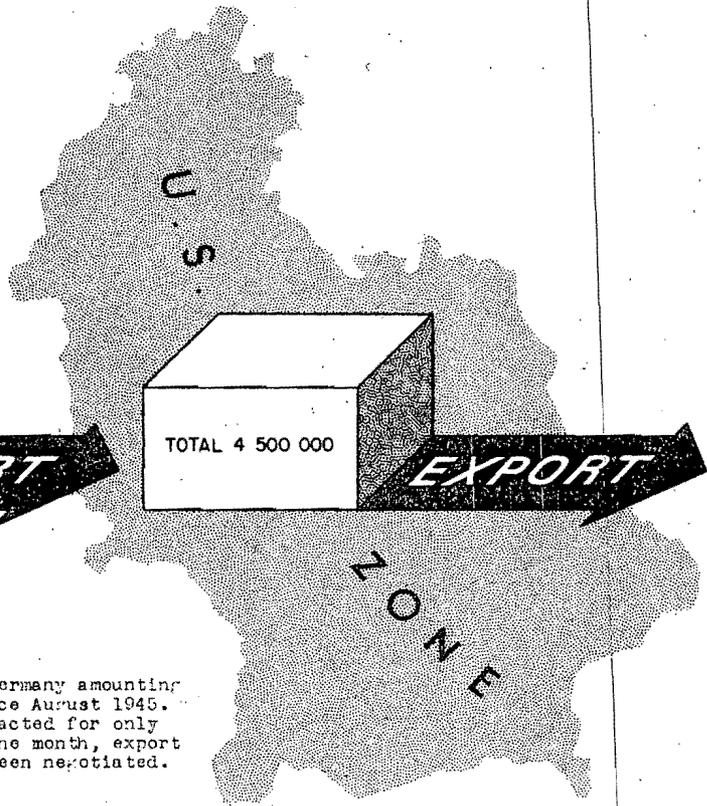
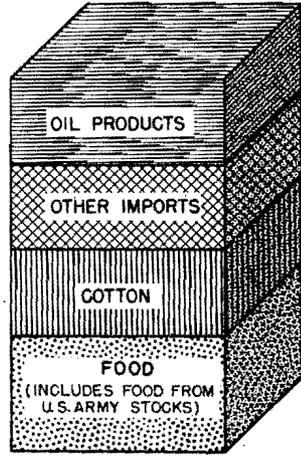
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IMPORT AND EXPORT COMMITMENTS
(PRELIMINARY ESTIMATES - U.S. ZONE)
VALUE IN U.S. DOLLARS

KEY



Dollar-based import commitments for Germany amounting to 51,200,000 have been incurred since August 1945. Exports on a similar basis were contracted for only in February 1946. As of the end of the month, export agreements involving 4,500,000 had been negotiated.

NAME

REPRODUCTION TAB

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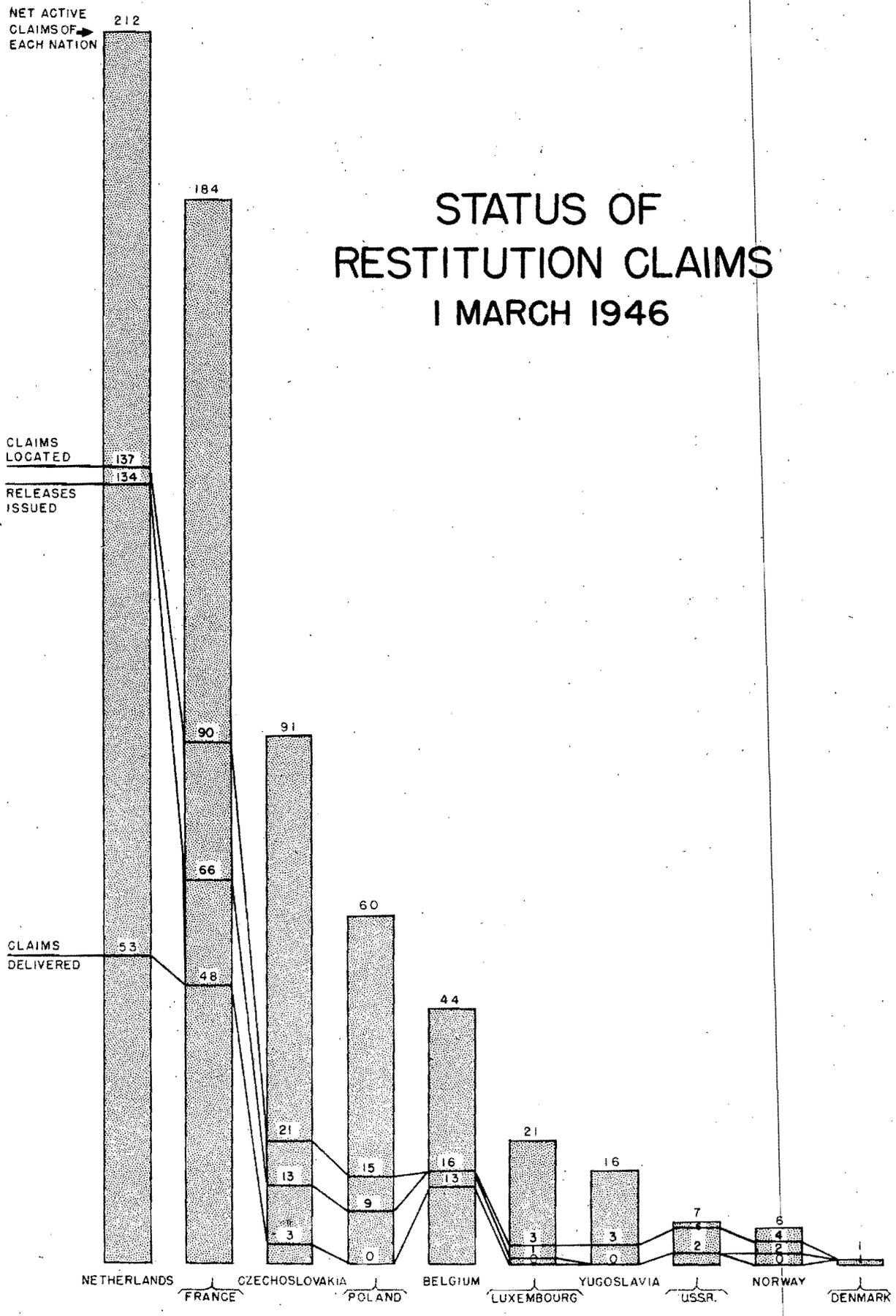
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NET ACTIVE CLAIMS OF EACH NATION

CLAIMS LOCATED
 RELEASES ISSUED

CLAIMS DELIVERED

STATUS OF RESTITUTION CLAIMS 1 MARCH 1946



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EP-2/1
CONFIDENTIAL

Copy No. 27

OFFICE OF ECONOMIC WARFARE
Enemy Branch

THE CONSEQUENCES OF AN ITALIAN DEFEAT

on the

AXIS AND EUROPEAN INSURANCE STRUCTURE

CONFIDENTIAL

July 1943

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Authority <u>NND 735027</u>
By <u>JK</u> NARA Date <u>7/3/00</u>

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Summary

An earlier report, entitled "Axis Penetration of European Insurance" discussed the techniques by which Axis reinsurance companies integrated the whole insurance structure of the continent and made it a powerful instrument of economic control. In this earlier report, Italian and German insurance were recognized as a single operating entity.

The present report undertakes to examine the consequences that may be expected to follow the dissolution of this unity. Since the Axis insurance companies now possess a monopoly on the continent of Europe, the impact of a rupture will not only be grave in its repercussions upon Italian insurance but will have effects throughout the European insurance and economic structure and will even affect the Latin-American field.

In view of the scarcity of current information on the Italian insurance situation, the conclusions presented below concerning the results of an Italian defeat are necessarily at fault to the extent that unreported significant changes may have taken place. It is believed, however, that basically the situation has not altered. The conclusions are:

1. That the Italian insurance companies are a highly desirable prize,
 - a. for the utilization of insurance activities as a source of information on German and occupied countries (positive intelligence);
 - b. for the stopping of leakage of information to the enemy through neutral countries (negative intelligence).
2. That, in neutral countries, the elimination of the Italians as Axis partners will force or influence numerous insurance companies, which now closely work with Rome and Munich, to make their choice and fall in line with the Allied insurance security program.
3. That, in view of the close cooperation between German and Italian insurance, severance of these relationships would be a material detriment to the

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German planned and organized reinsurance equilibrium in Europe and lead to a contraction of insurance facilities in all German-occupied areas.

4. That, however, this deprivation is not irreparable to the Nazi way of thinking and financing. It is expected that the Germans will make an attempt to place part of the risks now borne by the Italians on the Swiss and, to a smaller extent, on the Swedish market. If these channels should be unavailable, either by their own unwillingness to cooperate, or under pressure from Allied governments, the Germans will, against the basic rule of diversification and equalization of risks, allot the lost Italian facilities among the German and German-controlled companies. Their insolvency in case of a major catastrophe will be "avoided" by Government support, so that in the last analysis, the very existence of the whole German insurance industry is bound up with the survival of the State.

5. That the Italian insurance industry, although unprofitable at the present time is self-sufficient and can, after financial reconstruction, be cut off from present German interconnections and will be able to operate independently on a national and international basis.

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I. ITALIAN INSURANCE STRUCTURE

The Italian insurance industry is highly concentrated, both from the aspect of its public organization as well as from the aspect of private competition. Each of the two hundred insurance carriers licensed to operate is integrated into the Fascist corporate regime as shown by Charts 1 and 2.

In the sphere of private competition the concentration is very high. The number of insurance carriers has been constantly shrinking over a period of years, and three large concerns have swallowed most of the independent companies which formerly dominated the field. These concerns are the Generali, the Riunione, and the Istituto.

The Assicurazioni Generali (briefly called the "Generali") was established in 1831 and even before the war possessed more than one hundred subsidiaries and branches all over the world. In addition there were sixty independent insurance companies, in which the Generali group held the controlling interest. Of these independent companies there were two in Africa, three in Asia, and six in America. The main European affiliates are: L'Anonima Infortuni, Milan; L'Anonima Grandine, Milan; LaConcorde, Paris; Erste Allgemeine Unfall, Schaden V.-A.-G., Prague, etc.

The Riunione Adriatica Di Sicurtà (briefly called the "Riunione") was established in 1839 and before the war maintained more than eighty agencies and branch offices throughout the world. In addition, it controlled large national insurance concerns in various foreign countries such as: La Fonciere, Budapest; Internationale Unfall und Schadens-Vers Gesellschaft, Vienna; Assicuratrice Italiana, Milan; L'Italica, Milan; Unione Subalpina di Assicurazioni, Turin; Agricola-Fonciera, Bucharest; La Protectrice Accidents, Paris; La Protectrice Vie, Paris; Le Phenix Bulgare, Sofia; Piast, Warsaw; Nordeuropa, Copenhagen; Continentale, Prague; Rosija Fonsier, Belgrade; L'Orient, Istanbul; Muenchener Lebensversicherungs-anstalt A.G., Munich; Portugal Previdente, Lisbon.

The Istituto Nazionale Della Assicurazioni (briefly called the "Istituto") is a unique institution as an insurance body. It is not a joint stock company nor is it a mutual association; it is a State enterprise in that the State Treasury guarantees the Istituto's

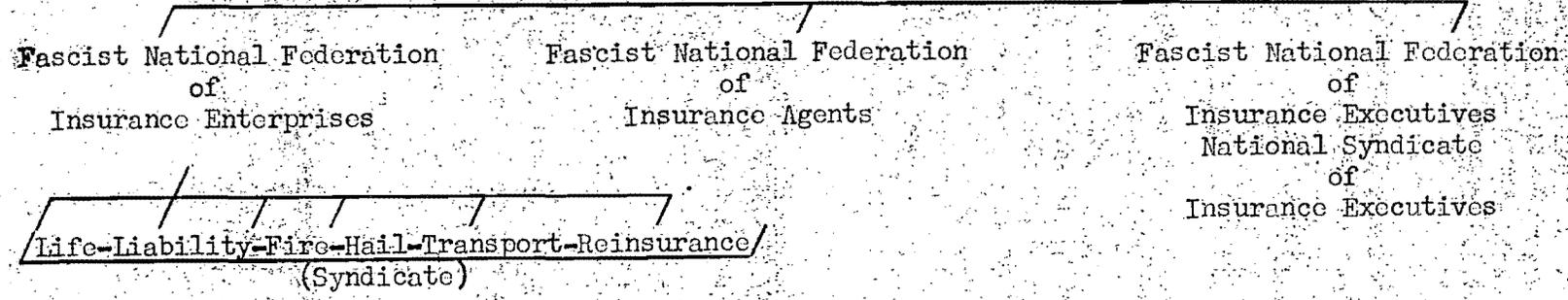
Chart 1

FASCIST INSURANCE ORGANIZATION
(corporazione)

