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ALLIED CONTROL AUTHORITY
COORDINATING COMMITTEE

Disposition of Heirless Property in Berlin

1. In its meeting of 17 September 1945 the Magistrat of the City of Berlin dealt with the problem of the utilization of heirless property in Berlin and passed the following resolution:

"The decision of the Recess of Kurfürst Joachim I of 27 December 1508 is hereby abolished. The City of Berlin is designated as the sole heir of all heirless properties in all its districts. The Department of Social Welfare is charged with examining all cases of inheritance."

The Legal Committee of the Allied Kommandatura, in its meeting of 21 November 1945, recommended that this matter be referred to the Allied Control Council without approval, inasmuch as the Control Council alone has the legislative authority to promulgate a law effective throughout Germany.

By letter of 4 December 1945 the Allied Secretariat forwarded the matter to the Chairman of the Legal Directorate for study and recommendation by the Legal Directorate to the Coordinating Committee.

2. The decision of the Magistrat of the City of Berlin is designed to change the local law in the City of Berlin, as it has been in existence since the passing of the so-called Recess of the Elector Joachim I of 27 December 1508.

The Magistrat justifies this action by pointing out that the problem involved has always entailed unnecessary work and led to much litigation and that the time had come to establish a new rule on heirless property in the City of Berlin in view of the antiquated ruling of 1508.

3. The local law on the subject, including the law of the various German communities, was not abolished by the German Civil Code of 1 January 1900. On the contrary, such local law remained in effect

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under Article 138 of the Introductory Law to the Civil Code of Germany. The suggested change of the law is not merely local in scope but effects the national law as well.

4. The Legal Directorate decided at its Twenty-Fifth Meeting that the decision of the Berlin Magistrat on 17 September 1945 unless approved by the Control Council was without force and effect. In order to avoid unnecessary litigation and conflicting claims to ownership which might result from the Magistrat's decision, the Directorate recommends formal disapproval of the decision, noting that it involved a matter of no present urgency.

5. The Coordinating Committee is recommended to approve the decision contained in paragraph 4 and to authorize the despatch to the Kommandatura of a communication containing this decision.

T. N. GRAZEBROOK, Brigadier.

J. L. BAUDIER, Consul General.

S. M. KUDRIAVTSEV, 1st Dep'ty

H. A. GERHART, Colonel.

Allied Secretariat.

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9001/8 - Disposition of Heirless Property

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9001/8 - Disposition of Heirless Property

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... Abby

Sat. 9/16

Sarah,

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helped me to solve.

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for me andone for Helen.

§ Thank you!

Abby

Treasury also simplified the certification process so as to lessen the burden for small property owners. By July of 1947 FFC unblocked entire categories of assets where there was no likelihood of any substantial enemy interest. They included accounts under \$10,000, interests in estates and trusts that were created by non-blocked persons in the U.S. or a generally licensed trade area, and property distributed from a trust or estate pursuant to a Treasury license.¹⁹⁴ On February 27, 1948, General License No. 97 unblocked all accounts which on February 1, 1948, were \$5,000 or less, and though they represented half of the accounts from Marshall Plan countries, they constituted only 5 percent of the blocked assets.¹⁹⁵

c) *Certification Problems, Options and Policy-Making*

Certification required property holders to take the initiative in securing the release of their assets, and also required the cooperation of foreign governments. By January of 1947, FFC officials acknowledged that "substantial amounts" of property were still uncertified.¹⁹⁶ Delays in reaching agreements with Switzerland and other countries may have accounted for some of the problem, but FFC officials realized that many property owners were not availing themselves of the certification procedure. They were sufficiently concerned to discuss alternatives that would either encourage greater compliance with the certification program or would allow for the

¹⁹⁴ History of FFC, Chap. 6, 37 [331758]. Exceptions included Germans or Japanese subject to General Ruling No. 11a, citizens of Bulgaria, Hungary or Romania living in these countries, and corporations with their principal place of business in Hungary, Bulgaria or Romania.

¹⁹⁵ Isadore Alk and Irving Moskowitz, "Removal of United States Controls over Foreign-owned Property," *Federal Bar Journal* 10 (1948), 23; Treasury Department Annual Report 1948, 288, 291.

¹⁹⁶ "Resolution of Problem of Uncertified Accounts," memo from John S. Richards, Director, Foreign Funds Control, to A. N. Overby, Jan. 16, 1947, NAACP, RG 131, FFC Subject Files, Box 457 [Dan].

