

DECLASSIFIED  
 Authority 949659  
 By EK NARA Date 7/24

RG 59  
 Entry CD 60-63  
 File 261,62,22/72260  
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FOREIGN SERVICE DESPATCH

FROM : Amembassy BERN

421  
 DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

January 29, 1960  
 DATE

REF : Department Instruction A-57, December 8, 1959

L/E

For Dept. Use Only	ACTION	DEPT.
	REC'D	OTHER
	<u>2-3</u>	<u>RM/R REP. IRC-6 ICW-11 E 7-SCS-2</u> <u>CA 10 TR 3 OAP 3</u>

SUBJECT: Heirless Assets in Switzerland

The Embassy regrets the delay in responding to the referenced instruction; the delay was caused by the prolonged absence from Bern of the officer in the Swiss Political Department primarily concerned with the issue.

On January 28, 1960, the drafting officer called on Mr. Alfred WACKER of the Legal Office of the Federal Political Department to discuss the question of heirless assets in Switzerland. While Mr. Wacker is not the action officer, he is familiar with the problem. It was made clear to him that only information was being sought. The whole issue was reviewed, including the statement made by the Swiss Government in 1952 that it would give sympathetic consideration to the application of heirless assets of victims of National Socialism to the relief and rehabilitation of such victims, should such assets exist in Switzerland.

Wacker said that the Government still is giving such sympathetic consideration and is currently studying the problem from all points of view. He indicated that the Federal Council still has not made up its mind whether to present draft legislation to the parliament and that this point will be decided only when a full study has been completed. He stated that the problem is a very complicated one and that additional complications have resulted from the election of four new men to the Federal Council—men whose views on a problem such as the one at hand are not known.

Wacker, an intelligent young Swiss Foreign Service officer, outlined the following as examples of the problems faced:

1) The question of discovery of assets. He pointed out that the almost sacrosanct Swiss banking secrecy laws would have to be modified in order to require custodians or trustees to report the existence of known or suspected heirless assets of the sort under discussion. Some banking circles are not well disposed to the modification of the present laws, as what they consider an unhealthy precedent may be established.

2) The administration of any discovered assets. Wacker said that the Government is opposed to the establishment of any new bureaucracy to administer heirless assets. In true Swiss fashion, they are also concerned with any possible administrative expense.

3) The need for and methods of coordination with foreign authorities. Under this heading, Wacker included points such as the confirmation of the death of an

WPBlumberg:jms

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LEGAL ADVISER  
Feb 9 1960  
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Encl. No.

Disp. No. 118

From Bern

individual, the reasonable assurance that no heirs to the property exist and the problems involved in assets physically located elsewhere but under the control of a Swiss custodian. He said that he was aware of cases where property had been disposed of as heirless and that then heirs were found. The Swiss were deeply interested in avoiding any possible legal action arising out of the improper disposal of purportedly heirless property. He implied that the Swiss were also generally concerned with retaining the reputation they have for strict and confidential administration of property left in their care.

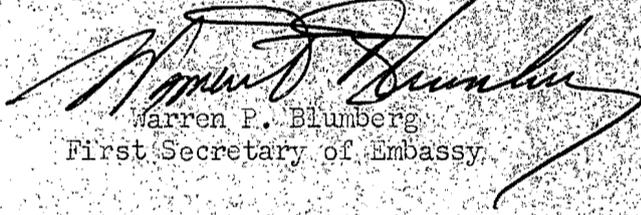
In response to a question, Wacker said that the Federal Council's decision to present to the Parliament a program of disposing of heirless assets would rest in large part upon determinations that (a) the program was in accord with the Constitution, (b) it was administratively feasible, and (c) it was agreeable to the banks and other interested parties. He also pointed out that the reaction of the Parliament could not be predicted.

When the interest of the United States was explained, Wacker said that he thought a final decision would be made sometime within the next six to nine months. He indicated that, as a personal view, he thought that any direct intervention by the United States would be counterproductive. Wacker tied this issue in with the general problem of Swiss sensitivities concerning the disposition of enemy assets in Switzerland, the Washington Accord and the Interhandel case. He said that should Interhandel be satisfactorily disposed of, the Swiss would be more sympathetically inclined to an American approach. At this point, the drafting officer repeated that he was not making a démarche but was simply seeking information about the current status of the question. Wacker replied that he understood this but was merely suggesting that we refrain from officially raising the matter at this time.

Embassy Recommendation:

The Embassy agrees with the Department that a tripartite approach to the Swiss is premature. It is suggested that the matter be allowed to take its natural course and that the Embassy be instructed to seek further information on the issue during the month of May. At that time the question of a formal approach might be reviewed.

For the Ambassador:



Warren P. Blumberg  
First Secretary of Embassy

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By EK WAPA Date 7/24

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April 12, 1960

In reply refer to  
SCS 261.0041/4-160

Dear Senator Douglas:

The Department has received your letter of April 1, 1960, enclosing a letter from your constituent, Mr. Harold I. Levine, requesting to be furnished with forms for use in filing claims of Jewish citizens against the German Government.

It is believed that Mr. Levine has reference to the recent passage by the House of Representatives of H.R. 2485. This bill is presently being considered by the Senate. If enacted, it would authorize the Foreign Claims Settlement Commission of the United States to receive and determine claims of United States nationals for certain losses sustained during World War II in specified countries of the European war area. The bill provides that such losses must have arisen as a direct consequence of military operations of war or of special measures directed against the property during the war because of the enemy character of the owners between September 1, 1939 and May 8, 1945.

Should the above described legislation finally be enacted, it is anticipated that suitable publicity will be given in the press and other news media to such action and, at that time, interested persons should communicate with the Foreign Claims Settlement Commission or the designated agency.

The enclosure to your letter is returned herewith, a copy having been made for the Department's files.

Sincerely yours,

For the Secretary of State:

*Allyn G. Donaldson*  
Secretary of State

Allyn G. Donaldson  
Director  
Office of Special Consular Services

S/S-CR  
APR 11 1960 P.M.

Enclosure:  
From Mr. Harold I. Levine,  
March 28, 1960

The Honorable  
Paul H. Douglas,  
R.S. United States Senate.  
SCA:SCS:MLCansler:jk

4/8/60

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**United States Senate**  
 COMMITTEE ON BANKING AND CURRENCY

**ACTION**  
 is assigned to  
*[Signature]*  
 SCS

J. H. YINGLING, CHIEF OF STAFF  
 MATTHEW HALE, CHIEF COUNSEL

April 1, 1960

Honorable Christian A. Herter  
 Secretary of State  
 U.S. Department of State  
 Washington 25, D.C.

My dear Mr. Secretary:

Would you kindly obtain through the proper channels the forms requested in the enclosed letter by my constituent, Mr. Harold I. Levine, of Chicago, Illinois.

Your help in this matter will be greatly appreciated.

With best wishes,

Faithfully,

*[Signature]*  
 2152

Paul H. Douglas

PHD/es  
 enc. att H.B.  
 v

*ack by phone 4-7-60*

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*ltr to Douglas*  
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Letter and enclosure. 262.0041/4-160

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LAW OFFICES OF  
**APLON, EISENSTEIN, ALEXANDER & LEVINE**  
33 NORTH LA SALLE STREET  
CHICAGO 2, ILL.  
FINANCIAL 6-2344

CARL B. APLON  
HAROLD I. EISENSTEIN  
ARNOLD ALEXANDER  
HAROLD I. LEVINE

March 28, 1960

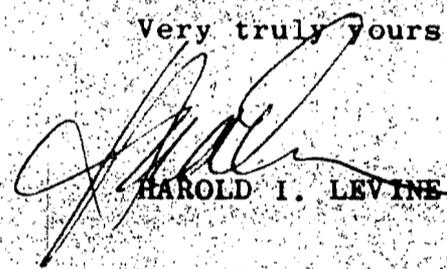
Paul Douglas  
United States Senator  
Washington, D. C.

MAR 30 1960

Dear Senator Douglas:

I would appreciate it if you would send me the applicable forms to cover claims of Jewish citizens against the German Government.

Very truly yours,

  
HAROLD I. LEVINE

/jlb

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FOREIGN SERVICE DESPATCH

EUR INDEX  
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FROM : AMEMBASSY, BONN

1168

TO : THE DEPARTMENT OF STATE, WASHINGTON.

DESP. NO.

January 27, 1960

REF : Dept's Instruction A-130, October 21, 1959

DATE  
JAN. 29 1960

For Dept. Use Only	ACTION	DEPT.
	REC'D	OTHER
	EUR-9	RM/R-2, IRC8, L-2
	2/1	AIR-1, ARMY-4, CIA-10, JUS-1, NAVY-3

SUBJECT: German Federal Indemnification Law

262-0041/8-1037  
EUR-IRC L-AIR ARMY - CIA - JUS - NAVY

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Pursuant to the referenced instruction, the Embassy discussed with representatives of the German Foreign Office the question of the retroactive application of the Administrative Agreement of June 23, 1959 concerning Section 41 of the Federal Indemnification Law. Several previous attempts of the Embassy to reach by telephone Mr. Katzenstein of the Claims Conference in Germany had been unsuccessful.

The result of these discussions may be outlined as follows: When the Agreement was being negotiated it was the general intent that the more favorable interpretation of Section 41 should be retroactively applied. The problem now existing is essentially an administrative one. Had the retroactive aspects been spelled out in the Agreement itself the German Laender authorities feared they would have had to deal with a large volume of applications for claims many of which might not, in fact, raise an issue under Section 41. This would delay current operations. They feel that justice on the whole will be much better served if they process all current claims and reexamine themselves cases which might have been more favorably treated had the Agreement on interpreting Section 41 existed earlier.

For the Ambassador:

William R. Tyler  
William R. Tyler  
Counselor of Embassy

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DEPARTMENT OF STATE INSTRUCTION

1678

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NO: A-97, April 19, 1960

SUBJECT: Heirless Assets in Switzerland

TO: The American Embassy, Bern

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Reference is made to Bern's despatch 21 of January 29, 1960.

The Department has noted from the reference despatch that the Swiss official consulted states that the Swiss Federal Council is still giving sympathetic consideration to the application of heirless assets to the relief and rehabilitation of the victims of National Socialism as indicated by its statement of 1954. It appears from the comments by the Swiss official reported in the Embassy's despatch that the prospects of early action by the Swiss Government are not bright despite Switzerland's commitment to take action in these matters.

With respect to the points raised by the Swiss official as examples of the problems facing the Federal Council, it could seem that the sensitivity of the Swiss bankers to any administrative review of dormant accounts should not be the controlling factor. If the Swiss bankers in fact know who their depositors are, as they so often claim, and an account has been inactive for fifteen years or longer, it should not be impossible to isolate such accounts which may be in fact heirless assets. With respect to the confidential examination of accounts, we understand that there is an existing government auditing service which, in cooperation with the Bankers Association, can undertake the task without the necessity of new legislation.

With respect to the necessity and expense of creating a new Swiss agency to administer an heirless assets program, it might be pointed out that procedures exist for eliminating this problem. Thus, as has been done in other countries, the Swiss could turn over presumed heirless assets to a Successor Organization which would contract to meet any claims and create a reserve fund for contingencies.

Coordination with foreign authorities and international agencies should not be difficult since the Successor organizations have considerable experience in this field working in Germany, Austria and other countries.

The remark

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APPROVED BY: Philip H. Chadbourn, Jr.

CLEARANCES: L/E - Mr. Maurer

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The remark of the Swiss official as reported that the Swiss would have greater sympathy for heirless assets disposal if Interhandel could be satisfactorily disposed of is considered inappropriate and irrelevant.

The large scale program initiated after the war to locate heirless assets and use the proceeds for the rehabilitation of Nazi victims is drawing to a close. The various groups which have participated in this work were successful in finding such assets in Germany, the UK, Austria and other countries, including the United States. In view of Switzerland's unique position as an international banker and safehaven in Europe, it is considered unlikely that heirless assets do not exist in that country. It has been eight years since the Swiss announced a willingness to assist in this program, yet nothing has been done, and based on past experience it is considered unlikely that the Swiss will voluntarily take any action. There are American citizens and organizations with a direct and legitimate interest in this problem which are urging that representations be made to Switzerland.

It is noted that the Embassy recommends waiting until May before seeking further information informally from the Political Department and then determining what the future course of action should be. The Department believes that we should step up our timetable in order to make our views clearly and promptly known to the Swiss Government. Accordingly, the Embassy is requested to review this problem once again with the Political Department in order to ascertain the present status of any Swiss project and to indicate that we intend shortly to raise the matter officially. A prompt report of this meeting would be appreciated. Depending on the outcome of this conversation it may be appropriate to present the Political Department with a note along the following lines:

"The Embassy wishes to draw the attention of the Federal Political Department to the long outstanding question of locating and liquidating assets in Switzerland of persons who disappeared during the 1939-45 war without heirs or assigns. It will be recalled that in 1952 the Governments of France, the United Kingdom and the United States requested that the Government of Switzerland give sympathetic consideration to the application of the assets of heirless Nazi victims to the relief and rehabilitation of other victims of National Socialism. In an exchange of letters on August 28, 1952, the Government of Switzerland gave its agreement to this concept.

During the intervening years, substantial progress has been made in locating heirless assets in Germany and other countries. A workable system has been developed with the cooperation of various international private organizations for carrying out the intent of the interested Governments.

In most of

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In most of the countries where sizeable assets of this type were located the programs are nearing completion. The organizations which have handled the funds will either be disbanded or turn to other work. Accordingly, the United States would appreciate any information from the Government of Switzerland about its plans or intentions with regard to the location and disposal of heirless assets in Switzerland."