Credit and Health Organization

Consultative Committee for Health and Credit Organization

Fascist Confederation of Credit and Insurance Enterprises

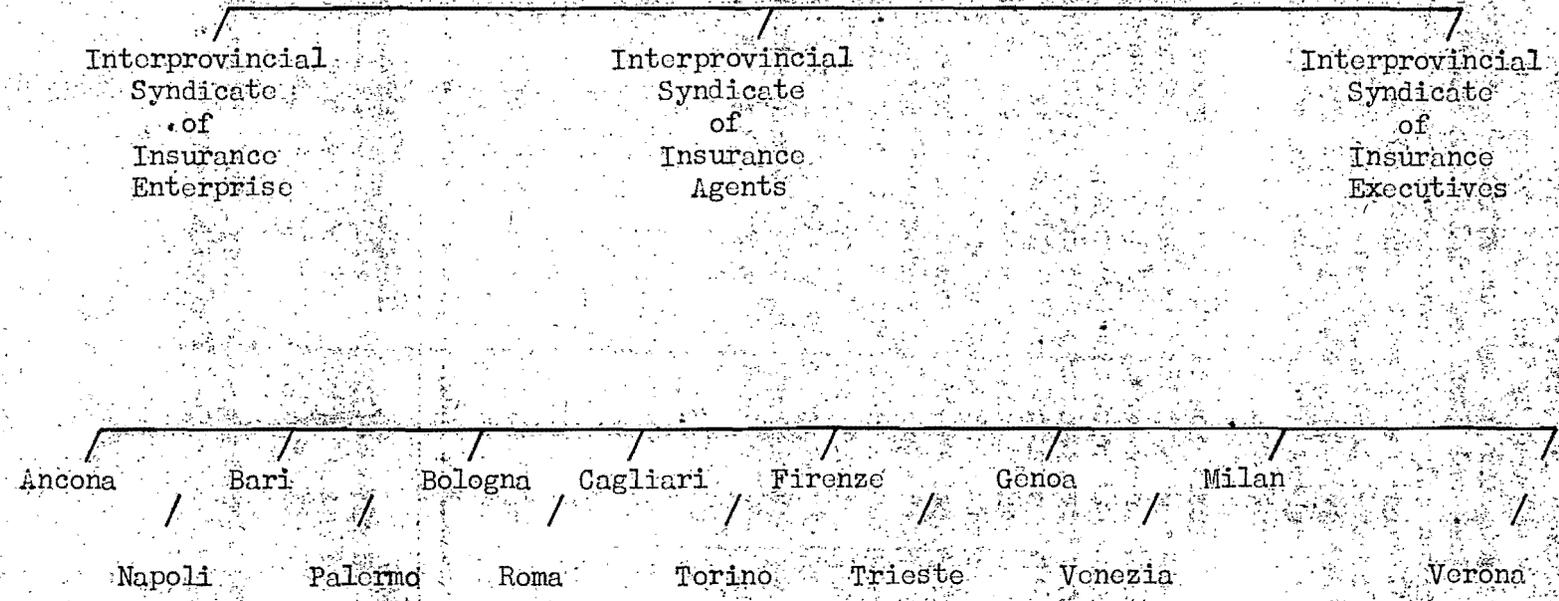


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Chart 2
INTERPROVINCIAL UNION
of
FASCIST INSURANCE ENTERPRISES



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policies; the profits are the property of the State. The Istituto is entitled to claim a quota on each insurance risk assumed by the other companies competing on the free market, but it has the option of refusing business which it does not deem desirable. Although the Istituto writes only life insurance it is, together with the Generali and Riunione, a most important source of information and a control center because of its affiliates, the Assicurazioni d'Italia, the Fiume, and the Previdentia, which have subsidiaries all over the world and write every kind of insurance.

According to the latest figures more than seven-tenths of all Italian insurance business is written by these three groups. ^{1/} They are associated with each other and with the government through a joint re-insurance concern, the Roma, organized in October 1940 with a capital of 200 million lire of which 100 million were immediately subscribed by Generali, while the Istituto subscribed 68 million lire, and the Riunione and the Unione Ei Riassicurazione subscribed twenty and twelve million respectively. The last-named company, founded by 56 Italian and 22 foreign companies formerly operating in Italy, functions under the auspices of the State-owned Istituto which owns one-third of the share capital. The four enterprises are interlocked with the Government and with Italian industry through the personnel of their directorates.

^{1/}	<u>Capital insured</u>	<u>Premium income:</u>
Riunione (1941)	6 billion Lire	254 million Lire
Generali (1941)	10 billion Lire	460 million Lire
Istituto (1941)	25 billion Lire	1149 million Lire

The next largest company, the Milano, has a premium income of only 22 million Lire.

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Furthermore, these four enterprises have been repeatedly called upon by the Government as the chief subscribers to newly established, government-controlled commercial and industrial concerns. 2/ The Istituto Nazionale, particularly, acts as a substitute for the Italian Treasury, not only in a passive way by keeping large reserves of Treasury bonds but also in actively promoting new government-controlled enterprises and lending the insured's money to such enterprises as capital basis. 3/

2/ Recently, when the AGIP (Central State Petroleum Company) took over all British and American oil and petroleum interests in Italy, and acquired a State monopoly for the whole Italian oil industry--acting at the same time as a petroleum coordinator for the Italian Army and Navy-- its capital was increased from 500 to 1,000 million lire in view of the large allied holdings in Italy. The government subscribed 60 percent of the newly issued capital, while 40 percent was compulsorily subscribed by the State insurance institutes.

3/ In 1939 the Istituto participated in Italian public institutions with the following subscriptions:

Istituto Mobiliare Italiano	L.15,060,000
Enciclopedia Italiana	3,000,000
Azienda Carboni Italiani (A.Ca.I.)	30,000,000
Azienda Minerali Metallici Italiani (A.M.M.I.)	15,000,000
Banca d'Italia	15,000,000
Consorzio Naz. Credito Agrario di Miglioramento	13,500,000
Consorzio Credito Opere Pubbliche	20,000,000
Istituto di Credito Imprese Pubblica Utilita	4,500,000
Istituto di Credito Navale	1,500,000
Ente Colonizzazione Libia	5,000,000
Banca Nazionale del Lavoro (Sezione Autonoma di Credito Fondiario)	10,000,000
Banca Nazionale del Lavoro (Sezione Autonoma Credito Alberghiero e Turistico)	6,666,666
Acquedotto dell'Africa Orientale Italiana	2,500,000
Total	L.141,726,666

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II. INTERRELATION BETWEEN ITALIAN, GERMAN, OCCUPIED, AND NEUTRAL INSURANCE INTERESTS

German and German-controlled Interests in Italian Insurance

The defeat of Italy will not offer the opportunity to seize substantial German and German-controlled insurance interests on Italian territory because the Italian insurance industry is not only completely concentrated but it is also almost exclusively in Italian hands, insofar as direct business is concerned. Foreign companies in Italy are rapidly diminishing in number and in volume of business. They decreased from 81 in 1912 to 65 by 1922; to 49 by 1932, and to 34 by 1938. In 1942, there were only 18 foreign fire insurance companies licensed, whose share in Italian business had decreased even more rapidly. The discrepancy between Italian and foreign operations is illustrated by the latest statistics on the government-imposed fire-fighting fund which exacts a contribution of an average of two percent of the insured amount from the companies on behalf of the government for combating air raids, bombing damage, maintenance of fire brigades, etc. The contributions assessed under the decree of July 10, 1942, promulgated as Decree No. 165 in the Gazzetta Ufficiale, appear on the next page.

The list is significant: it shows in which Italian companies the large industrial fire risks are accumulated. All the companies referred to under (I.) are Italian owned with the exception of La Pace in which there is Munich capital; all the companies referred to under (II.) are foreign, although they are Italianized for the purposes of incorporation and deposits. Among the foreign-owned companies, the French have a leading position; Abeille, Milano; Metropole, Torino; Monte Inc., Milano; Phenix, Roma; Union, Genoa, are French owned. The Federal, Svizzera (on Proclaimed list), and Zurigo are Swiss owned. The Danubia, Elementar, and Alleanza are German and Austrian companies. As a matter of fact there is a definite reluctance felt by all foreign companies to make engagements in Italy because of the bad claims experience in recent years. Obviously, the Germans are not anxious to accept Italian business.

As a result the United Nations can hardly expect any valuable prize by placing German and German-controlled insurance firms in Italy under sequester. The barn will be empty when the Allies arrive. Cash and securities will be withdrawn. Whatever is left on portfolios and real estate will be relatively unimportant.

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Contributions Exacted by Italian Government from
Fire Insurance Companies Excluding Small Companies, by Decree
of July 10, 1942
(in thousands of lire)

I.

Securitas Espera	65
Ausonia	49
Torino	400
Italia	297
Generali	1343
Fiume	111
Fondiaria	475
Italiana	233
Milano	401
Pace	125
Paterna	163
Previdente	243
Riunione	885
Union Italian Riassicurazione	75
Vittoria	111
Cattolica	268
Reale Mutua	692

II.

Abeille, Milano	53
Metropole, Torino	150
Monte Inc., Milano	130
Phenix, Roma	18
Union, Genoa	125
Danubia, Roma	17
Elementar, Trieste	1
Allianza, Milano	47
Commercial Union, Milano	17
Liverpool, Milano	4
Sun, Genoa	8
Federal, Milano	2
Svizzera, Genoa	5
Zurigo, Milano	1

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Italian Interests in German and German-Occupied Countries

German-Italian Insurance Collaboration. There is no way of estimating how the total income of Italian companies is divided between domestic and foreign sources. It is, however, the common belief that the Italian foreign business is far better than the domestic. ^{4/}

^{4/} Although in Italy rates are relatively higher than in the United States, Italian domestic business is bad. Rate increases are forbidden by statute and the protests of Italian underwriters have been in vain. Fire losses have been heavy, in some areas catastrophic, with the result that Italian business can hardly be placed abroad. The causes are openly admitted: over-strained industries, over-taxed resources, insufficient manpower, lack of care, control and supervision, run-down communications. To this must be added losses incurred through depreciation in currency and decline in the value of investments required as deposits.

Casualty insurance premium collected Damages Paid
(million lira)

	<u>1940</u>	<u>1941</u>	<u>1940</u>	<u>1941</u>
Generali	663	707	135	172
Riunione	418	448	92	105

(Suedost Economist, May 2, 1943)

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The success of Italian insurance abroad can only be understood in the light of historical developments. Both the Generali and Riunione were established in Trieste which was the most important trading center of the Austro-Hungarian Monarchy. Trieste was the outlet to the sea, not only for Vienna but also for Czechoslovakia, Croatia, Hungary--all part of the same Empire. The Trieste insurance firms had been able not only to maintain their influence throughout the Balkans after the collapse of Austro-Hungary but to intensify and expand it after 1918, and especially when resentment against German firms became strong in Czechoslovakia, Yugoslavia, and to some extent in Hungary.

The foreign facilities and experience which these three leading Italian concerns have acquired in the foreign field furnish a key to the understanding of German-Italian cooperation in matters of insurance. The Italian partner is more liability than asset in some fields of cooperation, but in insurance the participation of the leading Italian firms has been considered from the very beginning highly profitable and useful for the establishment of the New Order. The Italians have had much longer experience than the Germans not only in the Balkans but in South America and the Iberian peninsula. The Germans are also aware that Italians and Italian companies are more welcome than they are in Spain and Spanish-speaking countries. The reiterated statements on joint insurance penetration and cooperation between Germany and Italy since 1940 must not, therefore, be taken as boastful Axis propaganda but as a sincere expression of a policy which actually works for the benefit of both parties.

There is abundant evidence of such collaboration. But, as in penetration generally, the basic characteristic of the technique is its flexibility and freedom from inhibiting doctrine. There is no common pattern; the Nazis and Fascists have jointly developed a set of "economic tools" which not only can be used, and are used, to strengthen their own tie-up but which make insurance penetration in occupied areas easier, more effective, and probably more durable than would be the case if one Axis partner alone had undertaken the formidable task of absorbing the British business on the Continent and of streamlining the whole European insurance industry according to the precepts of the Berlin/Munich-Rome/Trieste Axis.

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The techniques employed may be conveniently grouped in four categories:

1. Liaison between the two partners. Exchange of information on operational data, claims experience, and trade secrets.
2. Creation of "spheres of influence" in the Occupied Areas. Delimitation of jurisdiction and competition by allotment of trade areas.
3. Establishment of jointly-owned insurance firms in cases where operational or political requirements make it advisable.
4. Establishment of an Italian-German insurance cartel for the covering of major risks.

Italian Insurance as a Source of Strategical Information on Germany and Occupied Areas. Insurance is a matter of experience, of evaluation of moral and technical hazards. Otherwise it is gambling. 5/ The efficiency and profitableness of insurance therefore depends largely on the completeness of information on prior claims, organizations, operational details, habits, limitations, etc. The Germans as well as the Italians were following sound business principles when they pooled their records and experience in the task of spreading Axis insurance domination in Europe. To this end there has been since 1939 continual movement of insurance executives between Rome and Berlin, Munich and Trieste. Delegations of German insurance experts have frequently visited Italy and Italian plants, and vice versa. Permanent research commissions for insurance development and exchange of information have

5/ When the Germans occupied the Ukraine, in which the Russian "Gosstrach" had a monopoly, they found all insurance records destroyed. This precaution still prevents the Germans from re-establishing an orderly insurance system.

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been established under official auspices. 6/ Insurance

6/ The following are the members of the Italian-German Insurance Commission as established under the first Italo-German Insurance Congress on January 27, 1941 in Rome:

German members:

Dr. Hilgard, Leader of the Reich Group Insurance,
 Dr. Alzheimer, Leader of the Economic Group Reinsurance,
 Mr. Bothe, Leader of the Economic Group Fire Insurance,
 Mr. Schnell, Leader of the Economic Group Transportation Insurance,
 Mr. Kratochwill, Leader of the Economic Group Life Insurance,
 Mr. Neumuller, Director of the Allianz,
 Mr. Schues, Director of the North German Insurance Company, Hamburg,
 Dr. Sittenberger, Director of the Donau Insurance Company, Vienna,
 Mr. Lange, Ministerial Counselor, and Vice President of the Reichsbank,
 Mr. Klucki, Ministerial Counselor in the Ministry of Economy,
 Dr. Daniel, Ministerial Counselor in the Ministry of Economy,
 Dr. Bindhart, Ministerial Counselor in the Ministry of Economy,
 Mr. Amend, President, German insurance supervisory office.