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January 15, 1947

Dr. A. N. Sverby

John E. Richards

Resolution of Problem of Uncertified Accounts

I. Problem. The problem is to determine which of the following alternatives or combinations thereof to use in resolving the ultimate disposition of property in blocked accounts which is not released through the certification procedure of General License No. 95 or otherwise unblocked:

- a. Continue the blocking controls for an indeterminate length of time into the future, although gradually revoking outstanding licenses which permit withdrawal from and conversions in form of, the blocked property;
- b. Take a new census of uncertified assets and turn the information obtained over to the foreign governments concerned so as to provide for national certification and at the same time to assist these countries in mobilizing the dollar assets of their nationals;
- c. Vest all uncertified property; or
- d. Unblock unconditionally at some agreed time without a certification procedure or any other preliminary action.

II. Background. Based on the TFR-300 census, there was at the peak of the freezing controls approximately \$ billion dollars worth of property blocked in this country. Blocked property known to be German or Japanese either has been or is being vested by the Office of Alien Property. Blocked property belonging to persons in those parts of the world through which little freezing of German or Japanese property took place either has been or will be automatically unblocked, except for property known to belong to certain German or Japanese individuals or organizations. Thus, for example, the entire Far East, except Japan, has been automatically unblocked.

There are, however, many countries, notably Switzerland, Sweden, The Netherlands, Luxembourg, and Liechtenstein, through which substantial blocking operations were effected by Germans. In order to deal with this problem a certification procedure was developed - General License No. 95 - which imposes on the foreign government concerned the responsibility for investigating the real ownership of the property involved. Under this procedure, the property is completely unblocked when the foreign government certifies the absence of enemy interest. Likewise the foreign government undertakes to reveal to

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The Treasury the facts concerning property held through their countries in which there is an enemy interest. The countries now included in this procedure, together with the amount of assets their residents had here on June 14, 1941, according to the Treasury census are:

France	- \$1,010,500,000	Luxembourg	- \$ 39,400,000
Belgium	- 312,700,000	Denmark	- 48,100,000
Norway	- 131,700,000	Greece	- 69,700,000
Finland	- 20,300,000	Switzerland	- 1,215,600,000
Netherlands	- 976,700,000	Liechtenstein	- 2,300,000
Czechoslovakia	- 9,400,000	Poland	- 9,300,000
	Austria - \$5,000,000		

It is contemplated that Sweden, Spain, and Portugal will be added to General License No. 95 and possibly Yugoslavia. In addition it will be necessary to determine the method to be followed in releasing Italian, Rumanian, Hungarian, and Bulgarian assets.

Although we have no statistics concerning the probable amount of assets held through General License No. 95 countries which are not yet certified, it is a well-known fact that substantial amounts are involved. This results principally from the fact that many blocked persons and corporations in such countries prefer not to request the certification by their governments of assets held in their names and, under the present system, there is no compulsion exercised by us. It can fairly be presumed that the highest proportion of blocked enemy property is concealed among this uncertified property.

The decision that IRS-300 information is not to be supplied to foreign governments unless it necessary to focus attention on other means of bringing the defrosting program to a conclusion and on the problem of the ultimate disposition of non-certified assets. There follows a discussion of the various alternatives set forth in paragraph I.

III. Continuation of blocking controls for an indeterminate period. Under this system, the non-certified assets would remain blocked indefinitely, although we could gradually eliminate licenses permitting withdrawals from or conversions in form of the property involved, thereby tending to force the owners to obtain the release of the property through certification.

The principal merit of this alternative is that it postpones the basic issue and perhaps reduces the size of the ultimate problem depending on how many persons finally decide to request certification.

The disadvantages are many. The long extended use of our warpowers is likely to be increasingly objectionable to the Congress as well as to the banking institutions which have to comply with our regulations. In the meantime, the alleged owners of the property will bring increasing

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pressure on us to unlock the property, or at least to permit new uses of the property, without consulting their governments. It will undoubtedly be increasingly difficult to obtain appropriations for this purpose.

- IV. A new census. By issuance of a public circular, reports would be required (with perhaps a \$5,000 exemption) of all property held by persons in the United States in which there is an interest of a country designated in General License No. 95, or a resident thereof, and which has not been certified or otherwise unblocked. It would be made clear that the information so obtained is intended to be used in any way the Treasury Department sees fit for determining the true ownership of the property involved and its ultimate disposition. How much of the information is made available to which foreign governments would then be a Treasury decision.