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Robert D. SteefelDr. George H. Jacoby  
Lugano, Switzerland  
European Director**AXIS VICTIMS LEAGUE, INC.**An Association for Restitution and Compensation  
of Rights and Interests to Axis Victims**ACTION**  
is assigned to

EUR

**HONORARY CHAIRMEN**Dr. Ricardo J. Alfaro  
Sylvan Gorshal  
Prof. Carl Neuberg  
Prof. James H. Sheldon

April 25, 1960

**HEADQUARTERS**60 East 42nd St., Room 4410  
New York 17, N.Y.  
Tel. Murray Hill 2-7750State Department  
Washington, D.C.

Gentlemen:

We would like to discuss a problem, bound to arise out of the Bonn Agreements in the near future.

1. We refer to Article 4, 3., Chapter Three - Internal Restitution, Convention on the Settlement of Matters, etc.:

"... The obligation of the Federal Republic to the Three Powers with respect to money judgments and awards under Paragraph 1 of this Article shall be satisfied when such judgments and awards shall have been paid or shall, if the Federal Republic so requests, be considered to have been satisfied when the Federal Republic shall have paid a total of DM 1,500,000,000. thereon. ..."

When this provision was under discussion the estimate of the German negotiators was that the aggregate amount of the future awards might not reach DM 1½ Billion, and - at the worst - would exceed DM 1½ Billion by no more than 10%. Today it is sure that the aggregate amount of the awards, rendered by the German authorities and courts, will be far larger than DM 1½ Billion plus 10% and may reach 3 Billion. In other words, there is likelihood that under this limitation, agreed upon

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Dr. George H. Jacoby

in the Bonn Agreements, the Nazi victims whose property was seized by the Reich may receive no more than 50% from the Bund and, surely, far less than originally contemplated by the negotiators of the Agreements.

2. (a) Whether an increase in the amount of DM 1½ Billion for the payment of these awards has as yet been made the subject matter of formal high-level discussion within the German Government, we do not know, but we have reason to believe that officials within the German Government are considerably agitated by the prospect of so small a "dividend" on the compensation awards for "stolen property", and that those officials want to remedy this situation.

(b) Such an attitude of Germany would not be surprising. Indeed, after the signing of the Bonn Agreements prominent Germans criticized the German Government for having accepted the Allied offer of a limitation of payments. It was argued by them that on the ground of morality compensation for plain robbery should be in full and should have priority over all other liabilities. If the State Department should not be aware of this attitude of Germans, we can supply information.

Considering that such was the reaction at a time when the German Government thought and stated that the "dividend" was not expected to be below 90% and when the economic power of Germany was far

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below its present state - how much more appeal must such a moral argument for full payment of these awards have at this time.

(c) And now an additional argument on political grounds can be made which in our opinion is of equal usefulness to us and to the Germans. Neo-Nazistic actions have recently been observed in Germany and various other countries. These actions have made it clear that there is an international movement on foot. The urgency for us not to encourage, but to discourage such a movement is obvious. If Nazi victims will now be given only a crumb of 50% of the value of their property, stolen by the Nazis, this is water on the mill of the Neo-Nazis. If, on the other hand, the German people out of their own pocket pay full compensation for the crimes their predecessors committed, this would indicate a depth of loathing of the Nazi past which must help discourage Neo-Nazis and, at the same time, elevate the prestige of the West German Government.

(d) An expression of willingness to pay in full for property stolen by the Nazi regime would also be of tactical advantage for us and the West Germans in the relations with the U.S.S.R. Khrushchev has for a long time - and particularly within the last months - accused the West German Government of Nazism. He uses this accusation to show the alleged political unreliability of the West German Government compared with East Germany. The facts are: While the policy of eliminating Nazis from influence was not a complete success in West Germany, in East Germany such policy did not

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exist, and relatively more Nazis there than in West Germany retained and still retain their influence. And the most effective remedy for denazification, namely compensation and restitution for the Nazi victims, was not even attempted in East Germany or, when attempted as in the Land Thuringen, ruthlessly suppressed by the Soviet occupation army.

We believe that, if West Germany - despite the provisions of the Bonn Agreements - will pay the awards for the theft of property in full, this can be made an effective lever for showing up the deception in the Khrushchev accusations and, by way of counter-offensive, for showing up East Germany's dereliction in driving out the Nazi influence, a dereliction explainable only by the similarity of some basic concepts in the Nazi and Communist systems.

3. We respectfully suggest that the initiative in striving for full compensation for the Nazi victims whose property was seized should come from us:

(a) It is true, that the Bonn Agreements provide that the awards shall be considered satisfied by the payment of DM 1½ Billion only "if the Federal Republic so requests". To the signatory powers no such request has been made. However, the German law regulating the procedure for the rendering of the awards and their satisfaction provides for the unconditional payment of 50% within specified periods (in doing so the statute goes

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beyond Germany's obligation under the Bonn Agreements), but with respect to the remaining 50% the statute provides for payments only which in the aggregate will not exceed DM 1½ Billion. Thus, particularly as the Bonn Agreements do not state to whom such a request is to be made, it would seem that the German statute, enacted on the basis of the provision of the Bonn Agreements, is a sufficient "request". If nothing further happens this law will be applied, and that means that, if the last claim will have been decided, the "dividend" will be announced by the German Government and paid according to the German present statute unless changed.

If, however, the State Department should take the position that under the Bonn Agreements a formal request must be made to the signatories, then surely it is necessary that the initiative in discussing this matter be taken by the State Department at an early date. Otherwise, there may be unpleasant mutual re-criminations if Germany simply announces the "dividend" without a formal request. It is respectfully suggested therefore that your discussions of the problem be initiated as soon as possible to avoid any such mutual re-criminations.

(b) Even though Germany desires not to avail herself of the privilege of limiting her payments of these awards to a total of DM 1½ Billion, she may hesitate to initiate discussions on this

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subject matter. After all, a number of problems were left unsolved by the Bonn Agreements and decision thereon was reserved "until the peace treaty or earlier". Right now, several Allied states - we believe each for itself - are negotiating with Germany on some of these "reserved" problems. It may well be that Germany hesitates to take the initiative in the matter of the DM 1½ Billion because she fears that such action may place her in an unfavorable tactical position in the pending negotiations with other countries.

If the State Department takes the initiative - not in official notes, but in diplomatic discussions - Germany need not fear an unfavorable effect on her pending negotiations. On the contrary, it may well be that such diplomatic initiative will lead to a satisfactory solution not only of this particular problem, but also of various problems, if not all, which were reserved by the Bonn Agreements for later solution. Although we do not underestimate the importance for us and for Germany of settling these problems "earlier" than the peace treaty, particularly in view of recent developments, we shall not discuss this matter here except to say that these problems all arise out of the war and, therefore, are Allied business which can be solved best, under the leadership of the United States as the leader of this Alliance, by informal discussions between Germany and all Allies concerned on all of the problems still outstanding.

(c) Germany may also prefer to have the United States take the

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initiative in reopening the matter of payment in full of the awards because a great many of the creditors are American citizens and citizens of other Allied countries, and thus some of the payments are to be made abroad and may theoretically affect the London External Debt Agreement. We understand that in her negotiations with various countries on other "reserved" matters Germany has rejected - at least temporarily - certain proposals because of possible objections by the signatories of the Agreement. We are sure that all of the signatories would heartily approve Germany's payment of the awards in full. But, if the United States, the driving force in the London settlement, takes the initiative in the discussions about full payment of the awards, such difficulty will be avoided.

4. Conclusions:

- (a) Payment-in-full of the German awards involved in the above stated provision of the Bonn Agreements is not only just to the injured Nazi victims, but also beneficial to the United States, our Allies and Germany herself.
- (b) The initiative in solving this problem must come from the State Department. Early action is required.
- (c) Such action should begin with discussions with the German Government of an exploratory nature concerning the facts of the situation and the intention of the German Government.

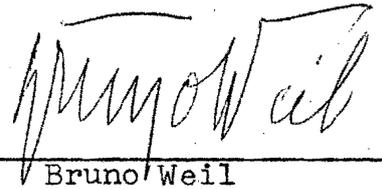
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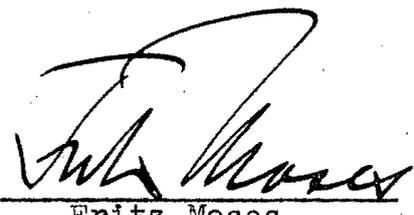
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We shall appreciate receiving information whether the problem is under consideration by the State Department; whether discussions have been held with the German Government; what the present status of such discussions, if held, is; and, if the problem is not under consideration, whether the State Department will explore the matter and, depending on the results, exercise its influence in the "reserved" field of restitution to induce the German Government to waive the right to make the "request" and to pay the awards in full.

Very truly yours,

  
Sylvan Gotshal  
Chairman

  
Bruno Weil  
President

  
Fritz Moses  
Vice-President

FM:rs

there is likelihood that under this limitation, agreed upon

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FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY BONN

TO : THE DEPARTMENT OF STATE, WASHINGTON.  
CERP Section D, V-A-4,

June 7, 1960  
DATE

REF : Emb Airgram G-673, Emb Despatch No. 1289, February 12, 1960

262.0041/6-760  
EUR INDEX

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	6/11	JUS-1, OAP-3, FCSC-3, CIA-10, TR-3, COM-10, FRB-3

SUBJECT: Compensation for Reparation Losses

262.0041/2-1260  
EUR-IRC-L-SCS-ICA-COM-TR  
OAP-CGAS-FCSC-JUS-FRB-SUM

On May 20 the Cabinet approved directives or regulations (Richtlinien) on the basis of which loans may be extended to persons who suffered losses through the seizure of their property as reparations or as internal or external restitution. These regulations amplify the hardship provisions contained in Section IV of the General War Sequel Law (Kriegsfolgesgesetz) which permit some compensation for such losses. The new regulations serve as a means of granting interim assistance until the entry into effect of a law providing for compensation of reparation and restitution damages envisaged in Art 3 of the General War Sequel Law. They are in effect the first step in carrying out the provisions of Chapter Six, Article 5 of the Agreement on the Termination of the Occupation Regime between the Three Powers and the Federal Republic of Germany which became effective May 5, 1955.

The regulations provide for granting non-interest bearing loans which will be subject to repayment only in certain cases. It is understood that these cases pertain to assets abroad which may subsequently be returned to the original German owners.

The granting of these loans is to be in accordance with the principles for the payment of Main Compensation contained in the Equalization of Burdens Law (Lastenausgleichsgesetz). The categories for which such loans may be granted, assuming all other requirements are met, and the limits are as follows:

Distribution:

- Department please pass: Attorney General, (Office of Alien Property)  
Foreign Claims Settlement Commission
- |                  |   |                      |   |
|------------------|---|----------------------|---|
| Amembassy London | 1 | All Amcongen Germany | 1 |
| Amembassy Paris  | 1 | Amcongen Munich      |   |
| USRO, Paris      | 2 | Attn: Mr. Charig     | 1 |
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1. Persons 75 years of age and older may receive loans up to a limit of DM 50,000,
2. Persons between 65 and 75 years of age may receive loans up to DM 5,000,
3. Persons under 65 years of age who are in financial distress and meet certain conditions may receive loans up to DM 2,000,
4. Persons irrespective of age who are paying for the education of children may receive loans up to DM 2,000.

These loans are to be deducted from compensation which may be made later under a special law. The final settlement of the problem by legislation has been delayed because of resistance by associations representing persons who had suffered such damages. These associations have demanded compensation in excess of that established by the basic standards contained in the Equalization of Burdens Law. In addition, there is a legal question to be settled by decision of the Federal Constitution Court ~~and~~ involving the right of corporations to compensation for such losses.

Applications for loans may be made by natural persons of German nationality who have suffered damages due to the seizure of their property for reparation purposes under Allied or other foreign laws or for restitution in cases where fair payment for such property was originally made. In order to receive loans the claimants must have their permanent residence in the Federal Republic. Germans residing abroad can only receive interim assistance in the case of reparation or restitution damages under Sections 4 and 5 of the General War Sequel Law which provides for aid to natural persons in case of hardship and loans for economic promotion measures undertaken by enterprises having suffered reparation or restitution damages.

The main difference between the interim aid provided by these regulations and the hardship aid provided by the General War Sequel Law is that under the new regulation the granting of a loan in case of old age or for the education of the children is not dependent upon the financial status of the claimant.

The regulations will enter into effect on the date of their publication in the Bundesanzeiger. Such publication, however, must await the conclusion of agreements with the Laender Governments concerning the administrative implementation. In addition, the Budget Committee of the Bundestag has to give its approval to the release of the funds for granting this interim aid. On the basis of present estimates by officials of the Ministry of Finance the first administrative steps will be taken by the end of summer or by early autumn.

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In contrast to the situation reported in the reference airgram this program is now receiving some publicity. The Federal Government has provided the public with the general outlines of the legislation in the form of a short article published in the Federal Bulletin No. 97 of May 24, 1960.

In view of the relationship of this settlement to the problem of German assets in the United States the Embassy has endeavored to ascertain what type of settlement a person of 75 years of age with property amounting to \$10,000 would receive. The compensation would be computed on the basis of the Main Compensation contained in the Equalization of Burdens Law. This is calculated by adding all ascertained damages and losses with the exception of losses of household effects. The compensation is granted on a graduated scale, some examples of which are given below:

Basic Rate of Main Compensation

<u>Damage Amount in RM</u>	<u>Main Compensation in DM</u>
800	800
4,600	4,600
10,000	6,200
20,000	8,400
50,000	12,750
100,000	17,800
500,000	43,500

In the case of foreign property an administrative decree governing the conversion of losses in currencies other than Reichsmark for the purpose of ascertaining the damage amount in Reichsmark is to be issued at a later date. According to the Ministry of Finance it is unlikely that the U.S. dollars will be converted into Reichsmark at a rate of \$1.- = RM 4.20. It is more likely that such conversion will be effected at a rate of \$1.- = RM 2.50, the exchange rate applicable in 1941 until the United States entered the war. However, no definite decision has as yet been made.