Italian members:

Mr. Emanuele Filiberto Carnevali, Director in the Ministry of Corporations,
 Mr. Michele D'Addezio, Chief, Department for Insurance Supervision,
 Mr. Cosimo Arcidiacono, General Manager of the Assicurazioni d'Italia,
 Mr. Marino Bidoli, Director, Assicurazioni Generali,
 Mr. Alberto Bellavita, Deputy General Director of the Real Mutua di Assicurazioni,
 Mr. Armando Burnello, President of the National Fascist Insurance Association,
 Mr. Vita, General Director of the Milano,
 Mr. Giuseppe Bufano, General Director of the Roma,
 Mr. Giulio Cleva, General Director of the Assicurazioni Generali,
 Mr. Franco Silvio Coda, President of the Insurance Transport Syndicate,
 Mr. Raffaele Cultrera, Chief of the Mathematical Department of the Istituto Nazionale,
 Mr. Bruno De Mori, President of the Reinsurance Syndicate, and General Director of the Unione

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payments have been exempted from foreign exchange control. ^{7/}
 A special German-Italian and Italian-German insurance dictionary has been made available to officials. Even minor employees were exchanged in groups to learn the methods and experience of their opposite numbers.

At the present time, the cooperation between the leading concerns--the Munich Reinsurance Company and the Allianz on the one hand, and the Riunions and the Generali on the other-- is closer than ever. The German reinsurance offices have put at the disposal of their Italian partners their unique organization, information and card-index systems, covering the substantial risks over all the world. This index system is continually enlarged and kept up to date by the operating companies. In turn, the Italian companies have placed at the disposal of the Munich and its German clients, invaluable data on their southeastern and Balkan business. In addition, the Italian companies serve as an observation post for the Germans in South America. This working arrangement is made stronger by long-standing close friendships and social contacts among the leading German and Italian executives; they are united by reciprocal appreciation and respect, not by mere propaganda or opportunism.

As a result of this insurance cooperation, data are available in Italian insurance companies which show in

^{6/} Continued,

Mr. Vittorio Longo, Attorney for the Assicurazioni Generali,
 Mr. Aldo Marini, Director of the Reunione Adriatica,
 Mr. Alberto Melchioni, Director L'Anonima,
 Mr. Luigi Riedel, Director of the Reunione Adriatica,
 Mr. Duilio Romano, Deputy Director of the Unione,
 Mr. Carlo Ruffini, General Director of the Iorino,
 Mr. Renato Sambri, Director of the Assicurazioni Generali,
 Mr. Ugo Fassio, Director of the Levant,
 Mr. Enrico Marchesano, General Director of the Reunione Adriatica,
 Mr. Pietro Avonzo, Director of the Italia,
 Mr. Francesco Urero, Co-director of the Reunione Adriatica.

^{7/} Compare the new German-Italian Clearing Regulations of April 22, 1943. NFA, April 27, 1943

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detail the physical layout, capacity, valuation and other details of the German and German-controlled industrial facilities in occupied countries. The Italian companies are in a position to have information on stocks, commodities, ship movements, agglomeration of population, shifts of workers, etc., in all occupied countries. Insurance of hazards and industrial risks is made only after detailed inspection of the locations and study of operations. These inspection reports contain invaluable descriptions of the nature of the plant, construction, its sprinkler system, of the hours during which watchmen are on duty, the most combustible segments of the premises, together with itemization of machinery and equipment and the purpose for which they are being used. Most Italian and German representatives have been given access to such final reports which have regularly been kept up to date.

Such information is accumulated in the central archives of the three leading companies and their main subsidiaries, and make Rome and Trieste centers for obtaining invaluable information covering the whole of Europe. It is anticipated that precautions have been taken by Italian authorities to destroy or remove vital data in case of defeat. Considerable difficulties, however, will have to be surmounted to accomplish this efficiently, since the information is scattered over hundreds of thousands of files, duplicated and re-duplicated, as is inevitable in a functioning enterprise. But even assuming that the Italians had succeeded in thoroughly eradicating every valuable piece of information in the Rome and Trieste offices, it can still be expected that vital information will be found in provincial towns and on the Italian islands. The insurance information is decentralized, and at least to a certain extent is distributed over the whole Italian Empire, because very often the risks accepted by the Rome and Trieste companies are retroceded to and split among the provincial affiliated companies by their parent companies.

Such an operation is inherent in the fundamental principles of insurance, to spread the risks in space and in time as widely as possible. It is not extraordinary in insurance business **that** a local company subscribed to one percent or less of a distant important risk collectively with a hundred or more other insurance companies. It may be that this group of underwriters is subscribing to the risk only in the second degree, namely, as reinsurers,

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while the original insurance is written by totally different companies. However small the share taken by a company may be, it will not run the risk until it is fully informed on operation data, claims experience, layout, and on all possible contingencies which may affect the risk.

Under these circumstances it can be expected that, even in the small local and provincial insurance companies scattered all over Italy, data on major European war industries will be found. In Palermo, for example, where all major Italian companies are represented because of its maritime traffic, many major foreign insurance companies are also represented, not only by agents but by branches and subsidiaries. Duplicates and triplicates of the records are held by those offices. But Palermo is also the seat of a provincial local company, the Lloyd Siciliano. Being a small company, the Lloyd Siciliano has only a small share either as insurer or reinsurer in the coverage of many major risks in which Italian companies participate. Careful investigation of its files and records might however prove just as successful as an investigation of the records in the major companies since information on the risk itself must be basically the same. The same situation exists in many other provincial Italian cities as well as in Corsica and Sardinia.

Italian Insurance Interests in Occupied Europe.

The allotment of the occupied areas between the Axis partners follows no single pattern. In some countries their shares are equal; in others the Germans accept a minor part, although they conquered the country, and give the lion's share to the Italians; while in others the Germans assume the lead to the detriment of the strong positions which the Italians had before the war. In such countries as Austria, Poland, and Czechoslovakia, for example, the leading Italian concerns operate side by side with the Germans but Italian business no longer enjoys the position which it held before Germany invaded these countries.

In another group of countries, however, the Germans have abstained from competing or interfering, and the Italians are free to develop their already existing organizations, that is, in Croatia, Yugoslavia, Dalmatia, and Greece.

A third group, formed of the countries in which Germans

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and Italians penetrate on a competitive basis, includes France, Roumania, and the Iberian peninsula. Finally, a fourth group is comprised of those countries in which the Germans nurse Italian business and try to give it a status it lacked (Holland and Scandinavia).

The Italian position in Austria is strong but not in comparison with the situation before the Anschluss. The Italian interests center round the Erste Allgemeine Schaden of Vienna, which is a subsidiary of the Assicurazioni. This company has become the nerve center for the whole Italian-Balkan position. The Erste Allgemeine has opened numerous offices throughout the Balkans, particularly in places where the Trieste companies of the former Austro-Hungary monarchy had a foothold.

In the former Russian-occupied territories of the Baltic States, Italian influence was eliminated by the establishment of the Russian insurance monopoly Gosstrach. The Germans continue to use that instrument without having reinstated the rights of their Italian partners.

In Bulgaria, the German penetration is overshadowing Italian positions. The Riunione and Generali are represented by agencies and by companies organized under the laws of Bulgaria ("Bulgaria," "Vitoscha"). In Czechoslovakia, Italian influence is greatly reduced by the Germans, and in Slovakia, four insurance groups are admitted, only one of which is Italian. Italian influence is insignificant in Denmark.

In France, however, Generali and Riunione have very considerable portfolios. Concorde and Providence are Italian-owned. German influence used to be nil; since the occupation the Germans have skimmed the cream off the British business in France but seem to have left the Italian position unchanged. In reinsurance, the Milano firm of Natoli holds a brokerage monopoly. Numerous new licenses for Italian companies and their agents have been issued by the French insurance commissioners.

In Alsace-Lorraine, the portfolios of all French and British companies have been transferred to German and Italian companies under a German decree; Italian influence, therefore, has increased.

Among the foreign companies in Hungary, Italian influence

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was always the strongest numerically and quantitatively, and the Italian companies earned more than 20 percent of the total premium income. Istituto, Generali and Riunione are represented both by agencies and by controlling stock ownership in local companies. The entire benefit resulting from the multiple annexations, "aryanizations," and confiscations undertaken in Hungary, fell chiefly into Italian hands. The Italians also got most of the business of the Czechoslovakian and British who had excellent contracts.

In Greece, Generali, Riunione, and Fiume (Istituto-owned) previously had large shares in Greece marine business. After having taken over the British agencies they now have practically a monopoly. Only two German companies have newly entered the market.

In Holland and Belgium, Italian influence was never important. In 1939 the Italian-Generali interest formed a reinsurance company, the Algemeene Herverzekering, with a share capital of one million guilders, fully paid, of which 90 percent was subscribed by the Erste Allgemeine, which in turn is a subsidiary of the Generali. It is not known whether this company is doing a substantial business because the Germans are flooding the Dutch market and the Dutch show little inclination to insure with foreign companies. Wishing to aid the Italian interest, the Germans had to issue an official recommendation to Dutch representatives and brokers to place part of their risks with Italian companies now operating in Holland.

Italian influence in Luxembourg was completely eliminated by the Germans, and in Norway, Italian business is insignificant.

Prior to the occupation of Poland, the Italians held important positions aside from direct operating agencies of the Generali and Riunione. The Generali owned the Polonia, and Riunione the Piast. In the General Government seven German and two Italian companies are now admitted. In the annexed territories Riunione and Generali have been eliminated as direct operating companies and their portfolios transferred to the Erste Allgemeine, Vienna. In Silesia the Germans have taken away from the Italians a share of their business, which has been transferred jointly to the Erste Allgemeine of Vienna and to the Allianz. In compensation the Italians have received portfolios from the

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dissolved Polish companies. In the last instance it may be said that the Italian position in Poland has not deteriorated, although in absolute figures it is infinitely inferior to the interests which the Germans now hold in Poland.

All important Italian companies have agencies in Portugal. Recent figures are unavailable.

In Roumania, Italian interests are associated with the Generali, Agricola, Fonciera, Steaua-Romaniei, while the Reunione works directly in Roumania. Steaua Romaniei is now jointly owned by the Italians and the Germans. It does not appear that the Italians have further expanded their sphere of interests by operating additional offices, even though the existing Italian offices have added considerably to their activities. Insurance is now completely dominated by the German-owned Dorna-Vatra.

Italian interests in Yugoslavia which were always strong are now predominant. Aside from the numerous agencies which the Generali and Riunione maintain in every city, Generali acquired the Beogradska Zadruga, while the Riunione obtained the business of "Sobija" and the Rossija Fonciere.

Repercussions in Spain and Latin America of an Italian Defeat

A special place must be reserved in this discussion for Spain. The increase or decrease of Axis insurance infiltration reads like a barometer of the political and military situation. Although this phenomenon can be observed with all European neutrals it is particularly striking in Spain. Since 1939, Spain has had a number of Italian and German insurance firms. Istituto Anonima, Infortuni, Assicatrice, Generali, Fonciere, Italia, Riunione, all maintain large branch offices. In addition the "national" companies Adriatica, Banco-Vitalicio, Levant, Covadonga, Anonima-Accidentes, Previsora, and Caja-Prevision are fully controlled by German or Italian firms.

The biggest factor is the Fenix-Espagnol, a dual Franco-Spanish company with main offices in Paris and Madrid. Since the occupation of Paris, the firm has closely collaborated with Italy and Germany and is a participant in the Munich-Trieste pool. Due to the international ver-

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satellite ^{8/} and its "neutral" Madrid window, El Fenix has become a dangerous center for the accumulation of vital data, and funds for use by Fascist interests. The cancellation of the treaties and retrocessions which now tie El Fenix to the Italians will enable the Allies to exercise pressure upon the Madrid office to fall in line with the Allied program.

Recently, Italian interests are reported to have lost ground heavily in Spain. But even now Italian insurance firms are operating throughout Spain where they continue to insure and to reinsure their Spanish fire risks. Basic data on the Spanish subsidiaries of Montecatini, Pirelli, Hispano-Suiza, and the Italian electrical industry established on the Iberian peninsula have been fully disclosed to the Italian insurance carriers.

Spain's significance for the Axis insurance interests extends far beyond the Spanish borders. Recent developments indicate that Spain is about to become, for German insurance, the observation post for the South American market, while the Italian partner uses Spain as a "cloak" for insurance infiltration in Latin America when direct operation cannot be maintained. The development of the Latin American business has caused many new insurance companies to spring up in Spain in recent months. Their operations are presented in South America as another aspect of the "Hispanidad" theory, which of course has been most effective in those sections of the Latin American countries where sentiment is lukewarm or hostile to the United Nations. There are strong indications that this vast infiltration which requires enormous capital investments, could not be effected without Axis backing, particularly at a time when the Spanish Treasury has hermetically closed the frontiers for the export of currency.

The company outstanding for infiltration is the Compania Hispano Americano de Seguro. Hispano Americano owns the Europea of Lisbon (on British Watch list); controls a newly established Argentine insurance organization, "La Provincial"; and has negotiated a deal in Chile, pooling most of the national marine insurance companies under a newly created "Consortio Hispano Americano," also controlled by Madrid. The group is now about to enter the Mexican

^{8/} The United States Treasury has classified El Fenix, Madrid, as a French, and therefore enemy, national.