The reporting date with respect to each General License No. 95 country would be a sufficient time after issuance of the circular or after inclusion in the license, whichever was later, to permit the certification process to operate a reasonable length of time on its present basis and to allow adequate notice to foreign nationals that information concerning their U. S. assets is to be made available to their governments. Also involved here is the effect of the timing on the need for a further appropriation to permit operation of the program.

Foreign governments to which the census information would be made available would be expected to give advance public notice that they are to receive such information. This would permit and encourage further voluntary reporting of U. S. assets and would serve to reduce the volume of property remaining unreported on the effective date of the circular. To avoid undue criticism the foreign governments would also be prevailed upon, through the Department of State, to accept from the full force of their own laws with respect to undeclared foreign assets those persons voluntarily reporting their assets during this interim period. Once the information had been given to the foreign governments, we would be able to press them to take the initiative in investigating the ownership of the property (such investigation now awaits upon an application for certification being filed) and to inform the Treasury Department, after a given period of time, of the status of all the property we had reported to them, that is, whether it had been certified and if not, all the facts known to the foreign government about the property and the interests therein.

Operation of the program in this manner would (1) identify, for vesting, otherwise undisclosed enemy property, (2) reduce the blocked residue to a minimum, and (3) furnish information concerning the residue. We would then have a much better idea of the problems that face us and would be in a better position to decide what steps should be taken

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toward ultimate disposition of all blocked property. Thus the census might reveal that relatively small amounts of property will remain blocked, or it might show a distribution of blocked property which in itself suggests the further steps that should be taken. Thus the census might reveal a relatively small number of large blocked accounts which could be dealt with in consultation with the office of Alien Property on an ad hoc basis allowing a general unblocking of the remaining property.

An integral aspect of the program, it must be recognized, would be its aid to the other governments in the mobilizing of their foreign assets, as in fact the sequestering procedure itself aids them. Thus from the over-all United States governmental point of view a signal advantage of pursuing this program is that it would probably result in a lightened load for the United States taxpayers. This government, either by direct loans or through the Export-Import Bank or indirectly through the International Bank is providing dollar exchange to the amount of hundreds of millions of dollars to countries which vitally need this exchange for purposes of relief and rehabilitation. Among these countries are those whose nationals have blocked dollar accounts in the United States of many millions of dollars. The procedure proposed would make available to these countries the dollar exchange of their nationals and thus reduce the needs which we must supply directly or indirectly. In the event that these resources were not used by the foreign governments in lieu of loans from this government, it is not inconceivable that these dollar holdings could be used as collateral for further private loans, thus achieving the same end. An analogous case was the use by the British of the dollar assets of their nationals as collateral against American loans prior to our entrance into the war. Accordingly, it would appear desirable not to limit the program to the blocked nationals as being the most important channels for money assets. Also, unless a program of this nature is undertaken we can expect the carrying out of deals, such as that between the French and Swiss already reported to us but probably not carried out, whereby property will be certified without disclosure of ownership when it is to the mutual advantage of the foreign governments.

A collateral benefit to be obtained from such a program is that it would afford some statistical basis for appraising the "masterless property" problem. At the present time certain organizations representing persecuted minorities are pressing for State and Federal legislation looking toward the conversion of masterless blocked property to use in connection with the rehabilitation of surviving members of persecuted groups. The Department of State is also interested in this problem.

The principal difficulties with the program arise from the fact that the program results in our forcing the alleged owner of the assets

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squarred into the hands of his own government, thus forcing him to convert his dollar holdings into less valuable local currencies and possibly subjecting him to special penalties for having failed to declare his foreign holdings on time or to have paid taxes due on such holdings. For example, Switzerland will not issue certifications until the owner of the property has made arrangements to pay all taxes due plus any penalties for failure to have paid the taxes within previous due dates. Any such program will, therefore, encounter strong resistance from the U. S. financial community, not so much because of the reporting requirement which could be quite a simple one, but because of the turning over of the information to foreign governments. Moreover, we will be subjected, once the circular is issued, to very strong pressure from alleged owners and their representatives designed to force us to unlock their property without consulting their governments. The financial community and the alleged owners will, if must be recognized, be able to enlist the support of some Congressmen for their positions. The principal appeal will be that convincing proof can be furnished to us establishing the absence of enemy interest, but that to furnish such proof to their own governments will have consequences over and beyond our objective of ferreting out enemy property. No such appeal can be granted because (1) statements and evidence presented to us cannot be relied on since it will be presented on behalf of persons not subject to our jurisdiction and since we cannot undertake effective investigations in foreign countries to verify the accuracy of such statements and evidence, (2) any benefit accruing to U. S. taxpayers through the maximizing of the private dollar resources of the liberated countries would be lost since those governments would not know of the existence of the property; and (3) to do so will mean that hundreds of cases will be brought to us for action and we do not have and cannot get sufficient funds to carry the necessary staff.