If a rate of \$1.- = RM 2.50 is actually fixed for the conversion of damages resulting from the seizure of property in the United States, a person who suffered a loss of \$10,000 (=RM 25,000) would be entitled to a Main Compensation of DM 9,053 plus interest of 1 percent for each quarter of a year as from January 1, 1953. Therefore, the interim assistance to which he would be entitled under the present directives at the end of 1960 would be roughly DM 12,000. A person between 65 and 75 would receive only DM 5,000 of that amount.

In order to carry out this program for losses of property in the United States it will be necessary for the Federal Government to

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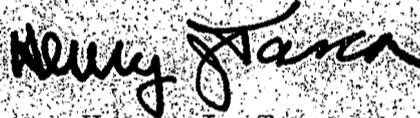
AMEMBASSY BONN

obtain information from the files of the Office of Alien Property. Although the type of information in which German authorities might be interested has not been specifically defined such information, at least initially, would probably include the following: 1) names of prevesting owners, 2) numbers and dates of vesting orders, 3) description of property vested, 4) value of property at time of vesting, 5) liquidated value, 6) lease against property and amounts of settlement of made.

It is understood that the Federal Government is now obtaining similar information in the form of photostats of records from the British Government and that the Federal authorities would like to make similar arrangements with the United States.

Since the United States may be interested in obtaining information and records from the Federal Republic which would facilitate settlement of war claims, consideration might be given to an exchange of information on a gratis basis.

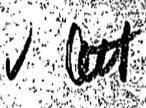
FOR THE AMBASSADOR:



Henry J. Tasca  
Minister for Economic Affairs

COORD: E/FP-WMBrown <sup>WMB</sup>

POL - Mr. Waldstein <sup>JTW</sup>  
Contributor: E/FP-MEVeithard

Enclosure: 

Draft directives.

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The Federal Minister of Finance  
VI A/1 - 04013 162/60

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Bonn, May 5, 1960

Draft Directives for the Granting of Loans to Persons having Suffered  
Reparation or (Internal or External) Restitution Damages of ----- 1960

In accordance with Art 3, para 1, items 1 and 2 of the General War Sequel Law of Nov 5, 1957 the final treatment of reparation and (internal or external) restitution damages has been reserved for regulation by a special law. In order to provide some interim assistance until such a law is passed, means have been appropriated under Chapter 6004, Title 315 of the Federal Budget for the granting of loans, to persons having suffered reparation or (internal or external) restitution damages. These loans are to be repayable under certain conditions only. The granting of loans out of these means shall be subject to the following directives issued by the Federal Government:

Section IMaterial and Personal Conditions, and Amount of LoansArt. 1. Damages to be considered.

Within the scope of the available budgetary means loans may be granted to natural persons who have suffered reparation or external restitution damages (Art 2) or internal restitution damages (Art 3), in accordance with the following provisions:

Art. 2. Reparation and external restitution damages.

Reparation or external restitution damages in the meaning of these directives are damages which accrued to German nationals (Art 7) in connection with the events of World War II and the ensuing occupation period as the result of the seizure of their property (Art 4) for reparations or for external restitution on the basis of laws or other orders of foreign governments for the liquidation of German external property or on the basis of orders of the occupying powers or of arrangements which had to be concluded on the instructions of the occupying powers.

Art. 3. Internal restitution damages.

Internal restitution damages are damages which accrued to persons obliged to restitute property in accordance with the provisions on the restitution of identifiable property, except damages suffered by persons who had obtained property which was subject to restitution, without having made adequate payment or by a legal transaction contra bonos mores or by exercising a threat or the exercise of a threat in

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their favor or by illegal withdrawal or any other unlawful action.

Art. 4 Assets.

(1) Damages in the meaning of Arts 2 and 3 must have arisen

1. in the case of reparation damages in respect of German property abroad and in the German Eastern territories now under foreign administration, including loss of foreign securities, and in the case of damages resulting from internal restitution:

a. to assets which are agricultural or forestry property, real estate or operating assets in the meaning of the Valuation Law 1/, or

b. to monetary claims under civil law or to shares in joint stock companies or in the business capital of cooperatives;

2. in the case of dismantling damages, external restitution or reparation damages within the area of applicability of the Basic Law (including the Saar) ~~or~~ or in Berlin (West),

to assets mentioned above under 1, a.

(2) The assets mentioned under para 1 - in the case of securities the respective documents - must at the time of the occurrence of the damage have been located in the area of applicability of the Basic Law (including the Saar) or in Berlin (West), in the German Eastern territories at present under foreign administration or in territories outside the borders of the German Reich of December 31, 1937. In the case of damages to ships, Art 8, para 1, sentence 2 of the Assessment Law 2/ is to be applied mutatis mutandis.

Art 5. Damages which are not covered by this regulation.

(1) Loans may not be granted in the following cases:

1. In the case of damages due to utilization and indirect damages, such as lost profits, costs arising as a result of the damage or losses resulting from the prohibition or restriction of production and other operations,

1/ This is the "Bewertungsgesetz" which lays down rules governing the fixing of values for tax purposes.

2/ Law on the Assessment of Damage resulting from Expulsion and of Material War Damage, of August 14, 1952.

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2. In the case of losses of

- a. domestic and foreign instruments of payment,
- b. precious metals, precious stones and pearls,
- c. objects of precious metal, jewelry and other luxury items,
- d. objects of art and collections,

insofar as the assets designated under a - d are not part of the operating assets in the meaning of the Valuation Law,

3. In case of the loss of assets which were acquired by making use of measures of National Socialist tyranny.

(2) Furthermore, loans may not be granted in the case of losses of assets which were acquired illegally in the territories occupied or controlled by German troops in World War II or which were removed from such territories and were not purchased bona fide by the claimant.

Art. 6 Calculation of damage.

In calculating the damages, the principles of the Law on the Assessment of Material War Damages for Equalization of Burdens Purposes are to be applied mutatis mutandis.

Art. 7 Persons to whom loans may be granted.

A loan may only be granted to the person having suffered the damage directly, or in case this person has died, to his or her spouse insofar as wife and husband were not living in permanent separation at the time of the death of the person who suffered the damages. After the death of the person having suffered the damage directly and his or her spouse, a loan on the basis of old age may be granted to the children of the person having suffered the damage directly, in case they themselves meet the age requirements of Art 8, para 1 - insofar as such a loan has not already been granted to the parents - or a loan for educational purposes may be granted to children of the person having suffered the damage directly, provided such children are entitled to be maintained and that they meet the requirements laid down in Art 8, para 1. It is a prerequisite that

1. a) the person having suffered the damage directly was a German national at the time the damage occurred, and
- b) the claimant is a German national at the time application is filed;

2. the person having suffered the damage, or in case of his death before Dec 31, 1952, the entitled spouse or the entitled children

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a) had his or her (or their) permanent residence within the area of applicability of the Basic Law (incl. the Saar) or in Berlin (West) on Dec 31, 1952, or on this date met one of the other residence or key date requirements in these areas in accordance with Art 230, paras 1 and 2 of the Equalization of Burdens Law, and

b) had their permanent residence in the area of applicability of the Basic Law or in Berlin (West) at the time application is made.

Art. 8 Conditions for granting loans

(1) A loan may be granted on grounds of old age or for educational purposes, if the claimant meets the conditions contained in the Announcement of the President of the Federal Equalization Office governing the fulfillment of the claim for Main Compensation in its currently valid version.

(2) A loan may also be granted if due to the financial circumstances of the person having suffered the damage or his or her spouse special expenditure is necessary which cannot be met out of the person's own means without unduly curtailing his standard of living, and if this expenditure can be met by the loan itself or by the loan together with other available means.

Art. 9 Maximum amount of loan

(1) The loan is not to exceed the amount which would result as Main Compensation if the currently valid provisions of the Equalization of Burdens Law are applied mutatis mutandis.

(2) The loan must likewise not exceed the amount which would result by applying Arts 8 to 10 of the Announcement of the President of the Federal Equalization Office governing the fulfillment of claims for Main Compensation in the version as applicable at the time. 1/

Art. 10 Granting of loans in case payments are already made under the Equalization of Burdens Law or Section IV of the General War Sequel Law

(1) In addition to compensation which may be granted under the Equalization of Burdens Law or Section IV of the General War Sequel Law, a loan may be granted under these directives if and to the extent that in the respective case the preferential fulfillment of the claim for Main Compensation is permissible. In case damages dealt with by the Equalization of Burdens Law have arisen in addition to

1/ Under the present version of the respective articles of the Announcement loans to claimants over 65 and up to 75 years of age may not exceed DM 5,000; whereas loans to persons over 75 years of age may not exceed DM 50,000.

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damages which are considered under these directives, the total of all damages is to be considered as a whole. The provisions of Arts 245 and 246 of the Equalization of Burdens Law are to apply mutatis mutandis.

(2) In addition to a war damage pension or a maintenance allowance granted under the Equalization of Burdens Law or a maintenance allowance paid under Section IV of the General War Sequel Law, a loan may only be granted insofar as Main Compensation could be paid by applying the provisions of Arts 278a, 283 and 283a of the Equalization of Burdens Law mutatis mutandis.

(3) Insofar as the person having suffered the damage or his entitled dependents have been granted or may be granted compensation payments for educational purposes or for remedying a special social emergency under the Equalization of Burdens Law or the General War Sequel Law, a loan may not be granted for the same purpose under these directives.

#### Art 11 Conditions under which loans are granted

(1) The granting of loans may be subject to certain conditions. Collateral may only be required insofar as the calculation in accordance with Arts 6, 9 and 10 may not yet be considered as final.

(2) The loans are exempt from interest and amortization until the law provided in Art 3, para 1, items 1 and 2 of the General War Sequel Law enters into effect. However, the provisions of para 1 of this Article are to be taken into account. Even after the entry into force of the law mentioned in sentence 1, payment of interest and amortization will not be required if and to the extent that this law provides compensation from which the loan is to be deducted. If and to the extent that such deduction does not take place, interest and amortization is to be paid on the loan; such interest and amortization payments will be fixed in such a way as not to represent an undue burden in accordance with the income and property status of the person having received the loan or of his heirs.

### Section II

#### Organization and Procedure

#### Art. 12 Basic principles

(1) These directives will be implemented by the same agencies and authorities which are competent for implementing Section IV of the General War Sequel Law in accordance with Arts 76 and 77 of the General War Sequel Law.

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AMEMBASSY BONN

(2) The principles of Art 78 of the General War Sequel Law are to be applied mutatis mutandis.

Art. 13 Application

(1) Loans are only granted upon application. Application is to be made by an official form.

(2) Applications for the granting of loans are to be filed with the Equalization Office competent for the place of permanent residence of the claimant. This office will also decide on the merits of the application.

Art. 14 Processing of application

The Equalization Office will examine whether the conditions for granting a loan are fulfilled, in particular whether the claimant has suffered a reparation or (internal or external) restitution damage in the meaning of these directives and whether this damage justifies the granting of a loan in the amount resulting by application of Arts 6, and 8 - 10.

Art. 15 Payment of loans

The loans are paid out by the official Cashier's Office competent for the respective Equalization Office.

Section III

Other Provisions

Art. 16 Budgetary provisions

The President of the Federal Equalization Office is responsible for administering the means made available for implementing these directives, in accordance with the instructions of the Federal Finance Minister. The provisions of Art 83 of the General War Sequel Law are to be applied mutatis mutandis.

Art. 17 Implementing provisions

The President of the Federal Equalization Office will issue the provisions necessary for implementing these directives.

Art. 18 Entry into effect

These directives will enter into effect on the day after their publication in the Bundesanzeiger.

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Page 1 ofEncl. No. 1Desp. No. 38From BernINFORMAL TRANSLATION

Federal Political Department

s.B.42.13.

ad No. 170

In its note of June 1, 1960 the Embassy of the United States of America raised the question of heirless property in Switzerland.

No exchange of letters relating to the above-mentioned question took place on August 28, 1952, date on which the agreement on German property in Switzerland was concluded at Bern between Switzerland, on the one hand, and the United States, France and the United Kingdom, on the other hand. However, it is correct that on May 25, 1946 the Swiss delegation to the Washington negotiations told the representatives of the governments of the three above-cited nations that its government would sympathetically examine the question of how heirless property in Switzerland might be allocated for assistance purposes. The Political Department wishes to point out that by this statement the Swiss Confederation assumed no obligation to take specific measures in this respect. Consequently, the solution of this problem lies with the legislative sovereignty of the Swiss Confederation only. The competent Swiss authorities have undertaken preliminary steps in agreement with the interested Swiss circles, with a view of possibly setting up legal provisions for disposing of property in Switzerland of foreign nationals or people without nationality, persecuted for political, racial or religious reasons. Any provisions of this kind would require important changes in the Swiss law. They should, therefore, not be disproportionate to the importance of the aim to attain. The preliminary investigations indicate that most probably the heirless property in Switzerland reaches a figure much lower than the estimates which have sometimes been made, especially since the end of the last world war.

In view of the complexity of the problem it is difficult to foresee what the result of the preliminary investigations will be.