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market and it is also reported to have acquired a company in Switzerland. As a result of recent investigations of Hispano Americano and its executives, their earlier Italian affiliations on the whole, have been severed. But there are still some doubtful ties that seem to lead to Munich and Trieste, and the remaining difficulties will be fully surmounted only when the Italian influence in Spain and in South America is cut off at its source.

This is true of many other channels through which Italian influence is active in Latin American insurance and which can be fully closed only after a defeat of Italy.

Liquidation measures, undertaken by other South American governments and aimed against the Italians, have in many instances only nominally or insufficiently eliminated Italian control.

In Mexico, the America Latina and the Seguro Veracruzana are reported to be a "front" for the Italian Generali. Despite apparent bona fide transfers of the shares formerly owned by the Generali to Mexicans, it is believed that the Italians have a recapture agreement. It is also believed that, notwithstanding the fact that the Mexican Enemy Property Custodian is in charge of these companies, information on vital war data continues to flow to Italy. A powerful Axis element there is Dr. Hornik, a Mexican citizen on the Proclaimed list, and a man in the confidence of the Generali. Until 1941, he traveled regularly between the United States and Mexico and it was he who successfully emptied funds and files of the Italian companies licensed in the United States before the Treasury and Alien Property Custodian took action.

In Colombia, the banking superintendency has named an "interventor" to supervise the Generali, but the Italian officers of the company are retained. In Brazil, Italian insurance is of predominant importance. 2/

2/ Out of the total premium gross income of 88,965,000 Milreis in 1941, Axis companies wrote 30.2 percent. The Italian Generali alone had a net premium income of 30,135,000 Milreis, more than half of the total of the German and Italian companies.

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Under the Brazilian reinsurance system, Allied insurance firms are compelled to share their own reinsurance with Axis concerns licensed in that country. Thus, vital information on shipping and other war data are obtained by Axis or Axis-affiliated companies by virtue of the Brazilian law. Although on August 31, 1942, the Brazilian government ordered the liquidation of certain Axis insurance companies, the measures taken are not sufficient to meet the situation. Only the Generali and Adriatica are affected by that decree, and evidence exists which casts doubt on their immediate, complete, and whole-hearted compliance. The attention of the United States Embassy has been called to certain advertisements published by the liquidators of these companies advising that they may continue to take premium payments on outstanding policies. The liquidator is the former director of the Adriatica for Brazil. Being specifically in charge of the marine section, he is still in a position to obtain important shipping data on communications throughout South America. The shares of the Company Seguranca Industrial, formerly a subsidiary of the Generali, have passed to the government-controlled Brazilian Insurance Institute, but this company is still run by its vice president, who is reliably reported to be a Fascist agent and completely pro-Axis. Furthermore, the controlling interest in the Piratininga is still held by four persons connected with Adriatica insurance interests and there is reason to believe that at least part of the money for the purchase of the shares was transferred to the head office of the Adriatica in Italy, through Switzerland and Buenos Aires.

Finally, it is understood that the largest share holder of the Companhia Brasileira is a Brazilian citizen of Italian origin, who is reported to have been closely connected with Fascist and Integralist activities in Brazil.

Only the defeat of Italy will fully enable the United States to deal with those companies, all of which are handling marine insurance and insure American-owned risks in South America.

The defeat of Italy will also permit a stricter elimination of the numerous adjusters, appraisers, and average agents now operating in neutral countries as representatives of Italian-controlled insurance companies. These people have access to all the details that the U-boat command could require. The liquidation of Italy as a belligerent will permit a careful check upon all those persons and would prevent the use of information vital to the security of allied shipping.

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Under these circumstances, it is felt that the elimination of Italy as an Axis partner will have very strong repercussions in Spain and Latin America. There is little doubt that the whole Italian set-up in South America will collapse as an Axis instrument. It is not believed that the Germans are strong enough to take over these positions. Their organizations in Latin-America are not big enough to handle such a business, communications with Germany are under blockade, and last but not least, they lack in South America the historical and racial goodwill which the Italians enjoyed. In Spain itself, the position is different; "shadow" agreements have probably been prepared whereby the Germans will take over whatever is worthwhile of the Italian portfolios.

Repercussions of an Italian Defeat upon Swiss Insurance and upon the Munich Cartel

German and Italian insurance cooperation in the most concentrated form is to be found in the establishment of the "Association for the Coverage of Major Risks," a European insurance pool in which the Munich Insurance Company, flanked by the Riunione and Generali, has the major role. Swiss, as well as Swedish, companies participate in the scheme. The Association does not cover any risks but rather functions as a clearing organ for the distribution of insurance risks which cannot be covered in individual countries. The extent to which each company shall participate is fixed individually either on an individual risk basis or on a fixed quota contract. Since its establishment in 1941, the cartel, of which the operation data are kept secret, appears to have replaced successfully the lost facilities of Lloyds on the Continent. The success of the cartel would have been impossible if it had not been backed by such large insurance carriers as the Riunione and Generali.

All signs indicate that at present the Continental companies, grouped in the cartel, have successfully absorbed the shock caused by the loss of the British facilities. The question arises whether the Continental market has enough resistance to absorb a second shock, such as would result from the liquidation of the Italian facilities. The answer depends to a large extent upon the reaction of the Swiss and Swedish markets. If they withdraw from German occupied areas and from reinsuring German-controlled contracts,

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the German insurance business would then lack any international diversification and equalization of risks, which is the basic principle of insurance. A major catastrophe would necessarily lead to the insolvency of all German insurance carriers. It is not believed, however, that such an insolvency would be allowed to become apparent, and government financing would probably take place. The Germans might find another solution by devolving all major hazards and bad risks upon local companies, exposing those companies to bankruptcy once a major catastrophe occurs. As the Axis has now secured participation by many local companies this could not be effected without a change in the present arrangement and a violation of obligations which the Germans have undertaken in the occupied areas. Furthermore, there are countries like Poland, Slovakia, and Yugoslavia where the Axis dominates the field entirely and where consequently no buffer or substitute can be found. Here again, German government support will be asked for by the insurance firms and will undoubtedly be granted if they become insolvent due to lack of balanced reinsurance.

The repercussions of an Italian liquidation upon Swiss insurance are difficult to evaluate because of the political and military combination which will be the deciding factor. Swiss reinsurance was always heavily engaged in covering Italian risks, recently much to the regret of the Swiss, who have experienced bad results of late. It is not believed, however, that the Swiss have withdrawn from the field to any considerable extent in view of the long-standing friendships they have maintained with Italian companies. The Swiss, thanks to the Axis, have also obtained their share in the allotment of the business in occupied countries, where they always had good contacts. The Axis did not want to antagonize a concern like the Swiss Reinsurance Company by taking away its "treaties" at a time when Swiss collaboration in the Munich pool was anxiously sought by the Axis as a substitute for the British facilities.

It is known that the Swiss are collaborating with the pool but not to what extent. At any rate, the ability of the Germans to carry on without Italian assistance will greatly depend upon whether the few remaining insurance carriers in neutral countries are willing to take over the shares now carried by the Italians. Certainly the Germans will try to place important "treaties" which are now held by the Italians, with the Swiss and Swedish. This business is not necessarily bad or "combed out". For basic reasons of security and

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equalization, the Germans must obtain a diversification of their risks in neutral countries or their whole insurance industry becomes dependent upon Reich financing, if major risks go wrong. Under the circumstances, the key position which the Swiss then will hold cannot be over-estimated.

If United Nations are able to persuade the Swiss to refuse new German business, a major victory will be won. But it must not be forgotten that the Germans up to the present, are firmly entrenched in business with the Swiss, and that the Swiss managers, of necessity, are more oriented towards Germany than towards the Allies. Swiss insurance is in the hands of those who will fall in line with Allied interests only for a consideration. Any move in this respect not only requires a delicate diplomatic hand but also a well-balanced business program in which the Swiss find a place. In the elaboration of a program of cooperation, time is of the essence. For the Germans are busy concluding "shadow" agreements providing for an automatic change of contract partners by substituting neutral parties if war prevents the original partners from continuing their relationship. Such shadow agreements are known to exist in practically all Munich and Zurich contracts. The Union of Zurich (on Proclaimed list) is designated to replace the Munich in case Germany should be involved in a war with a country of an original partner. Similar devices are used by the Swiss Reinsurance Company, acting as a substitute for its French affiliate, the General Reinsurance Company of Paris, while the North American Fire and Marine Insurance Company of New York is called upon to act as shadow partner in case Switzerland should be involved in war.

The Germans are probably now attempting to find a replacement partner for their contracts with the Italians. Although these shadow agreements bear the stigma of defeat and defeatism for the Axis, the Germans probably will not hesitate to try to make deals at the expense of their Italian partners. It will depend upon the Allies whether Germany will be permitted to succeed in these stratagems, or whether the Germans will be denied the privilege of diversifying their risks in neutral countries and will thus be forced to the dangerous expedient of basing their whole insurance structure on Reich financing.

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III. CONCLUSIONS

In summary, a defeat of Italy will have implications in the insurance field that will be felt in many directions and in many countries.

Expressed in actual money value, little German property will be subject to seizure, since the business of the few German concerns operating in Italy is insignificant. More numerous and more profitable are the jointly established German-Italian insurance companies in occupied countries and in Austria. But these enterprises will prove to be more a liability than a gain for the United Nations because the Germans will not hesitate to expropriate the Italian shareholders, once Italy has fallen.

The repercussions in neutral countries and Latin America will be of a different nature. There a reorientation can be expected of many insurance firms towards the Allied policy, which will not only add to Allied sources of information, and close the channels leading to Germany, but will result in material gains for British and American insurance concerns interested in European business.

Finally, the present center of gravity of European re-insurance, Germany, will be gravely unbalanced. If the Allies are successful in bringing Switzerland and Sweden into their program, the pendulum might swing so far against Germany that the whole mechanism might break. The German Government then would have to come to the aid of the over-strained and isolated German industry whose very existence would thus depend upon the survival of the German State.

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AMERICAN CONSULATE GENERAL

No. 387

CONFIDENTIAL.

Antwerp, Belgium, November 9, 1946

file

Indexed

Subject : Additional Information regarding Visit to American Zone of Occupation of Delegates appointed by the Belgian Diamond Industry.

The Honorable
The Secretary of State,
Washington.

Sir :

I have the honor to acknowledge the receipt of the Department's unnumbered, confidential instruction of October 21, 1946 (File No. 746.00 112 Diamonds/7-1546) which referred to despatch No. 185 of July 15, 1946 reporting confidential information received by the Consulate General concerning the visit to the American zone of occupation of a delegation appointed by the Belgian Diamond Industry. Certain excerpts from this despatch were quoted by the Department, with the comment that the statements attributed to the American Military Authorities are in direct conflict with the American Government's publicly declared policy in regard to price fixing agreements in general, as indicated in the complaint filed in January 1945 against the "diamond cartel", copy of which was enclosed, and that instructions would be sent to OMCUS indicating the impropriety of the assurances given by the Military Authorities. The Consulate General is requested to report on precisely what assurances were given that the United States would assist in the maintenance of world prices, and to forward any letters, memoranda, or other written material on this subject which might be obtainable.

Taken from their text as they were, the first two excerpts from despatch No. 185 quoted in the Department's instruction under acknowledgment, need clarification. As indicated in that despatch, the information contained therein was obtained in confidence from one of the members of the Belgian delegation which went to Germany, and represents his own report of what transpired during that visit. Any statements attributed to the Military Authorities, therefore, came from him, but as he holds a responsible position in the diamond industry in Antwerp, and as he has been extremely frank and cooperative in the past, the Consulate General has every reason to believe that, as a source of information, he is entirely reliable and trustworthy. His interest in the German diamond industry, moreover, is not based solely on business considerations vis-a-vis the industry in Belgium, but having spent four and one-half years in German concentration camps in consequence of early resistance activities, he has acquired considerable knowledge of German methods and has a personal interest in the economic disarmament of Germany.

CONFIDENTIAL.

Furthermore

86314 Diamond Industry, BE 161717

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Despatch No. 357 dated
November 8, 1946, from
American Consulate General,
Antwerp, Belgium.

Furthermore, in view of the Department's interest in obtaining written material which would have a bearing upon this subject, it has been possible to obtain through this same person a copy of a report in Flemish which has been circulated in confidence locally concerning the findings of the delegation. Copies of the original in Flemish, with translation in English, are attached, which are believed to be self-explanatory. It is interesting to note from this document that the chief concern of the Belgian delegation, which comprised representatives of labor as well as manufacturing interests, seems to have been the wage scale that would be set up in Germany for diamond workers, their apprehension being that unless strict control were exercised it might well be expected that the German wage scale would be considerably under that of the relatively well paid workers in this industry in the Allied countries, in which case unfair competition as regards prices would be the consequence.

As regards the third excerpt quoted, it would also seem desirable to develop further the statement quoted, as the point of it appears not to have been clear to the Department. Despatch No. 185 referred directly to despatch No. 147 of June 6, 1946, which in turn was a follow-up of an earlier despatch (No. 134 of May 24, 1946 - Subject: "Illicit Exports of Diamonds from Belgium to the United States; Safehaven Aspects as Regards Possibility of Utilizing this Medium for Escape Capital from Germany and Europe Generally.") having for its purpose an analysis of certain potentialities of the diamond trade and industry, which might easily be missed unless full cognizance were taken of the situation. In other words, the price fixing aspect of the trade as a whole, which apparently is of concern to the Department at this time, was not being considered in that despatch, and when speaking of the "potential threat which Germany constitutes", this office did not have in mind the limited threat which a revived diamond industry in Germany might have to prices fixed by the "diamond cartel". In any event, as Germany does not have direct access to rough diamonds, the Diamond Trading Co. could exercise its control by cutting off supplies.