In addition, there would be a possibility of evasion, but such evasion would not likely be extensive and, at most, could only reduce the effectiveness of the program and not nullify it. The question of securing one more appropriation of not more than \$400,000 will also be involved. In this connection see Gwarty's memorandum to the Secretary of January 18, 1947, concerning the basis on which an appropriation for 1948 is to be requested. As an alternative to our securing an appropriation, it might be possible to transfer the function to the Department of Justice, although this might meet resistance from the banks and from Justice. Justice would probably require additional funds to do the job and therefore there might be no financial saving.

- V. Vesting of all uncertified property. Under this alternative, the Treasury and Justice Departments would, as soon as agreement is reached, announce that after a reasonable period to permit the operation of the certification procedure all non-certified property would be vested. At the end of the reasonable period, Justice would vest all uncertified property and would

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obtain the necessary reports. Under existing legislation, vested property of a friendly national can be returned to its owner provided a claim were filed within two years of the vesting. The present procedure for returning property requires that the foreign government concerned certify to the bank files of the friendly national. Inasmuch as the present vesting procedure is a public one; that is, all vestings are published, the foreign government concerned would be informed of the holdings of its residents unless a procedure can be developed which would make it unnecessary to publish individual vesting orders.

The advantages and disadvantages of this alternative are substantially similar to those given above for the new census. It might, however, avoid some of the criticisms that the census program would encounter since this government would not be taking the initiative of directly furnishing the information to the foreign government. This might enable the alleged owner to avoid penalties by his government by not filing a claim for the return of the property. Forfeiting the property, however, would not necessarily guarantee against special penalties by his government unless the vesting procedure were changed to avoid the publication of vesting orders. It should be possible to devise a satisfactory procedure which would not require the publishing of the individual vesting orders.

This program can expect to encounter resistance from the Department of Justice since heretofore they have been unwilling to vest property except after being satisfied of the existence of enemy interests. This difficulty will be heightened by the fact that the public announcement of the intent to vest - an essential part of the program - will cause some of the alleged owners to make full disclosures to Justice in order to establish the absence of a reason for vesting. Pressure will doubtless be brought to bear on Justice to refrain from vesting property where such disclosures have been made. The facts disclosed could, of course, be turned over to the foreign government concerned, but if this were done, it is clear that there would be resistance from private sources.

Although the foreign governments would apply the pressure placed on their residents to force them through the certification procedure, it is doubtful that they would approve of the actual vesting of the property since past experience has indicated that property once vested is not easily released by our Custodian.

Furthermore, the vesting program will be more expensive to operate than the census program since it involves the taking of title to the property by this government and the ultimate release of a good part of the property.

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Inasmuch as it would not be possible to put the vesting procedure into effect during this fiscal year, the question of securing one more appropriation is also involved, although the amount might be somewhat smaller than for the census program.

VI. General unblocking. This step would be taken with respect to property still blocked by reason of the interest therein of a General License No. 95 country or national thereof at a given length of time (and here the question of the duration of our operations is of importance) after the inclusion in General License No. 95 of all the countries which are to be covered by the certification procedure.

The desirability of such unblocking action would be based, generally speaking, on two presumptions. First, that an insignificant amount of enemy property will be disclosed as a result of the certification procedure even though strengthened by a census program as outlined above; second, that the Conflicting Custodian Settlement will adequately protect the interests of the United States in any enemy assets held here through a IARA country or - since it is contemplated that similar arrangements will be made with the neutrals - through a neutral country. Another consideration is that in contrast to the census program, there would not be involved any additional expense or any requirement that personnel be maintained for the purpose of processing reports, etc., and the liquidation of the Control would be expedited. A further presumption is present here, as in consideration of the new census program, that any blanket vesting by the Office of Alien Property of assets still blocked after a given date is highly improbable.