The Department avails itself of this opportunity to renew to the Embassy the assurance of its high consideration.

Bern, July 6, 1960.

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262.0041/7-1960  
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FROM : Amembassy, BERN

EUR WEEK  
RB

88  
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

July 19, 1960

DATE

REF : Department of State Instruction A-97, April 19, 1960

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	7-26	CIA-10 TR-3 OAP-2

SUBJECT: Heirless Assets in Switzerland

In accordance with the referenced Instruction, the Embassy on June 1, sent a note to the Federal Political Department on the subject of heirless assets. Transmitted herewith is an informal translation of the response of the Political Department to this note.

It will be seen that the Swiss dispute that an exchange of letters took place on August 28, 1952 relative to the issue at hand but base their position upon the exchange of letters of May 25, 1946. The Swiss also assert that this latter exchange put them under no specific obligation to take specific measures.

It will also be seen that the Swiss in their note repeat what has been imparted orally to the Embassy and reported by it, i.e., that the Swiss Government is studying the problem. They also refrain from giving any indication when these studies will be completed and the probable outcome of their consideration of the matter.

The Embassy doubts that any further formal exchange with the Swiss would be productive. It appears that nothing short of massive and persistent pressure by the Three Allied Powers will hasten the glacial pace at which they are proceeding. The Embassy questions whether the amount of pressure needed is desirable at this time. It is suggested that we continue periodically to make oral inquiry of the Political Department. It is believed that similar inquiries from the British and French would be of assistance, laying a foundation for further approaches, possibly on a tri-partite basis, in the future.

For the Ambassador:

*Warren P. Blumberg*  
Warren P. Blumberg  
First Secretary of Embassy

Enclosure as stated.

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DEPARTMENT OF STATE INSTRUCTION

1770

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NO.: A-31, July 21, 1960

SUBJECT: Axis Victims League, Inc. Inquiry on Bonn Convention Provisions

TO: The American Embassy BONN

The Embassy is urgently requested to comment on the questions of fact and policy raised in the enclosed letter, dated April 25, 1960, from the Axis Victims League, Inc., concerning the interpretation of certain provisions of Chapter Three, Internal Restitution, of the Bonn Settlement Convention.

HERTER

Enclosure: *WAS*

From Axis Victims League, Inc.,  
April 25, 1960.

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APPROVED BY: GEA - John Devine

CLEARANCES: L/EUR - Mr. Kearney (in substance)

S/S-CR  
JUL 21 1960 P.M.

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FOREIGN SERVICE DESPATCH

AS 262 0041/7-2760

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DESP. NO.

July 27, 1960

DATE

AUG. 1 1960

FROM

AMEMBASSY, BONN

TO

THE DEPARTMENT OF STATE, WASHINGTON.

REF

A-31, July 21, 1960

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Just. sent Bonn  
EUR/GER/GEH/ST  
4/9/60  
RM/R/G/S

SUBJECT:

Payment by Federal Republic of Restitution Claims against the Reich (Inquiry of Axis Victims League, Inc.) 4/25 20200411

Pursuant to the referenced Instruction, the Embassy submits the following report.

1. Facts.

In Article 4(3) of Chapter Three of the Settlement Convention, the Federal Republic undertook to satisfy the monetary awards against the Reich under the Military Government restitution legislation, with the proviso that this obligation of the Federal Republic to the Three Powers should be considered satisfied when the Federal Republic would have paid DM 1.5 billion on these awards "if the Federal Republic so requests" (the German text, literally translated, reads: "if the Federal Republic so desires").

Pursuant to this commitment, the Federal Republic enacted the Federal Restitution Law of July 19, 1957. It provides for the determination of the said claims and for payment by the Federal Republic of fifty percent (or DM 20,000, whichever is more) on each award on or before April 1, 1961. It provides further that the balance of the award will be paid on or before April 1, 1962, subject, however, to ratable reduction if and insofar as the total awards exceed 1.5 billion DM.

When the Foreign Office submitted a draft of the Law to the three Embassies in 1956, it stated that it was expected that the amount of DM 1.5 billion would be sufficient to pay the awards in full (EMBDES 2350, May 18, 1956; EMBDES 23, July 5, 1956). At the present time, the experts in the Federal Finance Ministry estimate that the total awards will reach a figure between DM 2 billion and DM 2.7 billion.

The Embassy understands that the said Ministry is at present actively considering the question whether and to what extent the ceiling of DM 1.5 billion provided in the Law should be raised.

262.0041/7-2760 HBS

POL:Leg:JvElbe:HFwaldstein/  
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File 262.0041/6-160

Box 409

Page 2 of Despatch 145  
 AMEMBASSY, BONN  
 dtd July 27, 1960

## 2. Reservations of Three Powers regarding Federal Restitution Law.

When the draft Law was submitted to the three Embassies, it appeared that it extended the scope of the Military Government Restitution legislation by admitting certain new categories of claims. Since the draft Law brought these new categories under the ceiling of DM 1.5 billion, a question arose whether payment in accordance with the draft Law would satisfy the commitment given by the Federal Republic in the Settlement Convention. Since the answer to this question depended on whether the DM 1.5 billion would suffice to pay all claims, the Three Powers reserved their position on this question, by delivering identical Notes Verbales. It was considered that this reservation would permit the Three Powers to take appropriate action if it should later on appear that the DM 1.5 billion were insufficient (see EMB despatches mentioned above).

After this reservation had been made, the Bundestag added an important further provision to the draft Law, the present Article 5. It permits the filing in Berlin of compensation claims for property seized outside Germany if the claimant shows that the property was brought into the area of applicability of the Law (Federal Republic and Berlin) but is unable to show to which place it was brought. The practical effect of this provision has been tremendous. It seems that the large number of claims filed under this provision is to a great extent responsible for the insufficiency of the DM 1.5 billion. The Embassy believes that these Article 5 claims fall within the reservation made by the Three Powers. There seems to be some thinking to the contrary in the Finance Ministry, for the reason that Article 5 merely enlarges upon a principle inherent in the Military Government restitution legislation.

## 3. Approach to the Federal Government.

The Axis Victims League, Inc. states that payment in full by the Federal Republic of the awards would be just to the Nazi victims and politically beneficial to the Federal Republic and her Allies. The Embassy is inclined to agree with this statement. The DM 1.5 billion ceiling in the Convention resulted from a concern about the financial capacity of the Federal Republic to make payment in full. The financial strength of the Federal Republic has greatly increased since the Convention was signed in 1952. Already in 1957, there was a substantial body of opinion in the Bundestag questioning the justification of a ceiling.

As appears from the information above, the Federal Republic is under no legal obligation to pay the awards in full. An approach suggesting payment in full could thus be made only on the grounds of justice, political desirability, and capacity to pay.

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Page 3 of Despatch 145  
AMEMBASSY, BONN  
dtd July 27, 1960

Regardless of whether or not such an approach should be made, the Embassy believes that at this time some demarche should be made based on the reservation made by the Three Powers in 1956 and that, in particular, it should be pointed out in such demarche that the Article 5 claims must be disregarded in applying the DM 1.5 billion ceiling allowed by the Convention. The present time appears opportune for such demarche since it seems that the Finance Ministry is preparing further legislative action in this matter.

The Embassy believes that any approach to the Federal Government on this subject calls for prior consultation with the British and French. It recommends that it be authorized to discuss this subject with the British and French Embassies in an exploratory manner.

For the Ambassador:

*William R. Tyler*  
William R. Tyler  
Counselor of Embassy

COORD: ECON/FP, Mr. Weir M. Brown *WMB*

*RW*

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By EK NARA Date 7/24

RG 59  
Entry CDF 60-63  
File 262.0041/6-160  
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DEPARTMENT OF STATE INSTRUCTION

1893 1893

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(Security Classification)

FOR RM/R USE ONLY

NO.: **A-71, August 19, 1960,**

SUBJECT: **Payment by Federal Republic of Restitution Claims against the Reich**

TO: **Amembassy BONN**

Reference: Bonn's D-145, July 27, 1960

Since it now appears that the DM 1.5 billion ceiling in Article 4 (3) of Chapter Three of the Settlement Convention will not be adequate to satisfy fully the restitution obligations accepted by the Federal Republic in the said Article, the Department agrees that it would be appropriate at this time to consider an approach to the German Government on this matter.

It is recognized that the Federal Republic is under no legal obligation to pay in full all of the monetary awards in question. It is recognized too that the Federal Republic's performance in the field of restitution has been a generally gratifying one. Nevertheless, as the Embassy has suggested, a plea for full payment of the Article 4 claims could appropriately be based on grounds of justice, political desirability, and, in particular, an enhanced ability to pay. In this connection, the Department has noted the references made to doubts expressed about the adequacy of the DM 1.5 billion ceiling in the Bundestag and the Finance Ministry.

The Department approves the Embassy's recommendation that it be authorized to discuss this subject, along the lines suggested, with the British and French Embassies in an exploratory manner.

The Embassy's further comments and suggestions based on these talks will be appreciated.

DULLON (ACTING)

*Dillon (AGU)*

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(Security Classification)

DRAFTED BY:

EUR:GER:GEA:AS *W* *Stalder:kn*

APPROVED BY:

*AGU*  
GER - Alfred G. Vigderman

CLEARANCES:

L/EUR - Mr. Kearney (In draft)

S/S-CR

AUG 19 1960 P.M.

262.0041/7-2760  
LWS  
262.0041/7-2760

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Authority 949659  
By EK NARA Date 7/24

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Entry CDF 60-63  
File 262.0041/6-160  
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AIR POUCH

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PRIORITY  
**FOREIGN SERVICE DESPATCH**

262.0041/9-2260

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FROM : AMEMBASSY, BONN  
TO : THE DEPARTMENT OF STATE, WASHINGTON.  
REF : A-71, August 19, 1960

DESP. NO.

September 22, 1960

DATE

SEP. 22. 1960

RM/R

For Dept. Use Only	ACTION	DEPT.
	REC'D	OTHER
	EUR-9	Rmk-2 L-2 INR-7 E-7 Rep-1
	9-26	Civ-10 TR-3 OAP-3 FCSC-3

SUBJECT: Payment by Federal Republic of Restitution Claims against the Reich.

10-6-60

262.0041/9-2260

Pursuant to the referenced Instruction, the Embassy has discussed with the British Embassy the question whether an approach should be made to the Federal Government at this time. An informed representative of the French Embassy was not immediately available.

In this discussion, consideration was given to the procedure employed in the preparation of the Federal Restitution Law in 1955/1956. At that time the first step had been the formulation of a legislative proposal by the Federal Government, which had thereupon sought and received the views of the three Governments concerned before submitting a draft law to the legislative bodies. It was considered that a somewhat similar procedure would be desirable in the present situation. It was therefore thought that the Embassies should await the outcome of the study of the legislative problem presently in progress in the Federal Finance Ministry and that thereupon the Federal Finance Ministry should inform the Embassies of the conclusion reached by it and should, before the submission of a legislative proposal to the legislature, afford the Embassies an opportunity to state the views of their Governments. The British Embassy left it to this Embassy to ascertain whether such a procedure would be agreeable to the Finance Ministry.

The Embassy thereupon asked an officer of the Federal Finance Ministry whether the procedure thus contemplated, if agreeable to the Department of State, would be agreeable to the Finance Ministry. In response to this inquiry, Ministerialdirektor Dr. Feaux de la Croix sent word that he would like to talk about the matter with the reporting officer, who thereupon called upon him.

Dr. Feaux stated that the subject of the insufficiency of the DM 1.5 billion had been raised with the Ministry by the Claims Conference and other organizations concerned. Minister Etzel would receive a spokesman of one of these organizations next month. He (Dr. Feaux) was

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By EK NAPA Date 7/24

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Page 2 of Despatch 386  
 AMEMBASSY, BONN  
 dtd September 22, 1960

guided in this matter by humane feelings rather than by legal considerations and was most sympathetic to the thought of raising the said amount. He did not yet know Mr. Etzel's views. The matter presented, of course, a budget problem. In this connection he mentioned the defense expenditure burden of the Federal Republic and other obligations towards persecutees that had recently been asserted, such as the claims of those persecuted for reason of nationality, primarily Polish displaced persons, a group that was receiving some support from the British Government.

Dr. Feaux said that within about a month he would inform the Embassy of the conclusion reached by the Finance Ministry and of the reasons for such conclusion and would then give the Embassy an opportunity to submit the views of its Government before any draft law was submitted to the legislature. He asked what the thinking on the problem here involved was on the United States Government side.

The reporting officer replied that the Embassy was not authorized to state a Government position at this time. He explained that the Department of State had been asked by one of the organizations concerned to make a plea for full payment of the claims on the grounds of justice, political desirability, and enhanced ability to pay, and that the Department was giving consideration to such an approach. There was also the legal question which had been reserved in the note exchange of 1956 and which involved primarily the claims under Article 5 of the Federal Restitution Law. He added that the Department recognized the gratifying achievement of the Federal Republic in the field of restitution but appeared to regard the problem arising from the 1.5 billion DM. ceiling as a matter of mutual concern given the fact that this ceiling originated from a treaty to which the United States was a party. He said the Embassy would recommend that the Department of State await the conclusion reached by the Finance Ministry before considering the matter further.

Recommendation: The Embassy recommends that further action on this matter be deferred until the Federal Finance Ministry has informed the Embassy of the conclusion reached by it as the result of its present study.