As developed in despatch No. 185, the danger which the Consulate General attempted to bring to the attention of the Department, necessitating "continued vigilance in order to ensure that the potential threat which the German diamond industry constitutes does not materialize", is twofold. First is the fact that a gem polishing industry, which appears so innocent in times of peace has industrial uses which are indispensable in times of war, as explained under Title III of the copy of the complaint which was enclosed with the Department's instruction under acknowledgment. Secondly is the safehaven aspect which is developed to some extent in despatch No. 134: "That polished diamonds, because of their ease of concealment and transportation,

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the tremendous

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DECLASSIFIED
Authority <u>IND 78509</u>
By <u>EP</u> NARA Date <u>3/9/80</u>

RG <u>84</u>
Entry <u>3017</u>
File <u>8634 CONFIDENTIAL</u>
Box <u>2</u>

- 3 -

Despatch No. 357 dated
November 6, 1946 from
American Consulate General,
Antwerp, Belgium.

the tremendous differential in value between the rough and the finished product, and the difficulty in identifying individual stones, would be an ideal medium for escape capital from Germany and Europe as a whole, is evident."

The Consulate General is fully aware of the American Government's general policy as set forth in the Proposals for Expansion of World Trade and Employment, which publication has been given close attention and study by this office. Furthermore, in an effort to focus the attention of Belgian businessmen on this subject, an article, based on these proposals, was prepared by the Consulate General on the invitation of the Association Belge des Negociants Exportateurs et Importateurs, and was published in the May issue of the Bulletin of that association. (See despatch No. 170 of June 20, 1946).

Respectfully yours,

A.R. Preston
American Consul General

Enclosures :

1. Copy of report in Flemish.
2. Translation thereof.

File No. 863.4/624.4
E. ANDERSON/A. J. PAUWELS. ldv.

Copy to : American Embassy, Brussels.
American Embassy, London, attention Don O. Bliss, Esq.
Office of Political Adviser, Frankfurt.

Sent to the Department in
original and one copy in
hectograph.

CONFIDENTIAL.

A true copy of
the signed original
L.D.V.

339855

DECLASSIFIED
Authority NND765022
By CU NARA Date 7/11/00

RG 260
Entry 940.151 *restoration currency*
File FED
Box 421

940.151 Restitution Currency

11/1/79
3

DECLASSIFIED
 Authority NND765079
 By CU NARA Date 7/11/00

RG 260
 Entry 940-151 *restoration currency*
 File FED
 Box 420

HEADQUARTERS
 UNITED STATES FORCES EUROPEAN
 Office of Military Government (I)
 Financial Branch

SECURITIES PAYABLE IN U. S. D.

SHIPMENT NUMBER	NUMBER AND DESCRIPTION	VALUE PER SHARE	TOTAL VALUE	INTEREST
20 H	10,000 Stock Certificates	\$ 100.00	\$1,000,000.00	-
20 H	6 Stock Coupons	35.00	210.00	-
20 H	6 Stock Coupons	30.00	180.00	-
20 H	8 Stock Coupons	15.00	120.00	-
26 B, Suitcase #1	10 Shares of stock	-	-	-
26 B, Suitcase #1	6 Obligations, totalling	-	4,800.00	8
26 B, Suitcase #1	1 Obligations	-	7,000.00	7
26 B, Suitcase #1	1 Obligations	-	1,000.00	7
26 B, Suitcase #1	1 30 Yrs Gold Bond	-	1,000.00	4
26 B, Suitcase #1	1 Obligation	-	50.00	-
26 B, Box #2	1 Share	200.00	200.00	-
26 B, Box #2	1 Certificate	-	1,000.00	7
26 B, Box #2	1 Check	-	361.78	-
33	2 Bond Certificates	100.00	200.00	7
33	6 Bills of Exchange	-	624.30	-
33	1 Gold Bond	1,000.00	1,000.00	7
33	1 Share	-	3,000.00	-
33	50 Shares Common Stock	100.00	5,000.00	6
33	100 Shares Preferred Stock	100.00	10,000.00	6
33	250 Shares Capital Stock	100.00	25,000.00	-
33	88.47 Shares Capital Stock	no per value	-	-
33	253 Shares Capital Stock	.05	12.65	-
33	2 Gold Bonds	2,000.00	4,000.00	5
33	820 Shares Common Stock	.10	82.00	-
33	510 Shares Common Stock	.10	51.00	-
33	160 Shares Capital Stock	100.00	16,000.00	-
33	2 Gold Bonds	1,100.00	2,200.00	-
33	9 Obligations (Notes)	20.00	60.00	-
33	1 Obligations (Notes)	20.00	20.00	-
33	9 Obligations (Notes)	20.00	60.00	-
33	1 Obligations (Notes)	100.00	100.00	-
33	1 Gold Bond Certificate	-	2,000.00	-
33	27 Gold Bonds	1,000.00	27,000.00	-
33	6 Gold Bonds	500.00	3,000.00	-
33	1 Bond	-	6,860.00	-
41 H	5 Preliminary Notes, totalling	-	3,400.00	-
41 H	1 Obligation	-	4,392.80	-
41 H	1 Obligation	-	2,144.39	-
41 H	1 Obligation	-	2,715.00	-
41 H	1 Obligation	-	1,000.00	-
44	1 Share Common Stock	-	30.00	-
44	1 Bond	-	25,000.00	-
44	1 Check	-	300.00	-
44	1 Stock Certificate	-	20.00	-
44	1 Bond	-	12,000.00	-
47	1 Obligation	-	4,000.00	-
47	1 Obligation	-	12,000.00	-
57	2 Bonds	1,000.00	2,000.00	-
57	3 Gold bonds	100.00	300.00	-
57	2 Gold bonds	1,000.00	2,000.00	-
57	2 Gold bonds	1,000.00	2,000.00	-
57	20 Shares Capital Stock, (Common) no per value	-	-	-
57	10 Shares Capital Stock, (Preferred)	100.00	1,000.00	-
57	10 Shares Capital Stock, (Preferred)	100.00	1,000.00	-
42 D	1 Gold Bond	500.00	500.00	-
42 D	1 Dollar Bonds	500.00	500.00	-
42 D	15 Dollar Bonds	100.00	1,500.00	-
42 D	44 Dollar Bonds (40 \$500 & 400 \$100) - w/coupons	-	6,000.00	-

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DECLASSIFIED
 Authority **NND76502**
 By **CU** MARRA Date **7/11/00**

RG 260
 Entry 940-151 ^{restoration} _{currency}
 File FED
 Box 420

EUROPEAN THEATER
 Government (U. S. Zone)
 Branch
 U. S. DOLLARS
 INTEREST RATE

-	The Sultan Abdul-hamid Estates Inc. (non-negotiable stock certificates)
-	Central Mortgage Institute of Germany
-	The City of Budapest
-	The City of Budapest
-	"Timber" Holding Hols. Industrie Aktien N.K.P. 1926
8%	Czechoslovak State Loan of 1922. (maturing in 1931 & 1932)
7 1/2%	City of Prague Obligation
7%	Hypothekbank of Jugoslavia
4%	City of Carlsbad
-	Wheeler Motors Company, California
-	Preferred Share, 2nd National Bank, Redbank, N. J.
7%	Certificate, German Rentenbank
-	National City Bank of New York
7%	Deutsche Sparkasse and Giro Verband
-	By: Emil Pilsen & Co., A.G., Leipzig Acceptance of, Miniature Dictionary Publishers, Jno H. Minnis, New York
7%	Leipzig Trade Fair Corporation
-	International Mortgage & Investment Corporation
6%	The Rock Island Company (New Jersey)
6%	United Copper Co.
-	Rostum Fur. Corporation, New York
-	Regina Corporation of New Jersey
-	Goldfield Deep Mines Co. (Nevada)
5%	Missouri Pacific R.R. Co.
-	Tri-Billion Smelting and Development Co., Arizona
-	Tri-Billion Smelting and Development Co., Arizona
-	Original Laminated Patenthermal Co., Inc.
6%	The Free States of Prussia
3%	Konversionsanleihe fur Deutsche Auslandsschule
7%	External Loan of 1925 on City of Frankfurt am Main
7%	German External Loan of 1924 (German Reich) J.P. Morgan & Co., New York
7%	German External Loan of 1924 (German Reich) J.P. Morgan & Co., New York
-	Mortgage Bond Mortgage Corporation of New York
-	Promissory Notes
-	Pursuant German-American Standstill Agreement, 1932-40
-	Pursuant German-American Standstill Agreement, 1932-40
-	Pursuant German-American Standstill Agreement, 1932-40
-	Pursuant German-American Standstill Agreement, 1932-40
-	Amn Oil Co., of Delaware
6 1/2%	Free State of Prussia
-	New Haven Bank (Conn.)
-	Hotel Goring Company of America
6%	Free State of Prussia
6%	German Consolidated Municipal Loan, 6% Series, Due 1947
5 1/2%	German Government International
7 1/2%	External Gold Loan
4 1/2%	Yosemite Short Line R. R. Co., California
4 1/2%	Inter-Borough Metropolitan Company of New York
5%	Alabama, Tennessee & Northern Railroad Company
8%	Wisconsin Motor Company
8%	Wisconsin Motor Company
8%	Ryan Car Company (Illinois)
6%	Westphalia United Electric Power Corp. First Mortgage 6% Sinking Fund Gold Bond Series "A"
3%	Conversion office for German Foreign Debts
3%	Conversion office for German Foreign Debts
3%	Conversion office for German Foreign Debts

DECLASSIFIED
 Authority NAID 76504
 By CU NARA Date 7/11/00

RG 260
 Entry 940-15 *restoration*
 File F&D
 Box 421

DOLLARS (Cont'd)

INTEREST RATE

6 1/2 %	Free state of prussia
6 1/2 %	Saxon Public Works, Inc. (Due 1951)
7 %	State of Bremen (Free Hanseatic City)
7 %	German External Loan of 1924
7 %	City of Dresden (Sinking Fund Gold Bond)
5 1/2 %	German Reichs Government 5 1/2 % Loan of 1930
6 1/2 %	Province of Hanover, Hara waterworks Loan, 2nd series due Feb. 1, 1949
6 1/2 %	United Steel Works Corp. Series G, 25 yr. due June 1, 1951
6 1/2 %	Free State of Prussia
7 %	German External Loan, J. P. Morgan, New York
6 %	German Savings Bank and Clearing Association
6 1/2 %	Leipzig Overland Power Co.
7 %	German External Loan, J. P. Morgan, New York
3 %	Konversionskasse for German Foreign Debt
6 1/2 %	Free State of prussia sinking fund
3 %	Konversionskasse for German Foreign Debt
6 %	Prussian External Loan of 1927
3 %	Konversionskasse for German Foreign Debt
3 %	Konversionskasse for German Foreign Debt
3 %	Konversionskasse for German Foreign Debt
3 %	Konversionskasse for German Foreign Debt
3 %	Konversionskasse for German Foreign Debt
3 %	Konversionskasse for German Foreign Debt
5 %	Harnischfeger Corporation, Wisconsin
7 %	German External Loan of 1924
7 %	German External Loan of 1924
6 1/2 %	Free State of Prussia
5 1/2 %	International Loan 1930 German
6 1/2 %	Free State of Prussia
3 %	Konversionskasse for German Foreign Debts
3 %	Konversionskasse for German Foreign Debts
3 %	Konversionskasse for German Foreign Debts
6 1/2 %	Leipzig Overland Power Co.
6 %	Heinrich Westphalia Electricische Orlion-Gesellschaft
3 %	Konversionskasse for German Foreign Debt
6 1/2 %	Metals Coating Company of America
6 1/2 %	Prussian External Loan of 1925
3 %	United Steel works Corporation
3 %	Chicago and Northwestern R.R. Corp
3 %	Chicago and Northwestern R.R. Corp
3 %	Austria-Hungary State Railway Corp
6 %	Rock Island Company of New Jersey
3 %	United Steel Works Corp
3 %	Konversionskasse for German Foreign Debts
3 %	Konversionskasse for German Foreign Debts
3 %	Konversionskasse for German Foreign Debts
3 %	Konversionskasse for German Foreign Debts
6 %	Prussian External Loan of 1927
3 %	Konversionskasse for German Foreign Debts
3 %	Konversionskasse for German Foreign Debts
6 %	Prussian External Loan of 1927
3 %	Konversionskasse for German Foreign Debts
7 %	Leipzig Trade Fair Corp 1928
3 %	Konversionskasse for German Foreign Debts
6 1/2 %	City of Cologne
6 1/2 %	Metals Coating Co. of America
3 %	Saxon Public Works Co.
3 %	Konversionskasse for German Foreign Debts
3 %	Conversion Office for German Foreign Debts
3 %	Conversion Office for German Foreign Debts
3 %	Conversion Office for German Foreign Debts
3 %	Conversion Office for German Foreign Debts
3 %	Conversion Office for German Foreign Debts
7 %	Saxon State Mortgage Institution
3 %	Missouri Pacific Railroad Corp
3 %	Conversion Office for German Foreign Debts
3 %	Conversion Office for German Foreign Debts
3 %	Conversion Office for German Foreign Debts

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DECLASSIFIED
 Authority NND 765095
 By CU NARA Date 7/11/00