The first presumption is perhaps a matter largely of opinion; an opinion which is based on the fact that although the certification procedure has been in effect for six months or longer for a number of countries there has been only one case involving about \$25,000 where a foreign government has disclosed the existence of enemy property not already known to us. The meaningfulness of this fact is, however, open to some doubt for a variety of reasons including the fact that we never expected that enemy property would be among that first subject to scrutiny under the certification procedure since the holders of such property would be likely to request certification only as a last resort and then only under the pressure of some such external influence as the possibility of our turning over census information to the country of the holder. An indication that enemy property is concealed among the blocked assets is the fact that during the last six months we have learned of the existence of at least two million dollars of concealed enemy property in accounts previously blocked only as Dutch, Swiss, etc. This has resulted for the most part through the investigations in Germany.

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With respect to the second presumption involving a LARA settlement it is unlikely that final agreement will have been reached and it is certain that it will not have been implemented before the time at which our unblocking action would be taken. The unblocking of non-certified property, the bulk of which would not have been declared to the foreign government, would undoubtedly mean that the foreign custodians would be unaware of and never obtain control over any money assets included in such property and that our interests therefore would not be adequately protected.

VIII. Recommendation. He believes that a program should be adopted which will convince as many persons as possible that they should avail themselves of the certification procedure. Either the new census or the vesting program would have this effect. It is recommended, therefore, that we explore both alternatives with State and Justice and thereafter with the Lores and Alrich Committees so that we may have the advantage of their views before definitely committing ourselves to either alternative. If you agree with this recommendation you may wish to mention the matter to the Secretary, particularly in view of the probable repercussions from the banking community and important holders of blocked funds in the United States.

(Signed) J. S. Richards

cc: Messrs. Rains, Jones, Harcourt, N. Davis, and General Records.

Ernestine Arnold, J. S. Richards: ltr 1/14/47

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Report on the Operations
of
The Jewish Restitution
Successor Organization

1947-1972

Prepared by
Saul Kagan
Ernest H. Weismann

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JEWISH RESTITUTION SUCCESSOR ORGANIZATION

Preface

The attached report summarizes the principal activities and financial results of the operation of the Jewish Restitution Successor Organization during its first 25 years of existence. This report is not intended as a substitute for the history of the JRSO which will entail major research and a full analysis of the moral, legal, diplomatic, political and Jewish communal problems confronting the JRSO since its inception in 1947.

The achievements of the JRSO could not have been possible without the close cooperation of the major Jewish organizations which have been its founders and whose representatives guided the policies of its Board. The impressive results described in this report could not have been achieved without the ingenuity, extraordinary devotion and high professional excellence of the JRSO staff in Germany and New York.

A sense of profound moral satisfaction in establishing the principle that the perpetrators should not enjoy the spoils of their criminal acts and the knowledge that more than DM 200,000,000 recovered by the JRSO aided in the relief, rehabilitation and resettlement of Jewish victims of Nazi persecution are the true rewards for all who were and continue to be associated with the work of this unique organization.

Maurice M. Boukstein
President

Monroe Goldwater
Chairman, Executive Committee

Saul Kagan
Executive Secretary

I. Introduction

This report covers JRSO's activities over the twenty-five year span between August 1947 and December 1972. A long look back on activities and accomplishments would be timely indeed after a quarter of a century of service.

The idea that a nation may not retain property that it gained by the mass spoliation of minorities whom it persecuted on racial or religious grounds, led to the formation of the Jewish Restitution Successor Organization (JRSO). Twelve Jewish organizations united to form an organization that would serve as successors to those who had perished without heirs. The JRSO was incorporated in the State of New York on May 12, 1947.

Even before the Nazi surrender, the U.S. Government announced the intention to take appropriate steps that would safeguard the properties which the Nazi Government had seized under duress from their former owners. Acting on that policy, the U.S. Military Government, on November 10, 1947, enacted Military Government (M.G.) Law #59, on the Restitution of Identifiable Property. Potential heirs were authorized to submit claims, and the JRSO was appointed in June of 1948 to recover the unclaimed portion which presumably represented heirless property. In August 1948, operations began at the headquarters the JRSO opened at Nuremberg in the U.S. Zone of Germany. A parallel British law providing for a successor organization in the British Zone of Germany was promulgated on May 28, 1949, and the Jewish Trust Corporation for Germany, Ltd. (JTC), with headquarters in Hamburg, was subsequently designated. Finally, on March 18, 1952, the Jewish Trust Corporation, French branch, with headquarters in Mainz, was appointed as the successor organization in the French Zone of Occupation.