For the Ambassador:

*William R. Tyler*

William R. Tyler  
 Counselor of Embassy

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By EK NARA Date 7/24

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File 262.0041/6-160  
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DEPARTMENT OF STATE INSTRUCTION

601  
OFFICIAL USE ONLY **601**  
(Security Classification)

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NO.: A-150, October 7, 1960

SUBJECT: Payment by Federal Republic of Restitution Claims against the Reich.

TO: The American Embassy BONN

Reference: Embassy's D-386 of September 22, 1960

The Department concurs in the recommendation set forth in the last paragraph of the referenced despatch.

DILLON, ACTING

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APPROVED BY: [Signature]  
GER - C. Arnold Freshman

CLEARANCES:  
L/EUR - Mr. Kearney [Signature]

S/SEC  
OCT 7 1960 P.M.

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PRIORITY

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FOREIGN SERVICE DESPATCH

FROM : AMERICAN EMBASSY BONN

AS 262-0041/10-1460

TO : THE DEPARTMENT OF STATE, WASHINGTON.

October 14, 1960

REF : CERP Section D, V-A-4;

Amembassy G-673, May 25, 1960 and Desp. No. 1958, June 7, 1960

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	REC'D 10/20	F OTHER OSD-4, ARMY-4, NAVY-3 O JWS-1, OAP-3, FCSC-3, CIA-10, TR-3, COM-10, FRB-3, XMB-4

SUBJECT: Compensation for Reparation Losses

262-0041/6-760  
EUR-100-L-SCS-1CA-E-JWS-OAP  
FCSC-COM-TR-COM-FRB-XMB-OSD-AN

The directives or regulations (Richtlinien) for the granting of loans to persons who suffered losses by the seizure of their property for reparations or for internal or external restitution (translation of which was enclosed with Despatch No. 1958 of June 7, 1960), which were approved by the Cabinet on May 2, were published in the Bundesanzeiger (Federal Gazette) of September 24 and became effective September 26, 1960. Agreements have been concluded with the Laender governments concerning the administrative implementation of these directives, and the Budget Committee of the Bundestag has given its approval to the release of DM 5 million in German FY 1960 for granting this interim aid. It is expected that higher amounts will be appropriated for this purpose in the following fiscal years. Additional details may be found in the above-cited Despatch. As the directives have now been officially released, they may be regarded as unclassified.

262-0041/10-1460

FOR THE AMBASSADOR:

*RM/R file*  
*Instructions to Ambassador and The Honorable*  
*Edmund E. Getzin*  
Edmund E. Getzin  
First Secretary of Embassy  
A. Ralder  
10-25-60

COORD: E/FN-ACCizauskas

Enclosures:

Six copies of Directives as Published in Bundesanzeiger of September 24, 1960.

SECTION  
GENERAL RECORDS

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INCOMING TELEGRAM

Department of State

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Rec'd: March 29, 1961  
12:51 p.m.

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Action

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FROM: Athens

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TO: Secretary of State

NO: 1697, March 29, 2 p.m.

PRIORITY

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RMR

SENT DEPARTMENT 1697, REPEATED INFORMATION BONN 40.

Reference: DEPTTEL 1533.

1. Conference claim that Bill covering compensation on Nazi victims will exclude all who have emigrated since war not quite accurate. Pertinent provision holds that in order qualify for compensation claimants must have been Greek Nationals at time of persecution, specifically April 6, 1941 through May 1945, and also be Greek Nationals when Bill enacted into law. Question hinges on definition Greek Nationality. As a traditionally emigrating country Greece considers all ethnic Greeks to have retained Greek Nationality in spite subsequent assumption other citizenship. Greeks can be deprived Greek Nationality only by Royal decree and for obvious political and economical reasons there is no possibility such action contemplated with respect Greek Jews in US. Therefore main question for Greek Jews who emigrated US is whether by proclaiming themselves Greek Nationals for purposes qualifying under Compensation Bill they will jeopardize US citizenship. Here attitude of US would be decisive. Since Bill does not result in automatic disqualification, question becomes one of individual claims advanced and documentation offered. This essentially legal problem will be dealt with on Greek side by three Committees first instance and three Committees second instance to be set up to adjudicate claims.

2. In

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-2- 1697, March 29, 2 p.m., from Athens

2. In light foregoing, Embassy does not believe representa-  
tion our part advisable or necessary. Greek Government is  
already under heavy fire from opposition on charge of ne-  
gotiating inadequate settlement with Germans and because  
of year-long delay in submitting Bill to Parliament. While  
government hopes have Bill passed before Easter recess  
(March 30) best estimate is that final text of Bill will  
not be enacted before mid-April which should give Confer-  
ence Representatives ample time to explain their position  
to government. Katzenstein, Foreign Director for Germany  
is now in Athens and has been in touch with Embassy on this  
matter. We will keep Department advised of Bill's progress  
and will continue watch for provisions or amendments which  
might affect adversely interests of Greek Jews in US.

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(Drafting Office and Officer)

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262.1141/4-1961

DEPARTMENT OF STATE

Memorandum of Conversation

DATE: April 19, 1961

SUBJECT: Reparations for Greek Jews now in the United States

PARTICIPANTS: H.E. Evangelos Averoff-Tossizza, Minister of Foreign Affairs  
G. Lewis Jones, Assistant Secretary, NEA

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Amembassy ATHENS  
TEL AVIV

APR 25 1961

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I told Averoff that I had received the day before a telegram from Jacob Blaustein urging that Averoff be approached on behalf of the Greek Jews now residing in the U.S. What was the story?

Averoff said that it was a simple story -- there were about 1,400 former Greek nationals resident in Israel. He had received an emissary from the Israeli Government who urged him not to pay reparation money to Jews resident in Israel, since these Jews "hope to get more" through a special arrangement.

Averoff said that his reason for excluding persons who had given up their nationality from the reparations was based upon another factor: the Communists and the guerrillas who had taken refuge in Bulgaria, Yugoslavia, and elsewhere, had also suffered from the German oppression, and he did not want to pay them anything. I said there were a number of Jews in the U.S. who were concerned.

Averoff looked surprised and said this was the first time he had heard of such a group. He thought that he could do something for them since, by an administrative decision, he could hold that they had never given up their Greek nationality.

I asked whether he would be prepared to receive Blaustein in New York. He said he would be glad to do so. Senator Javits had also mentioned this matter to him. He thought it would be possible to "arrange something."

Later

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Later today I passed on the foregoing information to Mr. Si Kenen, representative of Mr. Blaustein in Washington.

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By EK NARA Date 7/24

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Entry CDF 60-63  
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RM/R

In reply refer to  
GEA

April 26, 1961

Dear Mr. Rhodes:

As you have been informed by the Treasury Department, the Department of State has for reply your letter of March 12, 1961, concerning the payment by the Federal Republic of Germany of claims of former citizens of Germany which have already been recognized by the Federal Republic.

We appreciate this evidence of your interest in the international financial problems confronting the United States. I can assure you that your suggestion will be called to the attention of the officers most directly engaged with these problems and that it will receive their serious consideration.

The Department has of course often in the past expressed to the Government of the Federal Republic of Germany our interest in prompt and adequate implementation of the restitution and compensation measures, particularly in view of the fact that a considerable number of claimants are now citizens of this country. At the same time, for reasons which I am sure you can appreciate, the Department has pursued a general policy of not interfering in the Federal Republic's administration of the appropriate legislation, unless, of course, there is evidence of an arbitrary denial of the remedies provided under the laws or discrimination against a claimant in the application of these laws. Your suggestion must, therefore, be considered in the light of these general comments.

Sincerely yours,

For the Secretary of State:

*CA*  
C. Arnold Freshman  
Officer-in-Charge  
German Economic Affairs  
Bureau of European Affairs

Mr. Ernest Rhodes,  
5136 11th Avenue,  
Los Angeles 43, California.

Clearance:  
L/EUR - Mr. Wehmeyer

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By EK NARA Date 7/24

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TREASURY DEPARTMENT  
WASHINGTON 25

OFFICE OF INTERNATIONAL FINANCE

APR 7 1961

*RM/R file*

*Let to Ernest Rhodes  
drafted by  
EUR:GER:GEA:  
A Stalder  
4/21/61*

Gentlemen:

Enclosed herewith is a letter received by the Treasury Department from Mr. Ernest Rhodes, 5136 - 11th Avenue, Los Angeles 43, California, in which he suggests that if Germany could be induced to speed up the payment of restitution claims, there would be enough recipients of such payments in the United States to produce a favorable impact on the U. S. balance of payments.

Since matters relating to claims for compensation against Germany are a concern of the Department of State, we are referring this letter to your Department for reply. Mr. Rhodes has been advised of this referral.

Very truly yours,

*George H. Willis*  
George H. Willis  
Director

Department of State  
Washington 25, D. C.

Enclosure

RM/R  
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BY [Signature]  
DATE [Signature]

262.1122 / 4-761  
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Authority 949659By EK NARA Date 7/29

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59Entry CDF 60-63File 262.0041/2-562Box 409

Ernest Rhodes

5136 11th Avenue  
Los Angeles 43, Calif.

March 12, 1961

Secretary of U.S. Treasury  
Washington 25, D.C.

Dear Mr. Secretary:

Kindly allow me to call your attention to the one phase of your negotiations with the Government of West Germany that might not yet have been recognized in its full scope and significance:

The West German Government has conceded and repeatedly stated the amount of restitution due the victims of the Nazi prosecution would run into the billions of Deutsche Mark. -

While the distribution of the total, of course, would affect various countries, it cannot be doubtful that the American slice will be the largest one, for this reason: The majority of those whose German possessions were sufficient to warrant their admission to the United States did emigrate to the United States. Even if their number represents a minority only of all the emigrants, the total assets of this minority in all probability far exceeded the combined assets of the majority finding a ~~home~~ elsewhere.

No argument exists with respect to the acknowledgment of the German obligation and the German legislature accordingly has passed the necessary laws five years ago (1956).

The only controversial issue regarding this matter is caused by the methods the German Government is applying in settling these claims.

Claims that could easily be compromised by arbitration are subject to cumbersome court procedures consuming many years.

If the German Government could be prevailed upon to show good faith and discharge without further delay this enormous obligation, two most useful purposes would be accomplished with one stroke:

1) The conversion of exceptionally large amounts of Deutsche Mark into Dollars.

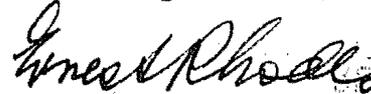
2) A stimulating incentive to the American economy by the investment of the inflowing Dollars in American enterprises.

The name and address of the German Secretary of the Interior who controls the disposition of these claims is:

Senator Joachim Lipschitz, Fehrbelliner Platz 2,  
Berlin-Wilmersdorf - West Germany.

I should greatly appreciate being advised, if any action could be considered by the U.S. Treasury.

Most respectfully



Ernest Rhodes

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Authority 949659  
By EK NARA Date 7/24

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Department of State

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FROM: Athens

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TO: Secretary of State

NO: 1852, May 6, 6 P.M.

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SENT DEPARTMENT 1852, REPEATED INFORMATION BONN 44

Reference: Embassy telegram 1697 to Department, 40 to Bonn, March 29

Government bill covering compensation Nazi victims withdrawn from Parliament May 3 for amendment. Foreign Office informs us that bill will be amended to specify that claimants must have been Greek nationals at time of persecution, i.e., from April 6, 1941 through May 1945. Clause that claimants must also be Greek nationals when bill enacted into law will be dropped. Thus eligibility Greek Jews in US will be beyond question and amended version will likewise include Israelis who might otherwise have been excluded. Embassy does not anticipate difficulty securing passage amended bill.

FYI German Embassy inform us that in call on Foreign Minister Averof April 28, German Ambassador took occasion stress that there was no assurance German Parliament would ratify agreement on compensation Nazi victims if potential claimants automatically excluded because of emigration to Israel. Averof thereupon promised "full satisfaction." Germans also confirmed that Israelis originally approached Greek Government with request it exclude from compensation Greek Jews who now resident Israel since Israelis hoped get better deal by direct approach German Government. In meantime however having discovered that time for submitting claims to German Government had lapsed and that they stand lose out all round, Israelis reversed position and exerted pressure on Greek to include Greek Jews in Israel.

BERGER

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 (Drafting Office and Officer)

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DEPARTMENT OF STATE

**Memorandum of Conversation**

DATE: February 13, 1962

SUBJECT: Heirless Assets in Switzerland

PARTICIPANTS: Mr. Moses Leavitt, Executive Director AJDC  
 Mr. Abba Schwartz, Washington attorney  
 Mr. Ely Maurer, L/EUR  
 Mr. Robert M. Beaudry, WE

COPIES TO: L Amembassy Bern  
 EUR - 2  
 WE - 2  
 GER  
 BNA

As a follow-up to an earlier conversation in Mr. Burdett's office, the participants discussed in more detail the Swiss proposals for a law to identify heirless assets held by Swiss banks. After some discussion of the draft, the writer pointed out that under Swiss procedures, draft legislation is circulated to the interested groups in the community with a request for comments. These comments are then incorporated in further drafts before the legislation is actually submitted to the Federal Assembly. Mr. Leavitt noted that representatives of Jewish groups in Switzerland submitted their proposed changes some months ago, but he was unaware of the exact language of the proposed legislation. Mr. Leavitt said that he understood that the law would be introduced into the Federal Assembly during the March session. If this were true, Mr. Beaudry pointed out that the Swiss must now have a final version of the law and that while amendments are possible during parliamentary consideration, very often the legislation is accepted as written since the Swiss Federal Council is careful to avoid controversy unless it is necessary.