RG 260
 Entry 40-151 currency
 File F&D
 Box 421

SHIPMENT NUMBER	NUMBER AND DESCRIPTION	VALUE PER SHARE	SECURITIES PAYABLE IN U.S. DOLLARS
	1 Bond	\$ 1,000.00	\$ 1,000.00
	1 Gold Bond	-	1,000.00
	2 Gold Bonds	1,000.00	2,000.00
	2 Bonds	1,000.00	2,000.00
	1 Gold Bond	1,000.00	1,000.00
	1 Bond	-	1,000.00
	1 Bond (Gold)	-	1,000.00
	1 Gold Bond	-	1,000.00
	1 Gold Bond, External Loan	-	1,000.00
	1 Gold Bond, External Loan	-	1,000.00
	1 Gold Bond	-	1,000.00
	1 Gold Bond	-	1,000.00
	1 Gold Bond External Loan	-	1,000.00
	8 Bond	100.00	800.00
	2 Gold Bond	1,000.00	2,000.00
	3 Bond	100.00	300.00
	1 Gold Bond	-	1,000.00
	3 Bond	100.00	300.00
	3 Bond	100.00	300.00
	2 Bond	100.00	200.00
	3 Bond	20.00	60.00
	3 Bond	10.00	90.00
	1	1.25	1.25
	200 Shares Common Stock	10.00	2,000.00
	1 External Loan Gold Bond	-	1,000.00
	2 External Loan Gold Bond	1,000.00	2,000.00
	1 Gold Bond	-	1,000.00
	2 Gold Bond	1,000.00	2,000.00
	1 Gold Bond	-	1,000.00
	1 Dollar Bond	-	100.00
	4 Dollar Bond	20.00	80.00
	1 Dollar Bond	2.50	2.50
	5 Gold Bond	1,000.00	5,000.00
	2 Gold Bond	1,000.00	2,000.00
	1 Gold Bond	-	100.00
	2 1/5 Share Common Stock @ 100 per share	20.00	40.00
	1 Gold Bond	-	1,000.00
	1 Gold Bond	-	1,000.00
	21 Shares Common Stock	100.00	9,100.00
	14 Shares Preferred Stock	100.00	1,400.00
	1 Certificate	-	1.00
	40 Shares Common Stock	100.00	4,000.00
	1 Gold Bond	-	1,000.00
	1 Dollar Bond	-	100.00
	4	20.00	80.00
	1	10.00	10.00
	2	2.50	5.00
	1	-	1,000.00
	1	10.00	10.00
	1	20.00	20.00
	2 Gold Bond	1,000.00	2,000.00
	16 Dollar Bond	100.00	1,600.00
	1 Gold Bond	-	1,000.00
	5 Dollar Bond	100.00	500.00
	1 Gold Bond	-	1,000.00
	1 1/5 Share @ 100 per share	20.00	20.00
	1 Gold Bond	-	1,000.00
	80 Dollar Bond	100.00	8,000.00
	5 Dollar Bond	20.00	100.00
	1 Dollar Bond	10.00	10.00
	1 Dollar Bond	5.00	5.00
	2 Dollar Bond	2.50	5.00
	2 Dollar Bond	100.00	200.00
	3 Gold Bond	1,000.00	3,000.00
	5 Shares Preferred Stock	100.00	500.00
	4 Dollar Bonds	100.00	400.00
	2 Dollar Bonds	500.00	1,000.00
	10 Dollar Bonds	1,000.00	1,000.00

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DECLASSIFIED
 Authority NND 765091
 By CU NARA Date 7/11/00

RG 260
 Entry 940.15 *rest. fu. hon*
 File FED *currency*
 Box 421

<u>SHIPMENT NUMBER</u>	<u>NUMBER AND DESCRIPTION</u>	<u>VALUE PER SHARE</u>	<u>SECURITIES PAYABLE TO</u>
			<u>TOTAL VALUE</u>
45	1 Dollar Bonds	\$ 20.00	\$ 20.00
45	1 Dollar Bonds	10.00	10.00
45	1 Gold Bond		1,000.00
45	1 Gold Bond		1,000.00
45	1 Gold Bond		1,000.00
45	2 Gold Bond	1,000.00	2,000.00
45	9 Gold Bond	1,000.00	9,000.00
45	1 Gold Bond		1,000.00
45	1 Gold Bond		1,000.00
45	9 Gold Bond	1,000.00	9,000.00
45	9 Gold Bond	1,000.00	9,000.00
45	19 Gold Bond	100.00	1,900.00
45	11 Gold Bond	1,000.00	11,000.00
45	2 Gold Bond	500.00	1,000.00
45	10 Gold Bond	1,000.00	10,000.00
45	2 Gold Bond	1,000.00	2,000.00
45	9 Gold Bond	1,000.00	9,000.00
45	21 Gold Bond	1,000.00	21,000.00
45	4 Gold Bond	500.00	2,000.00
45	1 Gold Bond	500.00	500.00
45	20 Gold Bond	1,000.00	20,000.00
45	1 Gold Bond		1,000.00
45	1 Gold Bond		1,000.00
45	9 Gold Bond	100.00	900.00
45	10 Gold Bond	100.00	1,000.00
45	9 Gold Bond	20.00	180.00
45	1 Gold Bond	5.00	5.00
45	1 Gold Bond		1,000.00
GRAND TOTAL			<u>\$ 1,400,228.69</u>

DECLASSIFIED
 Authority NND76502
 By CU NARA Date 7/11/00

RG 260
 Entry 940.151 *restoration currency*
 File F&D
 Box 421

U. S. DOLLARS (Den't)

INTEREST RATE

3 %	Conversion office for German Foreign debts
3 %	Conversion office for German Foreign debts
6 %	State of Hamburg
6 %	Westphalia United Electric Power Corp
6 1/2 %	Saxon Public Works
7 %	German External Loan 1924
7 %	German External Loan 1924
7 %	Rhine West phalia Power Co.
6 %	Prussian external loan of 1927
7 %	German External Loan of 1924
5 1/2 %	German International Loan of 1930
3 %	Conversion office for German Foreign Debt
6 1/2 %	Saxon Public Works Corp
6 1/2 %	Saxon Public Works Corp
6 %	Free State of Prussia
6 1/2 %	Saxon Public Works Corp
6 1/2 %	Saxon Public Works Corp
7 %	German External Loan of 1924
7 %	German External Loan of 1924
6 %	Mortgage Bank of Chile 1928
7 %	Rhine westphalia Electric Power Corp
6 1/2 %	Hanover Province 1927
6 1/2 %	City of Cologne 1925
3 %	Conversion office for German Foreign Debts
3 %	Conversion office for German Foreign Debts
3 %	Conversion office for German Foreign Debts
3 %	Conversion office for German Foreign Debts
7 %	Gelsenkirchen Mining Corp. Rhein-Ribe Union

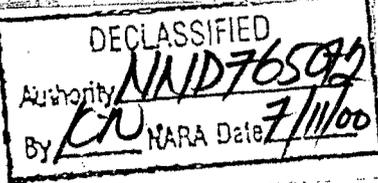
DECLASSIFIED
Authority NND 765082
By CU NARA Date 7/11/00

RG 260
Entry 940.151 *restitution*
File FED
Box 420

940.151B *Restitution Policy*

11/378

20



RG	260
Entry	940.15:restitution currency
File	FED
Box	420

File Directives from Berlin

VM/hm
27 June 1946

SUBJECT: Inventory Program for the Foreign Exchange Depository

TO : Col. Bray, Chief, Foreign Exchange Depository

The following schedule summarizes the program for the Foreign Exchange Depository that has been orally discussed and agreed upon with you and your Deputy, Lt. Cahall:

1. At present all known monetary gold and gold bullion has been counted and weighed with the exception of small units that are parts of collections. Records will be prepared and brought up to date in summary form but beyond this no further inventory work will be required on such property for the present.

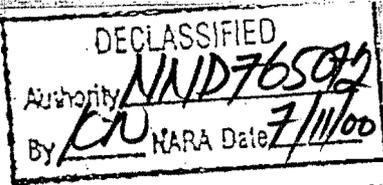
a. Currency and coins may be subject to early restitution and involve the type of the property that can be readily inventoried with present personnel of the Depository. This inventory of currency and coins has started this week and will continue. Where there is adequate evidence that currency or coins have been counted under proper supervision the statement of amount of such monies will be accepted without having to be recounted.

b. A study will be made of all pertinent historical records at the Foreign Exchange Depository as well as pertinent records, located at Hoeschst, of the Restitution Branch, Economics Division, OMGUS. The purpose of this study will be to determine what identifiable property in the Foreign Exchange Depository will or may be restituted to restitution claimant countries. Ownership of property will be of secondary concern. Primary concern will be determining from what countries it was physically removed. From this study a priority schedule for the inventory work will be established and properties subject to immediate restitution will be inventoried first. It is understood, however, that this priority schedule may be subject to immediate and sudden change due to policy decisions on property. Continual liaison with the Hoeschst office of the Restitution Branch will be necessary.

c. One or two general jewelry specialists will be obtained immediately for the inventory job. These specialists will work on properties listed on the priority schedule and will have available non-technical personnel for routine counting tasks. No evaluation of restitutable property will be made during this inventory process.

d. When the inventory of the above mentioned property is complete the remainder of the property will likewise be inventoried. It appears desirable to complete the inventory of such remaining property before any property is evaluated. However, the desirability of bringing in the other experts (precious stones, rare coins, antiques, etc.) for a combined inventory-

339864



RG	260
Entry	940.151 ^{restitution} currency
File	F8D
Box	420

OMGUS, PD, APO 742, 27 June 46, Subj. Inventory Program (For. Exch. Dep.)

evaluation project, will be reconsidered in light of the experience gained in the inventory of restitutable property.

2. The above program schedule represents an authorized program for the Foreign Exchange Depository to proceed with the inventory work. However, it will be necessary to have continuous and close liaison between the Berlin office of the Finance Division and the Foreign Exchange Depository. This liaison will include an interchange of pertinent communications between the two offices as well as periodic trips of key personnel of the two offices. In addition, before the final forms are determined for use in the inventory process mentioned in paragraph 1c above, they, together with proposed operating procedures, will be submitted to Berlin for review. At this time also the question of additional security staff for the inventory work will again be reconsidered. For the present, arrangements will be made for an increase of two more security positions on the TO of the Depository Section.

JACK HENNETT
Director

Telephone: BERLIN 76-5211
Ext. 42147

339865

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED

Authority NND 765072

By SPZ NARA Date 7/5/00

MILITARY GOVERNMENT

GERMANY

FINANCIAL AND PROPERTY

CONTROL

TECHNICAL MANUAL

RESTRICTED

T. 91/456. Wt. 7151

300.

2-1/507 -
AC 331
E. 47-SUBSET
BA 7 65

339866

Chapter III FOREIGN EXCHANGE CONTROL

Survey

(A) **General.**—(1) The present system of Foreign Exchange Control in Germany dates from 1931 when a run on Germany by foreign creditors, partly a result of the collapse of the central European banking system in that year, caused the German Government to declare a moratorium on foreign debts and to impose restrictions on foreign exchange dealings. Since then, the system of foreign exchange control has been gradually developed into an increasingly complex and comprehensive instrument of high policy, embracing all monetary and proprietary dealings between Germans and non-Germans, and to some extent even between Germans.

(B) **Scope of Existing German System.**—(1) The term "foreign exchange" was customarily understood to include foreign currencies, gold and silver coin or bullion, checks, drafts, bills of exchange, etc., drawn on or issued by foreigners; and claims against or involving foreigners, such as balances in foreign banks.

(2) Foreign Exchange Control in Germany, however, goes far beyond the control of dealings in "foreign exchange" as defined above or of transactions in assets expressed or payable in foreign exchange.

(3) Only the Reichsbank, through designated agent banks (Devisenbanken) is authorized to buy and sell foreign exchange.

(4) All existing holdings and all current accruals of foreign exchange, regardless of source, and all foreign securities and German external bonds have had to be offered to the Reichsbank for sale.

(5) "Free Reichsmarks," i.e., Reichsmark balances in the names of foreigners which are freely transferable into foreign exchange, are treated as foreign exchange.

(6) Under the German law, status as to "German" or "foreign" is determined in the case of natural persons by residence or domicile and in the case of legal entities by the location of head office or management. However, branches in Germany of foreign enterprises are considered German.

(7) Licences are required for nearly all transactions with or involving foreigners, including:—

- (a) any dealings in foreign exchange, foreign securities, German external bonds, property located abroad, and external property rights, and obligations owed by a German to a foreigner;
 - (b) the transfer from a German to or for the account of a foreigner, within Germany or through export, of any German property or property rights, and of any obligation;
 - (c) the removal from Germany of any property whatever, whether owned by a foreigner or by a German;
 - (d) the redemption or repayment of debts owed to or held by foreigners;
 - (e) the granting of credits and the assumption of guarantees to foreigners;
 - (f) the import of German notes or coin or of German securities.
- (8) Practically all of Germany's foreign trade is now conducted under a system of so-called clearing or payment agreements with

foreign countries. The essence of these agreements is that, on the German side, sums due abroad are paid by the German debtor in Reichsmarks into the Deutsche Verrechnungskasse (an agency operated by the Reichsbank under the supervision of the Ministry of Economics) through a Devisenbank. For sums thus received, the Verrechnungskasse credits the account of the foreign central bank or clearing office, which in turn pays the creditor living in that country in his own currency and debits an account which it keeps for the Verrechnungskasse. In the case of sums due from abroad, the process is reversed, sums being paid to the foreign central bank or clearing office and credited to the account of the Verrechnungskasse in that country's currency, the Verrechnungskasse then paying the German creditor in Reichsmarks to the debit of the Reichsmark account of the foreign central bank or clearing office. The clearing machinery is in many cases also used for financial transactions, such as service on German external bonds, remittance of insurance premiums, payments by foreign workers employed in Germany to their families, etc.