In Berlin, matters took a different turn. The city was governed by the four Occupation Powers through the medium of the Berlin Kommandatura, until the three Western Powers split with the Soviets in June 1948. Eventually, the three successor organizations were appointed as Trust Corporations in the three Sectors of Greater Berlin, under the terms of the Berlin Restitution order of July 26, 1949. On May 7, 1951, the JTC and the JTC-French Branch designated the JRSO as their sole general agent for all western sectors of Berlin.

II. Recovery and Utilization of Heirless Property

1) Individual sales and settlements

M.G. Law #59 thrust a tremendous burden on the JRSO. The delay in the official designation of the JRSO by Military Government left the JRSO a mere five months for the filing by December 31, 1948 of claims for the restitution of Jewish properties from Germans who had held them in the Nazi years and who

were now required by law to report the fact to the U.S. Military Government. Over 163,000 claims were submitted by the filing deadline. A great many were duplications of claims already filed by the original owner or his heirs. During the filing period, the main concern of the JRSO was to omit nothing that would prevent the recovery of Jewish properties confiscated in the U.S. Zone since 1933.

In the years that followed the expiration of the deadline, the JRSO recovered thousands of pieces of property or else attempted to reach amicable settlements of claims with German aryanizers. The properties recovered had to be managed and sold. This task was beset with a great number of legal problems. Significant savings in labor and other costs would have arisen had the JRSO been able to effect settlements in cash with restitutors. In many instances, restitutors preferred to transfer the property claimed to the JRSO, the more so if it had suffered war damage in whole or in part. It should be noted that the War Damage Claims Law (Kriegsfolgengesetz) providing war damage compensation was enacted only in November 1957. In many instances, the JRSO did reach amicable settlements for the transfer of real property. But in the greatest number, suits against incumbent owners became necessary on the ground that the wrongful acquisition of confiscated properties nullified any sales contracts that pertained to them, and had to be restored to the original owner, even if the purchaser was in ignorance of the wrongful taking. Purchasers in good faith of such properties were protected under U.S. M.G. Law #59, in a few exceptional instances.

A prodigious task confronted the JRSO in assembling a staff of lawyers qualified to conduct the legal proceedings required. Moreover, the anti-Jewish attitudes fostered by the Third Reich continued to hover over segments of the German population.

Legal complications arose on every hand. For example, in the case of encumbrances on restituted property, the question arose: to what degree and for how long a time were holders or former holders of such properties required to compensate claimants or their successors for profits derived therefrom. Profits which restitutors had willfully diminished or neglected also had to be restored to claimants. On the other hand, the incumbent owners were entitled to compensation for essential expenditures they had incurred over the period of their tenure. And above all, in exchange for the restitution of confiscated properties, claimants were required to refund to restitutors the consideration they had received.

This example was but one of many legal problems the JRSO was called upon to grapple with over the course of its existence. In many instances, the JRSO had to pursue claims through the courts, moving from the Restitution Agency to the Restitution Chambers of the lower court, and then through the Appellate

Courts. It deserves mention that the U.S. Court of Restitution Appeals was notably helpful in recognizing the rights of the JRSO under M.G. Law #59. These difficulties notwithstanding, in the 25-year span between 1948-1972, the JRSO obtained DM 17,625,000 from the sale of restituted properties, while refunds of considerations received by claimants reached DM 1,127,000, all told. Installment collections from purchasers have proceeded at a satisfactory pace and but a small number of doubtful accounts have cropped up.

Prior to the time of sale, the JRSO was compelled to maintain a large department for the administration of properties, and that included among its duties the maintenance, the collection of rents, the making of repairs, and the finding of buyers. In some regions, the JRSO office managed the properties, while in others, principally in Berlin, the management was delegated to real estate firms. The property management proved profitable, on the whole, and net income from it reached DM 1,200,000. In Berlin, the JRSO also administered properties in the British and French sectors of the city, on behalf of the JTC and the JTC-French Branch respectively. The financial results over the 25-year span from 1948 through 1972 were as follows:

Income from individual sales of recovered property		DM 17,625,000	
Income from amicable settlements with restitutors		<u>25,400,000</u>	
		DM 43,025,000	
Less - Management Expenses:			
Administration of recovered properties	DM 3,000,000		
Minus—rental income	<u>1,800,000</u>	<u>1,200,000</u>	
		DM 41,825,000	

2) Bulk settlements

The JRSO recognized very swiftly that the continuation of the procedure it was following would prove excessively costly and time-consuming, notwithstanding the substantial sums arising from individual sales of recovered properties and from individual amicable settlements. The JRSO realized that its important task was to turn properties and claims into ready cash within the briefest possible stretch, and to make available the proceeds for the relief, rehabilitation, resettlement and cultural rehabilitation of surviving victims of Nazi persecution. To achieve this goal, the JRSO assigned all of its remaining claims and unsold properties to the four German State Governments (Laender), within the U.S. Zone of Occupation, for a reasonable lump sum payment.