Mr. Leavitt agreed to call Switzerland to determine the precise situation and then inform the Department of the status of the legislation. Mr. Leavitt asked if we could approach the Swiss Government and encourage passage of the law in the form desired by the AJDC. The writer responded that while we wished to be as helpful as possible, our ability to approach the Swiss Government effectively would depend on the status of the proposed legislation. Clearly, if the bill had already been sent to Parliament or was about to be sent, it would be difficult to take any formal position for fear of interfering with Swiss parliamentary procedures. On the other hand, if the final draft is not set, we could instruct the Embassy to approach the Swiss on this subject.

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 Authority 949659  
 By EK NARA Date 7/24

RG 59  
 Entry CDF 60-63  
 File 262.0041/8-1661  
 Box 409

EUR:WE:RMBeaudry:ejk  
 (Drafting Office and Officer)

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262.0041/2-136

DEPARTMENT OF STATE

(40)

**Memorandum of Conversation**

DATE: February 13, 1962

SUBJECT: Heirless Assets in Switzerland

PARTICIPANTS: Mr. Moses Leavitt, Executive Director AJDC  
 Mr. Abba Schwartz, Washington attorney  
 Mr. William C. Burdett, Acting Deputy Assistant Secretary EUR  
 Mr. Robert M. Beaudry, WE

COPIES TO: L  
 EUR - 2  
 WE - 2  
 GER  
 BNA  
 Amembassy Bern

(11)

FEB 22 1962

Mr. Leavitt at his request came to pay a courtesy call on Mr. Burdett before discussing the subject in detail with other officers of the Department. Mr. Leavitt explained that after the War, all the countries which had assets belonging to heirless victims of Nazi persecution agreed to make them available for the relief and rehabilitation of refugees and other war victims. Switzerland, which is presumed to have many of these assets, has resisted taking action on the grounds that it was not committed to do so under postwar agreements. Now the Swiss have prepared draft legislation which would permit the Government to locate heirless assets held by Swiss banks and to take over the funds if it is proved that there are no survivors. The AJDC is extremely pleased with the action of the Swiss Government, although it does complain that the draft law contains important loopholes, the most important of which is the requirement that the banks themselves determine which accounts might be considered heirless assets rather than establishing particular criteria in the legislation itself.

In response to a question from Mr. Burdett, Mr. Leavitt confirmed that Swiss banking secrecy practices had inhibited the Swiss Government in the past, but he is now of the opinion that a considerable change of heart has taken place. Mr. Leavitt would like the Department to authorize the Embassy at Bern to make representations to the Swiss Government concerning this legislation on the grounds that the United States would like to see the problem settled. Mr. Burdett agreed that a settlement would be desirable.

Mr. Burdett

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GPO 865971

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- 2 -

Mr. Burdett asked who would handle the funds which would be generated if the Swiss law is adopted. Mr. Leavitt noted that the Inter-Allied Reparations Committee had awarded the AJDC \$25 million of non-monetary gold to carry out its activities and that the Swiss had contributed \$12½ million earlier. Mr. Schwartz pointed out, however, that the Swiss have not committed themselves to following IARA principles in handling any funds.

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By EK WAPA Date 7/24

RG 59  
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File 262.0041/8-1661  
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ORIGIN / ACTION		
1-3		
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DEPARTMENT OF STATE  
**AIRGRAM**  
(Departmental and Foreign Service)

262.0041/3-2625  
XR 254.0041

A-201  
NO. \_\_\_\_\_  
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TO : DEPARTMENT OF STATE

FROM : Amembassy BERN

SUBJECT : Heirless Assets in Switzerland

REF : Department Memcon, 2/13/62

File RM P 3/18/62  
1962 MAR 6 PM 2 57

RM/AN  
ANALYSIS & DISTRIBUTION  
BRANCH

DATE: March 2, 1962  
LEGAL ADVISER  
MAR 7 1962  
DEPARTMENT OF STATE

In the light of the Embassy's past involvement in this issue, DCM has had two lengthy conversations with Mr. Varon, Charge d Affaires of the Israelian Embassy in Switzerland. In his first call on DCM Mr. Varon said he had been assigned as Charge in Bern for the express purpose of bringing this problem of heirless assets to a successful conclusion. He told DCM that the Swiss government had prepared legislation which at that time was being circulated for comments to judicial, banking and other circles. At the time Mr. Varon said that it was his opinion, and that of Swiss authorities with whom he had spoken, that at this stage any US intervention would be counter-productive. He wished to keep DCM currently informed of progress on the legislation because he thought that at some later time friendly support from the US government might be useful.

On February 28 Varon informed DCM that the legislation had now been returned to the Federal Council with all the comments from the various interested groups and that the Council was going to make an effort to get the legislation ready for parliamentary action during the short session beginning March 5. Mr. Varon was not certain that this could be accomplished but appreciated the fact that the Swiss government seemed to be pursuing the issue vigorously. He again reiterated his view that during this stage US intervention would not be helpful.

Mr. Varon thinks the legislation will be satisfactory as it is now but fears that the implementation of it is the key. He therefore expressed hope that when the law has been framed and passed by the

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FORM DS-323  
11-61

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Drafted by: EMJKretzmann

Contents and Classification Approved by: EMJKretzmann

Clearances: POL:WPBlumberg

MAR 23 1962

DECLASSIFIED  
Authority 949659  
By EK NARA Date 7/24

RG 59  
Entry CDF 60-63  
File 262.0041/8-1661  
Box 409

OUTGOING AIRGRAM

61

Department of State

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Classification

NO: A-71.

MAR 12 1 32 PM '62

SENT TO: Amembassy Bern

Page of Pages

Re: Amembassy airgram A201.

Immediately after receipt of the Ref airgram, the Dept was informed by Mr. Schwartz, Washington attorney who represents the American Joint Distribution Committee, that he had learned while on a trip to Switzerland that it would be useful in terms of obtaining a reasonable Swiss law on heirless assets if the US Government would indicate to the Swiss its friendly interest in the matter before the final draft is prepared. Mr. Schwartz said he had discussed the matter with an officer of the Israeli Embassy among others and ~~WA~~ it was agreed that Mr. Schwartz would ask the Dept urgently to indicate informally to the Swiss our pleasure at the step being taken and suggest certain modifications in the draft designed better to implement the legislation.

Mr. Schwartz' understanding of the situation concerning the desirability of US intervention in the matter is at variance with the views contained in A201. It is noted that the DCM discussed the problem with the Israeli Charge only two days before Mr. Schwartz met with an unnamed officer of the Israeli Embassy. In view of the long official interest in this matter the Dept would be prepared to approach the Swiss authorities if such an approach would be useful and timely. Accordingly, the Embassy's comments would be appreciated on the

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Drafted by: EUR:WE:RMBeaudry:ejk 3/9/62

Airgram transmission and classification approved by: EUR:WE - Mr. Stone

Clearance: L/E - Mr. Maurer

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85  
Origin  
EUR-11  
Info  
Rm/R-1  
NEA-7  
L-3  
SCS-1  
E-4  
AID-20  
INR-3  
CIA-16  
OAP-1  
TR-2

BERN A71  
262.0041/3-262  
MR-2574.0041

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Authority 949659  
By EK NARA Date 7/24

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Box 409

Page 2 of AIRGRAM No. A-71 To Amembassy BERN

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on the apparently contradictory positions as expressed to Mr. Schwartz and the DCM.

The original draft law together with comments which were handed the Dept by representatives of the AIDC on February 13 are being pouched separately.

END.

BALL, ACTING

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Authority 949659  
By EK NAPA Date 7/29

RG 59  
Entry CDF 60-63  
File 262.0041/8-1661  
Box 409

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DEPARTMENT OF STATE  
**AIRGRAM**  
(Departmental and Foreign Service)

262.0041/3-2362  
~~XR 254.0041~~

A-208 OFFICIAL USE ONLY  
OFFICE OF EUROPEAN AFFAIRS  
MESSAGE CENTER

TO : DEPARTMENT OF STATE  
1962 MAR 28 PM 12 25  
DEPARTMENT OF STATE

Filed  
3/20/62

FROM : Amembassy BERN  
DATE: March 23, 1962  
SUBJECT: Heirless Assets in Switzerland  
REF : Dept's A-71; Emb Desp 38, July 19, 1960

We once again discussed problem with VARON, Israeli Counselor, in light ref Airgram. Entire issue reviewed. At present time, we have no evidence that objections to first draft Swiss law expressed by Jewish Agency, Joint Distribution Committee and Board of Jewish Communities in Switzerland will be ignored. In addition, it developed that FPD had passed copy of draft to Israeli Embassy last summer but has, to date, failed to inform us officially of its existence. We also told Varon of Swiss Note to us of July 6, 1960, translation of which was transmitted to Dept under cover Emb Desp 38, 1960.

It will be recalled that in that note, FPD coldly informed us in response to query re Swiss intentions on solving heirless assets problem, that GOS had assumed no obligation to take specific measures and that "solution of problem lies within the legislative sovereignty of the Swiss Confederation only".

In view of foregoing, Varon agreed that it would be difficult and probably non-productive for US to make demarche at this time. In seeking way to further mutual objectives and make any US intervention meaningful, we agreed procedure would be for Emb to make informal, inquiry of FPD as to present status of problem, referring to July 1960 Note. We think this may prompt Swiss to tell us of present developments and possibly give us copy of new draft. We hesitate to project any action beyond this point, preferring to re-examine our position at the end of each phase. If Dept agrees to above, request telegraphic instructions.

KRETZMANN

*[Signature]*

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FORM DS-323  
11-61

Drafted by: POL:WPB: *[Signature]*:dlw  
Clearances: *[Signature]*  
Contents and Classification Approved by: Edwin M.J. Kretzmann *[Signature]*

DECLASSIFIED  
 Authority 949659  
 By EK NARA Date 7/24

RG 59  
 Entry CDF 60-63  
 File 262.0041/8-1661  
 Box 409

1/ACTION

DEPARTMENT OF STATE

**AIRGRAM**

(Departmental and Foreign Service)

262.0041/3-2362  
XR 254.0041

REP	AF
EUR	FE
CU	INR <u>3</u>
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COM	FRB
LAB	TAR
XMB	AIR
CIA	NAVY <u>16</u>
UBIA	<u>NSA</u> <u>3</u>

A-208 OFFICIAL USE ONLY

TO : DEPARTMENT OF STATE

FROM : Amembassy BERN

DATE: March 23, 1962

SUBJECT : Heirless Assets in Switzerland

REF : Dept's A-71; Emb Desp 38, July 19, 1960

We once again discussed problem with VARON, Israeli Counselor, in light ref Airgram. Entire issue reviewed. At present time, we have no evidence that objections to first draft Swiss law expressed by Jewish Agency, Joint Distribution Committee and Board of Jewish Communities in Switzerland will be ignored. In addition, it developed that FPD had passed copy of draft to Israeli Embassy last summer but has, to date, failed to inform us officially of its existence. We also told Varon of Swiss Note to us of July 6, 1960, translation of which was transmitted to Dept under cover Emb Desp 38, 1960.

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KRETZMANN

*[Handwritten signature]*

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FORM DS-323  
 11-61

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Contents and Classification Approved by:  
Edwin M. J. Kretzmann

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Authority 949659  
By EK NAPA Date 7/27

RG 59  
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File 262.0041/8-1661  
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60

# OUTGOING TELEGRAM Department of State

INDICATE:  COLLECT  
 CHARGE TO

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Classification

ACTION: Amembassy BERN 557

Origin

Info

Department concurs approach proposed Embassy's A 208.

*Sig. Geneva Assets in Switzerland*

End.

RUSK

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2

Drafted by: RMBeaury:err 3/29/62

Telegraphic transmission and classification approved by: WE - Mr. West

Clearances: GM  
L/EUR Mr. Maurer

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FORM 5-61 DS-322

*BW 557*

*262.0041/3-23-62*

*254.0041*

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Authority 949659  
By EK NARA Date 7/24

RG 59  
Entry CDF 60-63  
File 262.0041/4-1862  
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ORIGIN/ACTION		
EUR-4		
RM/R	REP	AF
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# AIRGRAM

(Departmental and Foreign Service)

262.0041/4-1862

AS

A-1283

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TO : DEPARTMENT OF STATE

1962 APR 19 AM 11 40

AS RM/AN  
ANALYSIS & DISTRIBUTION  
BRANCH

FROM : Amembassy BONN

DATE: APRIL 18, 1962

SUBJECT : Amendment of Federal Restitution Law

REF : Embassy's A-372, September 23, 1961

Following report is submitted in response Department's recent request (classified telegram).

In October 1961, EMB officer discussed with Regierungsdirektor Koppe, FedMinFin, Ministry's plans re amendment Federal Restitution Law. Koppe stated Ministry's working level was contemplating a final amendment which would permit payment of total of 75 percent on awards above DM 20,000. He stated estimated total awards on claims under Military Government legislation amounted to about DM 1.6 million and estimated awards on claims under Article 5, Federal Restitution Law, to about DM 1.2 million, and that effect of contemplated amendment would be to raise payments under Federal Restitution Law from approx. DM 1.8 billion to approx. DM 2.4 billion, of which approx. DM 1.0 billion would be on Article 5 claims and balance of DM 1.4 billion on Mil.Govt. legislation claims. EMB officer stated that in his opinion Article 5 claims had to be disregarded in determining compliance with FRG undertaking in Article 4(3), Chapter Three, Settlement Convention, and that, if that view accepted, contemplated amendment might not REPEAT not be regarded as such compliance. He also suggested that rather than enacting a final amendment consideration be given to providing for some further partial payment at this time while leaving question of final payment to future decision in light of future capacity to pay. Koppe stated would inform his superiors of these observations. It was agreed that upon preparation of final draft of law approved by Finance Minister such draft with statement of underlying reasons would be submitted to three Embassies by FONOFF for consideration by three Governments.