(9) Up to the outbreak of the war, Germany's foreign debts in existence in 1931 were gradually being liquidated. In recent years, however, Germany has largely ceased cash payments and built up a new huge debt in the form of Reichsmark balances on the books of the Verrechnungskasse owed to other countries. These balances reflect forced imports by Germany from occupied and satellite countries and large remittances to their native lands of earnings of foreign workers employed in Germany. This debt alone is already substantially higher than Germany's total short-term indebtedness at the time of the 1931 crisis.

(C) **Administrative Machinery.**—(1) *Top Supervision.*—Overall foreign exchange policy is at present vested in the Geschäftsgruppe Devisen, a department of the Office of the Four-Year Plan.

(2) *Foreign Trade.*—Foreign exchange licences for imports and incidental costs are granted by the Reichsstellen, which are independent government agencies under the supervision of the Ministry of Economics charged with the allocation of raw materials and the control of imports and exports. There are believed to be 29 Reichsstellen in Germany, each having jurisdiction over a certain commodity or group of commodities. Most of them are located in Berlin.

In actual practice importers submit their applications for foreign exchange licences to the Foreign Trade Agencies (Aussenhandelsstellen) of the local Gau Economic Chambers (Gauwirtschaftskammern). The latter then forward the applications to the appropriate Reichsstelle in charge of the commodity involved. The Reichsstelle currently receives directives from the Ministry of Economics as to how payment is to be made, etc. The foreign exchange licence, when issued, stipulates the method of payment, i.e., whether payment is to be made into the Verrechnungskasse, whether exchange has to be bought from a Devisenbank, or whether credits in foreign currency are to be obtained, etc. The foreign exchange licence is then submitted to the Devisenbank effecting the payment, together with an import advice confirmed by the local Customs House authorities.

The exporter has to fill out an export exchange declaration, (Exportvalutaerklärung) which he submits to the local Customs House for forwarding to the Reichsbank. The foreign exchange resulting from the export transaction is sold to a Devisenbank for account of the Reichsbank.

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(3) *Debts*.—Licences in respect of foreign debts and banking credits subject to the so-called Standstill Agreements of 1931 and later years are issued by the Reichsbank.

(4) *Other Transactions*.—Licences for other financial transactions, including the payment of insurance and re-insurance premiums due abroad, the use of blocked accounts, the repayment of debts other than those mentioned under (3) private compensation transactions (when permissible at all), etc., are issued by the Devisenstellen agencies directly under the jurisdiction of the Ministry of Economics. The Devisenstellen are attached to the offices of the regional Oberfinanzpräsidenten. (For list see Appendix.)

Policies.—(A) The aim of Foreign Exchange Control is the conservation of foreign exchange resources for such purposes as the Allied Governments will determine. Foreign exchange policies will therefore at all times be established at highest levels.

(B) Military Government Foreign Exchange Control will continue the scope of the existing German system and in addition will extend its applicability to (1) all persons within Germany regardless of residence, domicile or nationality; and (2) the control of all imports of foreign exchange.

(C) During the initial phases of occupation action by Military Government will be focused on the total blocking of all transactions and the freezing of all assets and obligations subject to Foreign Exchange Control.

(D) The administrative machinery will probably not be greatly altered, except in the matter of top supervision. The Geschäftsgruppe Devisen will be liquidated, and top supervision of foreign exchange matters will, therefore, be concentrated in the Ministry of Economics and the Reichsbank, under the direct control of Military Government. The other administrative agencies may be continued, except the Gau Economic Chambers.

(E) The system of and procedure for granting licenses under Military Government Foreign Exchange Control will be set forth in regulations to be issued in due course. Until such regulations are issued no licences will be granted.

(F) All accounts blocked under German foreign exchange law will remain blocked under Military Government, subject to licence.

(G) Included in the Appendix hereto are Report Forms MGAX (1) and MGAX (2) to be used in connection with the reporting and delivery of certain foreign exchange assets to the Reichsbank, as provided in Articles II and III of Law No. 53. Both these forms will, in the first instance, be made available by Military Government to the branches of the Reichsbank in the area. Military Government Officers performing finance functions and Financial Officers will see that the Reichsbank arranges for prompt distribution thereof to financial institutions, including banks and post offices, and all other interested parties and likely holders or owners of foreign exchange assets, or obligors of liabilities subject to foreign exchange control.

(H) Report Forms MGAX (1) and (2) will be filed by the Reichsbank alphabetically and held pending receipt of specific instructions as to their disposition.

(I) (a) Displaced persons travelling in convoy or returning to their respective countries by other means controlled by Military Government will be required to declare at their Assembly Centres all

holdings of German and other means of payment, gold or silver, and securities of any sort. Details of the procedure for the disposition of such assets will be made available for the guidance of Financial Officers in due course.

(b) Instructions are being issued to border control personnel that displaced persons crossing the German border by means other than those controlled by Military Government shall not be allowed to take out of Germany (1) German currency, (2) any foreign currency or (3) other means of payment, (4) any securities, (5) any gold or silver or (6) any other assets of a type and value which indicates that such displaced person may be assisting a German or another person residing in Germany in removing foreign exchange assets from Germany. All such valuables found on a displaced person will be impounded against receipt in triplicate and the valuables delivered to the nearest branch of the Reichsbank, which will give a receipt for them.

(J) Persons, other than members of the Armed Forces and persons accompanying the Armed Forces, who are duly authorized to enter Germany, will, upon entry, declare their holdings of German or foreign currencies and other means of payment, of securities of any sort and of gold and silver coin or bullion. On leaving Germany they will be allowed to take out only such valuables as they have declared upon entry, against presentation of the copy of the declaration form which they have retained. This procedure conforms to existing practice in Germany and other countries. Any excess values over and above those declared will be impounded against receipt and delivered by border control personnel to the nearest branch of the Reichsbank, which will give such border control personnel its receipt.

Instructions.—(A) Violators of Military Government Law No. 53 will be arrested and reports of violations will be forwarded to higher authority.

(B) Financial Officers will see that all undesirable personnel are removed or suspended immediately from any agency or institution charged with Foreign Exchange Control functions or responsibilities without regard to administrative convenience or expediency.

(C) Financial Officers will ensure prompt distribution of "Instructions to the Reichsbank and its Offices No. 1 (Foreign Exchange Control)" to all branches of the Reichsbank in their area, and strict compliance therewith.

(D) Financial Officers will also ensure prompt distribution by the Reichsbank branches in the district to all banks, post offices and other agencies, institutions or persons affected by Law No. 53 of Forms MGAX (1) and MGAX (2), and of all other instruction forms and other documents which may be issued by Military Government from time to time.

(E) Financial Officers will see that assets delivered to the Reichsbank or other institutions in accordance with Law No. 53 are safeguarded and dealt with in accordance with directions from higher authority. They will also make periodic spot checks as to the manner in which such directions and instructions are carried out.

(F) Regulations and procedures for the conversion of foreign currencies in the possession of the Allied Armed Forces through established military channels will be strictly adhered to by Military Government and Financial Officers and Military Government personnel.

Chapter IV BLOCKING CONTROL

Policies

(A) **General.**—The fundamental objective of "blocking" certain property as defined in Law No. 52 (Blocking and Control of Property) is to maintain *in statu quo* all property of certain categories of owners. The technique of maintaining this *status quo* is called *blocking* (or *freezing*). When property is blocked (frozen) no transaction or dealing may be engaged in with respect thereto except in so far as such transaction is licensed or otherwise authorized by Military Government. Thus when the property of an individual is ordered blocked he may not use his bank account; he may not sell his house; he may not pay out or receive any money except in so far as such transaction is licensed or authorized. It is to be noted that Blocking Control operates not only to prevent the persons whose properties are blocked (such person is usually referred to as a "blocked person") from engaging in any transaction with respect to his property, but such control also prohibits any other person from engaging in any transaction with respect to such blocked property. Such other person shall, however, continue to hold said property and is charged with the responsibility for protecting and preserving it. Examples of blocking controls as applied to persons other than owners of blocked property include:—

- (1) A bank may not engage in any transaction whatsoever with respect to any accounts, credits, securities or other property owned by a blocked person.
- (2) A person may not act on behalf of a blocked person, e.g., he may not collect the rents due from blocked real estate for a blocked person.
- (3) No person may enter into any type of contract with a blocked person.

The principal aims of Military Government in applying blocking controls are:—

- (1) To prevent the dissipation, concealment, removal or use of property belonging to governments, organizations or persons hostile to the United Nations or likely to prejudice the objectives of Military Government; to preserve such property for ultimate disposition as Military Government or its successor Allied Control organization may determine; and, also, to prevent the evasion of such penalties, fines, forfeitures as may be imposed at a later date;
- (2) To protect the property and interests of United Nations governments and nationals;
- (3) To preserve valuable property which may be subject of claims and restitution.

It is most important to note that property blocked or taken into control, including cash, is *not* to be used for advances to public authorities.

Blocking Control will be applied not only to preserve property which may be later taken into control by Military Government and other types of property but also as an affirmative technique for effectuating objectives of Military Government, e.g., to obtain the assets of war criminals wherever such assets are located. Thus, if it

is found that a neutral person who lives in a neutral country owns property in Germany and also is holding, in the neutral country, assets owned by a war criminal, it will be the rôle of Blocking Control to ensure that such neutral person is prevented from using his property in Germany. The blocking of such property would act as a lever to induce the neutral person to make available to Military Government the assets he is holding for the war criminal.

(B) **Inter-Relationship with Foreign Exchange Control.**—Military Government Law No. 53 (Foreign Exchange Control) blocks all transactions (a) by a person in Germany with respect to property outside Germany, (b) by any person if such transaction involves property inside Germany owned by a person outside Germany and (c) all other transactions in or involving foreign exchange. Property inside Germany owned by a person outside Germany is thus subject to both Blocking and Foreign Exchange Controls. Foreign Exchange Control is applied because of the *nature* of the *property*, whereas Blocking Control is applied because of the *category* of the *owner*. Thus property located outside Germany and owned by a German, whether he be Adolf Hitler or an acceptable German, is subject to Foreign Exchange Control. Co-ordination of policy between Foreign Exchange Control and Blocking Control will be made at the highest level.

(C) **Categories of Property.** (1) *What is Blocked.*—All property owned or controlled by any of the categories of owners enumerated in Military Government Law No. 52 is blocked. This includes the categories of persons and organizations specified in General Order No. 1 (Blocking and Control of Property) (*see* Appendix hereto) and also any organization or person enumerated in lists to be issued by Military Government from time to time.

(2) *Lists.*—The property of all persons, organizations, etc., contained in G-2 (Intelligence Services) blacklist cards, as amended and supplemented from time to time, will be blocked. G-2 personnel have such cards available at Army Group and Army Headquarters. From these cards G-2 personnel at Army Headquarters have prepared selected lists for given purposes and have effected distribution of such lists to Intelligence personnel at Corps, Division and other echelons.

(3) *Persons Taken Into Detention.*—As is provided in Military Government Law No. 52, the property of all persons taken into detention or other types of custody by Military Government will be blocked. Records of persons taken into such detention, etc., will be kept by G-2 and Military Government Public Safety Officers at Army and lower echelon Headquarters.

(D) **Licences.** (1) *Inter-Relationship with Property Control.*—All property subject to Military Government Law No. 52 will be blocked immediately both by virtue of such law and also where necessary by direct action of Military Government on an individual (*ad hoc*) basis. While certain of such property will be *taken into control* by Military Government Property Control Officers (P.C.Os.) very shortly after occupation begins, it is quite probable that most of such property will not be taken into control by Military Government until some future time. Licences to effect necessary transactions with respect to property which has not been taken into control by Military Government, through P.C.Os. and M.G.Os. exercising Property Control functions, will be issued under the supervision and direction of the highest Finance level of Military Government via the Reichs-

bank or any of its branches. As soon as a property has been taken into control by Property Control, a general licence authorizing such transactions with respect to the property as are authorized by P.C.Os. will be issued through the Reichsbank under such Military Government Finance supervision.

(2) *General Licences.*—At the date of printing of this Manual the following general licences (i.e., licences which permit, upon conformity with the terms and conditions contained therein, certain types of transactions or acts with respect to or involving specific categories of property) have been issued by Military Government. They are set forth in the Appendix hereto, and are described as follows:—

- (a) General Licence No. 1. Use of blocked accounts for the payment of living expenses of the depositor and his household.
- (b) General Licence No. 2. Payments into blocked accounts.
- (c) General Licence No. 3. Normal transactions in municipal property.
- (d) General Licence No. 4. Intra- and Inter-bank transfers for the purpose of effecting payments for taxes, social insurance premiums, etc.
- (e) General Licence No. 5. Normal transactions in certain church property.

It is to be noted that if a general licence has been issued which permits transactions *prohibited for no other reason* than the issuance of Military Government Law No. 52, there is no need for a specific licence to effect the transaction.

Military Government may exclude particular persons, transactions, properties or classes of properties from the privileges granted under Article IV of Military Government Law No. 52, or from the privileges conferred by General Licences.

It is contemplated that other General Licences will be issued by Military Government through the Reichsbank and its branches whenever the issuance of such General Licences becomes necessary. The Reichsbank is responsible for the appropriate distribution to all interested parties of General Licences and all other documents relating to blocking controls.