Negotiations began in 1950 with the four Laender in the U.S. Zone: Hesse, Bremen, Bavaria, Baden-Wuerttemberg, and subsequently with Berlin. To

accept the assignment of the JRSO claims against private persons was initially politically unpalatable to the Laender. Following extensive negotiations the JRSO succeeded in arriving at the following settlements:

(1) Hesse, February 13, 1951	DM 25,000,000	
Less—reductions for counter-claims and sundry credits	<u>7,816,550</u>	DM 17,183,450
(2) Bremen, June 28, 1951	DM 1,500,000	
Less—adjustments	<u>242,460</u>	DM 1,257,540
(3) Baden-Wuerttemberg, November 6, 1951	DM 10,000,000	
Less-sundry credits and adjustments	<u>280,000</u>	DM 9,720,000
(4) Bavaria, July 29, 1952	DM 20,000,000	
Less-counter-claims and adjustments	<u>4,680,000</u>	DM 15,320,000
(5) Berlin, December 22, 1955, as amended (JRSO share)	DM 4,900,000	
Less-sundry deductions	<u>4,700</u>	DM 4,895,300
		<u>DM 48,376,290</u>

The negotiations with Land Berlin which can best be described as laborious, painstaking and difficult call for a more detailed description. The successor organizations, led by the JRSO, reached an agreement with Land Berlin, following prolonged negotiations that stretched from January 1953 to November 1959. First, a settlement was reached on December 22, 1955 whereby the City of Berlin was to pay DM 13,500,000 in return for the assignment to it of all restitution claims held by the successor organizations at that date and the transfer to it of all real property and mortgages held by the successor organizations on April 1, 1955, and of all assets recovered after April 1, 1955.

The distribution of the DM 13,500,000 was as follows: DM 1,000,000 was paid directly to the Berlin Jewish Community for assets it had assigned or transferred in the Nazi era; DM 9,000,000 was placed at the disposal of the Israel Purchasing Mission in Germany (Shilumim Corporation) for the placement of orders with West Berlin industries, under the terms of the Reparations Agreement between West Germany and Israel, and repayable to the successor organizations in four semi-annual installments; the remaining DM 3,500,000 was retained by the city as security against pending equity claims and other matters that the Agreement of 1955 had declared to be subject to settlement only in general terms. Scarcely was the agreement reached than differences cropped up between the parties on the implementation of a number of clauses. To a claim for payment, in the sum of DM 3,500,000, the City of Berlin presented counter-claims amounting to DM 4,700,000 which the successor

organizations refused to accept. In a supplementary agreement, dated May 1956, the successor organizations waived their claims for payment to the DM 3,500,000, while the City of Berlin waived its counter-claims of DM 4,700,000. Even after this compromise was reached, new controversies developed, until at last, in November 1959, the parties concluded a final agreement, whereby they waived all claims arising out of the earlier agreement, subject to a payment of DM 50,000 by the City of Berlin.

The share of the JRSO in the new Agreement was fixed at 49%, by the terms of an understanding among the successor organizations. That was the percentage of heirless property located in the U.S. Sector of Berlin, estimates indicated. The JTC share was fixed at 43% and that of the JTC-French Branch at 7%.

III. Monetary Claims Against The Reich— Reich Claims Settlement

The Reich Claims Settlement dealt with monetary claims against the Reich. They were linked to the so-called "Dritte Masse" claims that arose from the confiscation by the Nazi regime of savings, bank accounts, securities, jewelry and other valuables - properties that were identifiable at the time of confiscation but which were no longer in existence at the time the claims were filed. By the terms of the Convention between the Western Powers and the German Federal Republic, signed at Bonn on May 26, 1952, the latter shouldered responsibility, up to the sum of DM 1,500,000,000, for confiscations carried out by the Third Reich. Additional legislation was needed to implement that commitment. Meanwhile, the successor organizations chose to file law suits against the Reich in the tens of thousands, under the Restitution Laws enacted in the western zones of occupation. In fact, restitution orders issued by the courts possessed only declaratory value. The successor organizations, as well as the German Federal Government agreed to resolve this matter through a bulk settlement. An agreement was signed on March 16, 1956. It called for payment of DM 75,000,000, in three installments, to the three successor organizations as an unconditional payment, within approximately one year from the date of signature. After payment of the third installment, on April 1, 1957, the successor organizations were required to withdraw all the claims filed earlier by them against the Reich.