Upon inquiry made April 17, 1962, EMB officer was informed by Koppe that basic questions involved in contemplated amendment were at this time awaiting Minister's decision and that Minister would probably consult

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11-61

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Contents and Classification Approved by: CKidd *CK*

Clearances: Ger - Truchman - 4/23/62 noted *f, cc*

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Page 2 of Airgram to Department of State

with Cabinet before making such decision. As soon such decision made, Ministry would prepare final draft, which would be submitted to three Embassies as previously agreed.

Upon receipt such draft, EMB intends discuss matter with British French Embassies and submit detailed report to Department.

At conversation of April 17, EMB officer informed Koppe that Department had expressed interest in assuring fair and satisfactory solution of B'nai B'rith claim and that Ferencz would discuss this matter with FRG and EMB officials upon his arrival Bonn May 2.

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ORIGIN/ACTION		
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DEPARTMENT OF STATE  
**AIRGRAM**

262.0041/10-2562  
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A-901 OFFICIAL USE ONLY

TO : DEPARTMENT OF STATE

1962 NOV 1 PM 12 31

EUR INDEX  
 CF

RM/AN  
 ANALYSIS & DISTRIBUTION  
 BRANCH

*Cm*

FROM : Amembassy BONN DATE: October 25, 1962

OCT. 30, 1962

SUBJECT : Amendment of Federal Restitution Law

REF : Embassy's A-1283, April 18, 1962

As a result of a request of the Axis Victims League, Inc., the Department, in 1960, instructed the Embassy to consider, jointly with the British and French Embassies, the question of an approach to the Federal Government to ensure an amendment to the Federal Restitution Law which would increase the amount of DM 1.5 billion presently allocated for this program (A-71, August 19, 1960). After being informed by Ministerialdirektor Feaux de la Croix that he favored such an amendment and would try to obtain a decision of the Minister of Finance within a month, the Embassy, in agreement with the British Embassy, recommended that further action on this matter be deferred until the Federal Ministry of Finance had informed the Embassy of the conclusion reached by it as a result of its study then in progress (EMB Despatch 386, September 22, 1960). The Department concurred in this recommendation (A-150, October 7, 1960).

During the two years which have since passed, the Embassy has kept in contact on this matter with the staff of Dr. Feaux and, as reported from time to time, has been told again and again that the study of this problem was pending and that a decision of the Minister was expected shortly.

On October 24, 1962, Mr. Benjamin Ferencz called on the Embassy and on behalf of B'nai B'rith and the Claims Conference expressed concern about Minister Starke's failure to submit the overdue amendment to the Federal Restitution Law. Ferencz said he had just seen the chairman of the Bundestag Restitution Committee, Mr. Hirsch (SPD). According to Ferencz, Hirsch had indicated that Starke seemed unable to make up his mind; that he did not seem to live up to promises which he had made in this matter; and that, if this situation continued, the SPD

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Clearances: POL:L:JvElbe *VE* DCM-*Bu*

*file*

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Authority	949659
By	EK NARA Date 7/24

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A-901, October 25, 1962

-2-

would consider introducing an amendment to the Federal Restitution Law at its own motion (Initiativantrag). According to Ferencz, Hirsch had suggested that it might be useful if the United States Government would make some move to show to the Federal Government its continued interest in this matter.

Ferencz confirmed that the necessary amendment to the Federal Restitution Law had been prepared in draft form long ago at the working level of the Federal Ministry of Finance. He said that the original draft had provided for payment of 75 percent on each claim and had subsequently been amended so as to provide for the payment of the remaining 25 percent over a period of five years, in accordance with an assurance given by Minister Starke to a representative of the British organizations concerned.

In view of the continued delay in this matter, the Embassy, in agreement with the British Embassy, believes that some formal action by each of the Embassies concerned has become desirable. Such action might take the form of a brief Note Verbale to the Foreign Office, making reference to the commitment in Article 4 of Chapter Three of the Settlement Convention and to the Embassy's Note Verbale of July 2, 1956, in which the United States Government reserved its position on the question whether the Federal Restitution Law constitutes a satisfactory discharge of the commitment. Such action could be based on the legal ground that the allocated sum of DM 1.5 billion is insufficient to discharge the commitment made in the Convention because it is used to pay both the claims covered by the said commitment and those admitted by Article 5 of the Federal Restitution Law (see referenced airgram).

Whether a move regarding the amendment of the Federal Restitution Law should also cover the question of amending the Federal Compensation Law (BEG), recently raised with the Department by Mr. Goldman, appears to us as a matter permitting of conflicting considerations. The delay in both cases seems to have the same source in Minister Starke's failure to reach a decision as to the amount of funds available. Minister Starke seems to consider these two amendments as a single program whereas the organizations concerned seem to prefer that each of the two matters be considered on its own merits. As indicated above, the amendment of the Federal Restitution Law involves a legal commitment of the Federal Republic towards the Three Powers, a factor absent with regard to the Federal Compensation Law. If

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A-901, October 25, 1962

-3-

a single move were to cover both matters, the emphasis would presumably have to be on the non-legal factors enumerated in Department's A-71, August 19, 1960.

The Department's instructions will be appreciated.

For the Ambassador:

*Coburn Kidd*  
Coburn Kidd  
Counselor of Embassy

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DECLASSIFIED  
 Authority 949659  
 By EK NARA Date 7/24

RG 59  
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 File 262.0041/11-862  
 Box 409

NEA/NE: WRCrawford:ebb:mks 11/15/62 **CONFIDENTIAL**

19207

Approved in M  
 11/28/62

DEPARTMENT OF STATE

262.0041/11-862

**Memorandum of Conversation**

(62)

PART II OF II

DATE: November 8, 1962  
 3:00 p.m.

**SUBJECT:** German Reparations

**PARTICIPANTS:** Mr. Jacob Blaustein, Honorary President, American Jewish Committee

M - Mr. George C. McGhee, Under Secretary for Political Affairs

NEA/NE - William R. Crawford, Jr., Officer in Charge, Lebanon-Israel Affairs.

**COPIES TO:**

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G cc	NE - 2	IO	Amembassy BONN - 2
S/P cc	NE/E	UNP	AmConGen JERUSULEM - 2
M cc	EUR	P	White House cc
SR cc	WE	INR cc	

DEC 1 1962

(19)

Mr. Blaustein recalled that some years ago President Truman and the U.S. Government had been very helpful in persuading Chancellor Adenauer to agree to German payment of reparations and restitution to victims of Nazi persecution. Under the legislation subsequently passed by Germany, applicants were called upon to present claims before a specified date. Unfortunately, many individuals who were genuinely victims of Nazi persecution were unable to get out from behind the Iron Curtain or otherwise present applications by that time. Recently, there have been conversations with the German Government with a view to amending the reparations and restitution legislation to remove this terminal date. Further conversations (in which Mr. Blaustein said he would have participated) had been scheduled to take place with the Chancellor. Unfortunately, these have been somewhat delayed by Cuba and other current developments. However, they are expected at an early date and the Chancellor is known to be favorably disposed. It might well be advisable at a later date for the U.S. Government to say to the Chancellor that we think Germany should do this. Ambassador Dowling is aware of these developments.

Mr. McGhee said he would ask for a status report, either from appropriate officers in the Department or, if necessary, from Ambassador Dowling. If our intercession is later requested, we would be happy to look at the matter to see what we could appropriately do.

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Authority 949659  
By EK NARA Date 7/24

RG 59  
Entry CDF 60-63  
File 262.0041/12-562  
Box 409

ORIGIN/ACTION

DEPARTMENT OF STATE

# AIRGRAM

262.0041/12-762

RM/R	REP	AF
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A-1239  
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TO : DEPARTMENT OF STATE

1962 DEC 10 AM 8 42

HANDLING INDICATOR

RM/AN  
ANALYSIS & DISTRIBUTION  
BRANCH

RM/AN  
CF

FROM : Amembassy BONN

DATE: December 7, 1962  
DEC. 7. 1962

SUBJECT : Amendment of Federal Restitution Law

REF : Dept's A-171 of November 20, 1962

Transmitted herewith is the draft of a Note Verbale prepared by the Embassy pursuant to the referenced message. This draft has been delivered to and discussed with representatives of the British and French Embassies, who have stated that it appears to them as appropriate and that they will submit it to their governments for approval of identical action by their Embassies.

The Embassy will continue to try to ensure identical action by the three Embassies on this subject but assumes that the authority given in the referenced airgram is not conditioned upon obtaining British and French action.

For the Ambassador:

Coburn Kidd  
Coburn Kidd  
Counselor of Embassy

Enclosure: *CF*

Draft of Note Verbale to  
Ministry of Foreign Affairs  
of the Federal Republic of  
Germany.

FILED  
DEC 17 1962

A-205  
Bonn  
12-14-62

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Drafted by:

POL:L:HF Waldstein:rw *rw*

Contents and Classification Approved by:

Clearances:

DECLASSIFIED	
Authority	949659
By	EK NAPA Date 7/29

RG 59  
 Entry CDF60-63  
 File 262.0041/12-562  
 Box 409

OFFICIAL USE ONLY

Enclosure to  
 A-1239, December 7, 1962  
 From Amembassy BONN  
 To DEPARTMENT OF STATE

Draft Note Verbale

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the Federal Republic of Germany and has the honor to state the following:

In Article 4 of Chapter Three of the Settlement Convention the Federal Republic undertook to ensure the payment of awards against the former German Reich under the restitution legislation of Military Government. It was agreed in the same Article that this undertaking will, if the Federal Republic so requests, be considered to have been satisfied when the Federal Republic will have paid a total of DM 1.5 billion on these awards.

In connection with this undertaking, the Federal Ministry of Foreign Affairs transmitted to the Embassy on April 11, 1956 the draft of a Federal Restitution Law and, after discussion of this draft law with the Embassies concerned, a Note Verbale dated June 21, 1956 (206-244-14E/5963/56). The draft law added three categories of claims or claimants to those covered by the Military Government legislation and provided for the payment of the awards by the Federal Republic subject to a ceiling of DM 1.5 billion. The Ministry stated in the Note Verbale that the Federal Government believed that this amount would probably be sufficient to pay all awards in full or at least to the extent of 80 percent of the amounts of each award.

In its reply Note dated July 2, 1956, the Embassy stated that the United States Government would not raise any objection to the addition of the three categories of claims and that, regarding the question whether the draft law in other respects was fully consistent with Article 4 of Chapter Three of the Settlement Convention, the United States Government would refrain from taking a position at that time and would reserve all rights which the Three Powers may have.

The United States Government understands that the administration of the Federal Restitution Law has shown that the sum of DM 1.5 billion is insufficient to pay more than 50 percent of the amount of each award, excepting certain small awards which are paid in full. The United States Government understands further that this insufficiency is almost entirely due to the circumstance that, after the above-mentioned exchange of

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Authority <u>949659</u>	Entry <u>CDF 60-63</u>
By <u>EK</u> NARA Date <u>7/24</u>	File <u>262.0041/12-562</u>
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-2-

Enclosure to  
 A-1239, December 7, 1962  
 From Amembassy BONN  
 To DEPARTMENT OF STATE

Notes, the Bundestag added a provision to the draft law (Article 5 of the Federal Restitution Law) which in effect admits a very large class of additional claims and that the claims thus admitted are charged against the ceiling of DM 1.5 billion.

In September 1960, the Embassy was informed by the Federal Ministry of Finance that it was considering an amendment of the Law which would delete or modify the present ceiling and that a decision of the Federal Minister of Finance on this point was expected within a few weeks. During the following two years the said Ministry stated that the amendment continued to be under consideration and that a draft would be submitted in due course through the Federal Ministry of Foreign Affairs to the three Embassies concerned.

In these circumstances, the Embassy has been directed to inform the Ministry of Foreign Affairs of the continued interest of its Government in this matter and to express the hope that the Federal Government will ensure at an early date the required further implementation of the undertaking given by the Federal Republic in Article 4 of Chapter Three of the Settlement Convention.

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ORIGIN/ACTION

DEPARTMENT OF STATE

# AIRGRAM

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A-205

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HANDLING INDICATOR

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TO Amembassy BONN

DEC 14 6 30 PM '62

FROM DEPARTMENT OF STATE

DATE

SUBJECT Amendment of Federal Restitution Law and the B'nai B'rith Claim

REF BONN's A-1239, December 7, 1962

*262.0041/12-762*

With the exception of paragraph 4, the draft Note Verbale submitted in the referenced message is approved for delivery to the Foreign Office. Such approval is not conditioned upon obtaining British and French action, although joint action by the Settlement Convention signatories would obviously be highly desirable.

Inasmuch as Embassy draft paragraph 4 might convey the impression that the United States Government accepted the inclusion of three additional categories of claims (other than the Chapter 5 claims) in the DM 1.5 billion ceiling, the Department considers it advisable to recast this paragraph as follows:

"In its reply note dated July 2, 1956, the Embassy stated that the United States Government reserved its position on the question of the consistency of the draft law with Article 4 of Chapter Three of the Settlement Convention."