It is to be noted that under the provisions of General Order No. 1 (Blocking and Control of Property), the property of all organisations, institutions, agencies, and other entities dissolved by Military Government law or order are not entitled to business operating or government property operating privileges of Article IV of Military Government Law No. 52. Thus, unless specifically authorised by Military Government, a business enterprise dissolved by Military Government law or order will not be permitted to continue its operation; and a Reich agency, if dissolved by Military Government, will not be permitted to use its property for any purpose.

(3) *Applications.*—Applications for licenses to effect transactions prohibited by Military Government Law No. 52 and not otherwise permitted by any General Licence shall be made only to the Reichsbank and its branches. Application Form MGAF-A (1) for use in this connection is included in the Appendix hereto.

(4) *Duties of the Reichsbank.*—The initial duties of the Reichsbank with respect to Blocking Control are set forth in "Instructions to the Reichsbank and its Branches No. 2 (Instructions under Military Government Law No. 52)" which is also included in the Appendix hereto.

(E) *Reports.*—At the outset, the submission of reports of property blocked under Military Government Law No. 52 will be required only from financial institutions. Included in the Appendix hereto is Form MGAF (2) Series A, to be used by financial institutions for this purpose. Also included are "Instructions to Financial Institutions No. 2 (For the Preparation of Form MGAF (2) Series A)" which give full particulars in that respect. Report forms, to be used by insurance companies and other holders or owners of property blocked under Military Government Law No. 52, are in the Appendix. Financial institutions are required to submit MGAF (2) Series A to the nearest branch of the Reichsbank within 30 days of the effective date of Military Government Law No. 52.

Other forms and instructions for use by financial institutions, including the Reichsbank and other holders or owners of blocked property, together with necessary instructions to Financial Officers will be issued.

Duties of Financial Officers.

(A) Financial Officers will ensure that provisions and instructions contained in all documents relating to the blocking of property are complied with.

(B) Financial Officers will report to higher authority all violations of Military Government Law No. 52, and of any document issued thereunder.

(C) Financial Officers will see that an adequate number of copies of "Instructions to Financial Institutions No. 2 (Military Government Law No. 52)" are made available to the Reichsbank, and then distributed by the latter to all banks, including post offices, in the district. They will also ensure that the Reichsbank is made fully conversant with "Instructions to the Reichsbank and its Branches No. 2," and that Form MGAF (2) Series A is returned by the banks to the nearest branch of the Reichsbank, duly filled out, within the stipulated time limit. Extensions of the time limit will not be granted, except as may be authorised by higher authority.

(D) Financial Officers will make and maintain appropriate contact with G-2 personnel in order to have available for their use the selected lists obtainable from the G-2 personnel at Corps and Division Headquarters.

(E) Financial Officers will also maintain appropriate contact with G-2 and Public Safety Officers in order to obtain the names of all persons taken into detention or other types of custody by Military Government, other than those previously made available or contained on lists already issued.

(F) Financial Officers at Army Headquarters will be responsible for the preparation of *complete blacklists* from the cards available with G-2 personnel at Army Headquarters, and will see that such lists are promptly distributed to Financial Officers at lower echelons and to Military Government Officers exercising financial functions. Financial Officers at echelons lower than Army echelon, and Military Government Officers exercising financial functions, will ensure that copies of such lists are also made available to P.C.O.s. at the appropriate level.

(G) In all cases when the holder or custodian of property subject to Military Government Law No. 52 (as for instance the bank where an account is maintained) fails to block such property, Financial

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Officers will take all necessary measures to ensure the prompt blocking of all such property, and, in the case of banks, the immediate reporting thereof on Form MGAF (2) Series A. They will report such action to the C.F.A. in their regular periodic reports, and will advise the appropriate P.C.O. of any such action taken.

(H) Financial Officers may take necessary action to block property which should be blocked in order to effectuate the objectives of Military Government but which is not owned by any of the categories of owners enumerated in sub-paragraphs (a) through (f) of paragraph 1 of Article I of Military Government Law No. 52; in General Order No. 1, under said Law, as amended and supplemented from time to time; or in any cards or lists furnished by Military Government in connection with the blocking programme. In such cases he will make an immediate report to the C.F.A. of any such action taken, and will also notify the appropriate P.C.O. thereof. In the absence of a Financial Officer in any given area, the officer commanding the Military Government detachment (Detachment Commander) may order such property to be blocked only if immediate action is necessary. Otherwise he will first obtain the approval of the nearest Financial Officer before taking such blocking action. In cases where the Detachment Commander takes such blocking action, he will make an immediate report thereof to the C.F.A., and to the nearest Financial Officer, and shall also notify the appropriate P.C.O.

(I) If, in order to effectuate the objectives of Military Government, Financial Officers find that the privileges of a general licence issued under Military Government Law No. 52 or of Article IV of such law should be withheld from any person or transaction or property, they may order such withholding, giving a full and immediate report of such action to the C.F.A. In the absence of a Financial Officer in any given area, the privileges of a general licence, or of said Article IV, may be withheld from any person, transaction, or property, by the Detachment Commander only if immediate action is necessary. Otherwise he will first obtain the approval of the nearest Financial Officer before withholding such privileges.

(J) Financial Officers will be advised by Education and Religious Affairs Officers whenever the privileges of General Licence No. 5 are to be withheld with respect to transactions in property of institutions dedicated to public worship.

(K) In the absence of Financial Officers in any given area, the instructions contained in (C), (D), (E) and (F) will apply to M.G.Os. exercising Finance functions.

Chapter V CURRENCY

SURVEY

(A) **Nominal "Gold Standard."**—Article 1 of the Münzgesetz of 30th August, 1924, which has never been repealed, states:—"The gold standard prevails in the German Reich. Its monetary unit is the Reichsmark (RM.), which is divided into 100 Reichspfennig (Rpf.)."

The law defines the Reichsmark as equal to 1/2,790 kilogram of pure gold. Actually, however, Germany is on an irredeemable paper standard.

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(B) **Official Exchange Rates.**—These rates are fixed by the Reichsbank on the basis of the theoretical gold parities. They have been maintained only by rigid control of all foreign exchange transactions.

(C) **Reichsbank Notes.**—These are in denominations of from RM. 5 to RM. 1,000 and are the only media of exchange having full legal tender quality.

(D) **Subsidiary Coins.**—Denominations of these coins range from RM. 5 down to Rpf. 1 and they have legal tender quality for limited amounts.

(E) **Rentenbank Notes (Rentenbankscheine).**—These notes are issued by the Deutsche Rentenbank and are "legally admitted" media of exchange. The only denominations now circulating are RM. 1, 2 and 5 (1 Rtm. equals 1 RM.). They are in effect paper substitutes for metallic subsidiary coins. Although the Deutsche Rentenbank is in form a department of the Finance Ministry, its notes are in fact put into circulation through the Reichsbank.

(F) **Currency in Circulation.**—By December, 1944, Reichsbank note circulation exceeded 45 thousand million marks. In 1930 circulation was RM. 6.5 milliard; in August, 1939, it was approximately 8.9 milliard; in December, 1940, approximately 14 milliard; in December, 1941, approximately 19 milliard; in December, 1942, 25 milliard, and December, 1943, 34 milliard. Since the beginning of the war note circulation has therefore increased more than five-fold.

(G) **Cover for Reichsbank Notes.**—The law provides that the Reichsbank must hold a gold and foreign exchange reserve "in amounts necessary to settle international balances." Aside from this, Article 21 of the Reichsbank Law provides that the note circulation must always be covered by: (a) Good commercial bills falling due within 90 days; (b) Non-interest bearing Treasury Bills (Reichswechsel) maturing within 90 days after date of purchase; (c) Interest bearing or non-interest bearing Treasury notes (Verzinsliche und Unverzinsliche Schatzanweisungen) of the Reich, or bonds which are admitted to official trading on the Stock Exchanges; (d) Advances falling due on demand and secured by eligible collateral. In practice, the "cover" for the Reichsbank notes is now mostly German Government debt.

(H) **Reichskreditkassenscheine.**—These notes constitute a special emergency occupation currency denominated in Reichsmarks. They are used to pay troops and purchase supplies in foreign countries occupied by Germany. Military decrees made them legal tender in those countries at fixed rates of exchange, corresponding more or less to pre-invasion German official rates. These notes are not acceptable in Germany, and their exportation from the area in which they are put in circulation is forbidden. In most areas, such currency was used only as a temporary device, pending arrangements with the local government for the payment of occupation costs in local currency. According to official German sources, the circulation amounted to RM. 1.8 milliard at the end of 1941, 2.16 milliard at the end of 1942, and 3.1 milliard at the end of 1943.

(I) **Army auxiliary currency (Wehrmachtbehelfsgeld).**—This is used to pay troops, and is worth ten times its face value for purchases in Army canteens. This currency can be remitted to Germany by the soldiers, who, in that case, receive credit in Reichsmarks at ten times the face value of the auxiliary currency remitted.

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Warning Against Invalid Currency

(A) Only three types of paper currency are legal tender or valid in Germany at present. They are: (1) Reichsmarks, (2) Rentenmarks and (3) Allied Military Marks (Alliierte Militärbehörde Mark). German military currency, such as the Reichskreditkassenscheine, is not legal tender in Germany. "Marks" as distinguished from Reichsmarks or Rentenmarks are not legal tender. No German paper currency in excess of denominations over RM. 1,000 is valid. No currency which is not legal tender or valid may be accepted for any purpose whatsoever.

(B) Reichsmarks are issued by the Reichsbank under a decree (dated 30th August, 1924, or later), which appears on all such notes. All Reichsmarks also bear a date of issue, the earliest date of issue being 11th October, 1924.

(C) At present, only denominations of Rentenmarks 1, 2 and 5 are valid. Rentenmarks are issued under decrees dated 15th October, 1923, or later, which appears on all Rentenmarks. The date of issue also appears on all Rentenmarks and will be 2nd January, 1926, or later. The 5 Rentenmark notes were scheduled to be withdrawn from circulation during 1943, but it appears they have not all been withdrawn. All notes of 10 Rentenmarks or more are invalid.

(D) Allied Military Marks are in all respects legal tender in Germany and are exchangeable for Reichsmarks or Rentenmarks of equal face value. (Military Government Law, No 51.)

Policies

(A) The main task of the Currency Section of the Finance Branch will be to provide currency and Allied Military Stamps, if used, to the Allied Armed Forces and to the Military Government Administration.

(B) In order to carry out this task, the Currency Section will probably establish itself in or near the Chief Office of the Reichsbank, either at Berlin or in the chief centre serving the occupied area. As soon as practicable, the Currency Section will use the Reichsbank's machinery for the purpose of paying out and receiving funds, wherever necessary.

(C) Until the procedure outlined in para. (B) is practicable, it may be necessary for the Currency Section to distribute cash by delivering actual notes in wooden boxes, by truck or otherwise, to the points at which cash is required. This delivery of cash may be effected by Sub-Agencies of the Currency Section, each consisting of one or two Currency Section Officers. These Sub-Agencies may have to be established in sufficient numbers to cover the whole occupied area.

(D) Special regulations governing the accounting system for the Currency Section have been issued to those concerned.

Instructions

(A) Apart from the duties indicated in Part II of the Military Government Handbook, in regard to currency, Financial officers will NOT ordinarily be concerned with carrying out Currency Section functions, unless they have been appointed to be officers of that Section.

(B) All Financial Officers, however, should make themselves as familiar as possible with the duties and procedure of the Currency Section, and be prepared to render any assistance which may become necessary.

Chapter VI

ACCOUNTS AND AUDITS

Survey

The Accounts and Audits Sub-Section of the Finance Section is concerned with the establishment and maintenance of an accounting system designed to maintain financial and statistical records for Military Government Administration and for ultimate inter-governmental settlements. There will be centralized control accounting in operation at C.F.A. level. The instructions in this manual, however, only cover accounting procedure for Sub-Accountants. Separate instructions will be issued to C.F.As. of Army Groups or similar formations covering the consolidation and auditing of Sub-Accountants' records and the reports to be filed with SHAEF, G-5, Financial Branch during the period of SCAEF responsibility.

Policies

The prescribed standard forms and records will be maintained for all Military Government financial transactions.

Instructions

A. General.—In order to carry out the above policy all Military Government Officers handling Military Government funds will comply strictly with the instructions and provisions set forth in this Manual, and with such instructions as may be issued hereafter.

1. The Controller of Finance and Accounts (C.F.A.) is the Senior Military Government Financial Officer at Army Group Headquarters during the period of military operations, or the Senior Military Government Financial Officer on the H.Q. Staff administering Military Government in liberated or occupied territory.

(a) The Chief Accountant will establish and develop Military Government accounting and financial reporting procedure; prepare technical instructions to Sub-Accountants and other Military Government personnel handling Military Government funds; co-ordinate accounting procedure of other sections of Military Government; analyse and consolidate the accounts rendered by Sub-Accountants; maintain records at C.F.A. level and prepare and submit reports to higher authority as required.

(b) The Auditor will audit records and vouchers submitted by Sub-Accountants; audit the accounts and records of the Chief Accountant; audit the accounts and records of the Currency Section, the Property Control Section, and other Military Government Sections as deemed advisable; and conduct field examinations and submit to the C.F.A. reports of such examinations.

2. *Sub-Accountants.*—A Sub-Accountant is any Military Government Officer who is so appointed by the C.F.A.; except that a Military Government Officer commanding a Detachment who is appointed as Sub-Accountant is authorized to delegate any part

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