In this connection, the Department would welcome Embassy comments as to exact nature and scope of the reservations made in the 1956 note. In a recent meeting between B'nai B'rith representatives and the German Ambassador (see below), the German Embassy Legal Adviser reportedly "seemed to feel that the Allies had consented to such action (i.e. inclusion of additional categories of claims, apparently

including

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FORM DS-323

Drafted by: EUR:GER:ASTalder:tt:12/14/62

Contents and Classification Approved by: EUR:GER: Robert M. Brandin

Clearances: I/EUR: Mr. Maurer (draft) *MS*

*Bonn A-205  
262.0041/12-762*

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Authority 949659

By EK NARA Date 7/29

RG

59

Entry CDF 60-63

File 262.0041/2-562

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BONN A- 205

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- 2 -

including also the Paragraph 5 claims) by their acceptance of the Federal Restitution Law. It appears, therefore, that we may have to be prepared to counter this possible German interpretation of that portion of our 1956 statement of reservations (EMBDES 23, July 5, 1956) which states:

"... The United States Government accordingly will not raise any objections against the extension of the law to claims and claimants specified in paragraph 1 (i.e. the three categories not including the subsequently added category in Paragraph 5 of the Restitution Law) of your letter...

"Regarding the question whether the draft law in other respects (our italics) is fully consistent with Article 4 of Chapter Three of the Convention.....the United States Government will refrain from taking a position at this time and will reserve all rights which the Three Powers may have under said Convention if in their opinion an obligation assumed by the Federal Republic in said Convention is not satisfactorily discharged."

This German interpretation would appear to run counter to that of the Embassy (EMBDES 145, July 27, 1960), according to which the Allies have reserved their position with regard to the inclusion under the DM 1.5 billion ceiling of any and all claims not encompassed by Article 4(1) of Chapter Three of the Settlement Convention.

#### B'nai B'rith Claim

Mr. Benjamin Ferencz called on the Department on December 6, 1962, and on behalf of B'nai B'rith again presented the case for the full payment of the settlement agreed to in 1959, as well as for appropriate amendments to the Federal Restitution Law along lines previously noted by the Embassy (Bonn's A-901, October 25, 1962), and the Department (Deptel 2856, April 16, 1962). Subsequently, on the same day, he and Mr. Maurice Bisgyer, Executive Vice President of B'nai B'rith, met with Ambassador Knappstein to discuss with him a memorandum addressed to these points which had been submitted to the German

Embassy

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BONN A - 205

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Embassy on December 5. A copy of this memorandum is being transmitted herewith to the Embassy for the attention of Mr. von Elbe, along with the following additional documents:

a) Mr. Ferencz' letter to Mr. Kearney of December 7, 1962, enclosing a Memcon of the Knappstein-Ferencz-Bisgyer meeting, according to which the Ambassador recognized the desirability of full payment of the B'nai B'rith claim and promised that an Embassy recommendation to the Foreign Office to this effect would be reinforced by his (Knappstein's) personal letter to the Foreign Minister.

b) Memorandum of the December 11, 1962, conversation on this matter between Deputy Legal Adviser, Mr. Kearney, and Dr. Dreher, German Embassy Legal Adviser, in the course of which the Department's continuing interest in an early settlement of the B'nai B'rith claim was emphasized. According to Dr. Dreher, a message had already been despatched to Bonn urging settlement of the claim on political grounds, without reference to the differences on legal points.

With respect to the B'nai B'rith claim, when the subject Note Verbale is delivered to the Foreign Office, or on some other appropriate occasion, the Embassy, in its discretion, should orally express the Department's continuing interest in this matter along the lines expressed by Mr. Kearney on December 11. In particular, the charitable nature of B'nai B'rith should be stressed.

BALL, ACTING

Attachments:

As stated.

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By EK NAPA Date 7/24

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EUR 6

DEPARTMENT OF STATE

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A-1379

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TO : DEPARTMENT OF STATE

1963 JAN 2 AM 8 23

HANDLING INDICATOR

FROM : Amembassy BONN

DATE: December 27, 1962

SUBJECT : Amendment of Federal Restitution Law

REF : Dept's. A-205, December 14, 1962.

CF DEC 28 1962  
EUR 118

Pursuant to the Department's request, the Embassy submits the following comments:

In the second paragraph of its Note Verbale of June 21, 1956, the Foreign Office listed three new categories of claims covered by the draft law (namely certain claims relating to the French Zone, claims benefited by the reopening of the filing periods, and claims against the NSDAP and Prussia). In its reply Note of July 2, 1956, the Embassy stated that it "will not raise any objections against the extension of the law to claims and claimants specified in paragraph 2 of your Note Verbale of June 21, 1956." As indicated by the history of this note exchange (see EMBDES 2350, May 18, 1956) this statement was intended as an acceptance of the inclusion of the three categories in the DM 1.5 billion ceiling, whereas the sentence following this statement related to all other matters involved in the draft law, including the question whether any other new category of claims covered by the draft law could be included in the ceiling. As far as the historical summary given in EMBDES 145, July 27, 1960, is in conflict with the foregoing, it does not accurately reflect the situation.

As far as our records show, none of the Three Powers has consented to the enactment by the Federal Republic of Article 5 of the Law. The relation between Article 5 and the Federal Republic's commitment in the Settlement Convention was fully discussed by the Embassy with an expert in the Finance Ministry during recent years, and no claim that this provision had been consented to was made by the Ministry. Further, as explained in the B'nal B'rit's memorandum of December 7, 1962, Article 5 is in itself innocuous and contained

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In  Out

Drafted by:

POL:HFwaldstein:rs JAW

Contents and Classification Approved by:

CKidd CK

Clearances:

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Authority 949659By EK NARA Date 7/24

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Entry

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Amembassy BONN

Dec 27, 1962

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its great practical importance only through the global settlements made by the Federal Ministry of Finance.

The Embassy suggests that, in the light of the foregoing, the Department may wish to withdraw the objection raised to paragraph 4 of the Embassy's draft. The Embassy would like to avoid having to change the draft delivered to the British and French Embassies, since a change in the draft transmitted to London and Paris might cause further delay.

For the Ambassador:



Coburn Kidd

Counselor of Embassy

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Authority 949659  
By EK WAPA Date 7/24

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Entry CDF 60-63  
File 262.0041/12-562  
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OSD	USIA	NSA

# DEPARTMENT OF STATE AIRGRAM

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A- 225

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HANDLING INDICATOR

TO: Amembassy BONN

FROM: Department of State

DATE: JAN 7 4 19 PM '63

SUBJECT: Amendment of Federal Restitution Law

REF: Bonn's A-1379, December 27, 1962

262.0041/12-2762

In view clarification in reference airgram, Department's objection to paragraph 4 of Embassy draft note for submission to German Foreign Office (Dept's A-205, Dec. 14, 1962) is withdrawn.

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FORM DS-323  
Drafted by: EUR:GER:ASTalder:eaw 1-7-63

Contents and Classification Approved by: GER - Robert M. Brand

Clearances: L/EUR - Mr. Maurer 909

Bonn A-225  
262.0041/12-2762

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Authority 949659  
By EK NARA Date 7/24

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DEPARTMENT OF STATE

# AIRGRAM

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HANDLING INDICATOR

TO : DEPARTMENT OF STATE 1963 JAN 24 AM 7 50

EUR WEEK 3  
ARM/AN ANALYSTS & DISTRIBUTION BRANCH

*Jm*

FROM : Amembassy BONN

DATE: January 18, 1963  
JAN. 21 1963

SUBJECT : Amendment of Federal Restitution Law

REF : Department's A-225, January 7, 1963 and A-205, December 14, 1962

Transmitted herewith for the Department's records is the text of the Note Verbale addressed by the Embassy to the Foreign Office on January 16, 1963. Except for a few editorial corrections, the text is identical with that approved by the Department in the referenced messages.

According to the French Embassy, the French Government believes that action by it in this matter at this time may be impolitic and prefers to leave the initiative to the German side.

The British Embassy has stated that it has not yet received instructions from its Government and that it is requesting authorization to make a move similar in substance to that made by us but not identical in form.

Before submitting the Note to the Foreign Office, we mentioned to an officer of the Federal Ministry of Finance that the Embassy was contemplating an approach to the Foreign Office in this matter and asked him about his reaction and about the status of the intended amendment. He replied in confidence that the working level of the Finance Ministry would welcome such a move since it would tend to expedite the policy decision of the Federal Minister of Finance which the working level was waiting for at this time. Since the primary purpose of the Note Verbale is to expedite such a decision, we feel, as the British Embassy does, that identical action of the several Embassies may be too heavy-handed an approach. We thus do not intend to continue our effort to ensure British and French action.

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1963

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FORM 4-62 DS-323

Drafted by: POL:L:HF Waldstein *LFW*

Contents and Classification Approved by: *CKI dd*

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Authority 949659

By EK NAPA Date 7/24

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Enclosure to  
A-1519, January 18, 1963  
From Amembassy BONN  
To DEPARTMENT OF STATE

No. 87

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the Federal Republic of Germany and has the honor to state the following:

In Article 4 of Chapter Three of the Settlement Convention, the Federal Republic undertook to ensure the payment of awards against the former German Reich under the restitution legislation of Military Government. It was agreed in the same Article that this undertaking will, if the Federal Republic so requests, be considered to have been satisfied when the Federal Republic will have paid a total of DM 1.5 billion on these awards.

In connection with this undertaking, the Federal Ministry of Foreign Affairs transmitted to the Embassy on April 11, 1956 the draft of a Federal Restitution Law and, after discussion of this draft law with the Embassies concerned, a Note Verbale dated June 21, 1956 (206-244-14 E/5963/56). The draft law added three categories of claims or claimants to those covered by the Military Government legislation and provided for the payment of the awards by the Federal Republic subject to a ceiling of DM 1.5 billion. The Ministry stated in the Note Verbale that the Federal Government believed that this amount would probably be sufficient to pay all awards in full or at least to the extent of 80 percent of the amounts of each award.

In its reply Note dated July 2, 1956, the Embassy stated that the United States Government would not raise any objection to the addition of the three categories of claims and that, regarding the question whether the draft law in other respects was fully consistent with Article 4 of Chapter Three of the Settlement Convention, the United States Government would refrain from taking a position at that time and would reserve all rights which the Three Powers may have.

The United States Government understands that the administration of the Federal Restitution Law has shown that the sum of DM 1.5 billion is insufficient to pay more than 50 percent of the amount of each award, excepting certain small awards which are paid in full. The United States Government understands further that this insufficiency is almost entirely

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By EK NARA Date 7/27

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Enclosure to  
A-1519, January 18, 1963  
From Amembassy BONN  
To DEPARTMENT OF STATE

due to the circumstance that, after the above mentioned exchange of Notes, the Bundestag added a provision to the draft law (Article 5 of the Federal Restitution Law) which in effect admits a very large class of additional claims and that the claims thus admitted are charged against the ceiling of DM 1.5 billion.

In September 1960, the Embassy was informed by the Federal Ministry of Finance that it was considering an amendment of the law which would delete or modify the said ceiling and that a decision of the Federal Minister of Finance on this point was expected within a few weeks. Thereafter, the said Ministry advised the Embassy from time to time that such an amendment continued to be under consideration and that a draft would be submitted in due course through the Federal Ministry of Foreign Affairs to the Embassies concerned.

In these circumstances, the Embassy has been directed to inform the Ministry of Foreign Affairs of the continued interest of its Government in this matter and to express the hope that the Federal Government will ensure at an early date the required further implementation of the undertaking given by the Federal Republic in Article 4 of Chapter Three of the Settlement Convention.

Embassy of the United States of America,  
Bonn/Bad Godesberg, January 16, 1963.

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By EK NARA Date 7/29

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A-1519, January 18, 1963  
From Amembassy BONN  
To DEPARTMENT OF STATE

-2-

The Embassy has informed Ministerialrat Dr. Koppe, Federal Ministry of Finance, who is in charge of matters concerning the Federal Restitution Law, of the Department's continued interest in securing a satisfactory settlement of the B'nai B'rith claim.

For the Ambassador:

*Coburn Kidd*  
Coburn Kidd  
Counselor of Embassy

*[Signature]*  
Enclosure:

Text of Note No. 87 to  
German Foreign Office,  
dated January 16, 1963.

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*Cpm*

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Authority 949659  
By EK NARA Date 7/29

RG 59  
Entry CDF 60-63  
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31

In reply refer to  
L/EUR

January 29, 1963

Dear Mr. Clay:

I refer to your letter to the President, dated December 25, 1962, which has been referred to the Department of State for reply.

The Department regrets that you fail to meet the date eligibility requirements under the German Compensation Law. The primary purpose of the Law is to compensate residents of Germany who were persecuted by the Nazi regime. Under the Bonn Settlement Convention, the Federal Republic is committed to grant benefits no less favorable than those afforded in the legislation in effect in 1952 in the respective Allied zones of occupations. Allied legislation provided no compensation for citizens of countries other than Germany. There is therefore no appropriate legal basis on which this Government might predicate a request along the lines you have suggested.

Sincerely yours,

*EM*

Ely Maurer  
Assistant Legal Adviser  
for European Affairs

*Exempted by NARA*

Mr. Emery Clay,  
5947 Carlton Way,  
Los Angeles 28,  
California.

L:L/EUR:MNash:mj  
GER:ASTalder  
1/28/63

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IV.

Dear President:

I and my wife we are USA Citizen. 100% democrats. We are well educated people, we now very well what is moral and what is immoral. In our opinion that is 100% immoral &.....

IN THE NAME OF THOUSANDS

may I ask you:

To make, -please, -the steps, which in your opinion is necessary at the German Government:

To change his legal standpoint and pay.... because that is moral.....

\*\*\*\*\*

Excuse me, but as USA citizen I have the constitutional right to make proposal.

That is only a proposal.... a moral based proposal.

With my deepest regard:

*Emery Clay*

Emery Clay

Formerly:

5947 Carlton Way.  
Los Angeles 28, Calif.

Dr. Emery I. Kisfaludi