Wherever, by the terms of the various global agreements between the successor organizations and the Laender, transfers were made in settlement of "Dritte Masse" claims, the German Federal Government undertook to refund to the Laender the sum of those payments.

The signing of the bulk settlement agreement of March 16, 1956 cleared the way for the German Federal Government to accept "Dritte Masse" claims from individuals. To that end, it enacted the Federal Restitution Law (Bundes-

rueckerstattungsgesetz - BRUEG), in 1956, which fixed a payments ceiling of DM 1,500,000,000. The agreement with the successor organizations provided that claims in excess of DM 75,000,000 should become payable only if total disbursements under the BRUEG fell below the ceiling of DM 1,500,000,000. That unknown figure gained the name "shadow quota" (Schattenquote) and was destined to play a significant role in future negotiations with the German Federal Government.

The following ratios were used in the distribution to the successor organizations, of the DM 75,000,000:

JRSO	51.17%	(DM 38,377,500)
JTC	42.28%	(DM 31,710,000)
JTC-French Branch	6.55%	(DM 4,912,500)

The chances for the receipt of additional payments, "shadow quotas", under the terms of the Reich Claims Settlement appeared remote at the time. But then events took an unexpected turn.

The bulk settlement of March 16, 1956 restricted the maximum commitment to the successor organizations by the German Federal Government to 10% of all payments going to individual claimants or their successors under the BRUEG. However, the successor organizations had limited their claims to the payment of DM 75,000,000 by the Federal Government and to DM 15,000,000 the JRSO had received from the Laender in the U.S. Zone under the terms of the various global agreements. Consequently, the Reich Claims Settlement provided that, after receipt of DM 75,000,000, the successor organizations waived the right to additional payments, if the overall sum of DM 1,500,000,000 under the BRUEG was insufficient to meet payments to individuals claimants or their successors in title. It was the purpose of the waiver to secure for individual claimants a greater share in the fund of DM 1,500,000,000. Only in the event individual claimants failed to absorb fully the DM 1,500,000,000, would the successor organizations be entitled to "shadow quota" payments.

In 1964, the German Parliament enacted an amended Federal Restitution Law (BRUEG) which enlarged the volume of payments, and expanded the scope of eligibility. Thereupon, the Federal Government lifted the ceiling of DM 1,500,000,000 and agreed to settle in full all adjudicated claims. Payments under the BRUEG soon ranged beyond the earlier ceiling by many millions of Deutsche Marks.

The new situation changed fundamentally the conditions under which the successor organizations had accepted the terms of the bulk settlement of March 16, 1956, most notably in respect to the signing of the waiver described above. But the German Federal Government refused to grant redress to the successor

organizations. When negotiations for an amicable settlement broke down, the successor organizations invoked arbitration proceedings under the terms of Article 13 of the settlement of 1956. An Arbitration Board was formed, and after several hearings, it proposed a compromise which both parties accepted, with some modifications, on July 27, 1966. By its terms, the successor organizations received DM 43,120,000 and the Zentralrat der Juden in Deutschland DM 3,250,000. The sums were all payable in three installments, and the last fell due on February 1, 1968. The following ratios were used in the distribution of the DM 43,120,000 to the successor organizations:

JRSO	49.76%	(DM 21,456,512)
JTC	41.12%	(DM 17,730,944)
JTC-French Branch	9.12%	(DM 3,932,544)

The increase in the quota of the JTC-French Branch from 6.55% under the 1956 Agreement to 9.12% was met by corresponding decreases in the ratios of the other two successor organizations.

IV. Monetary Claims for Existing Securities and Bank Accounts

1) Individual confiscations

The JRSO claims for the restitution of identifiable securities and bank accounts in the U.S. Zone of Germany encountered no special difficulties. But in Berlin the position was different. The recovery of securities and bank accounts became the major component among the responsibilities shouldered by the Berlin office. The results were significant. In the Third Reich, confiscated Jewish properties were registered in the records of various institutions with a precision and orderliness that bordered on the grotesque, and enabled the JRSO to trace individual as well as mass acts of confiscation that were perpetrated under the Eleventh Decree pursuant to the Reich Citizenship Law. At this point, it is unnecessary to enter into any detailed description of the machinery installed by the Third Reich for dealing with individual or with mass confiscation orders. Suffice it to mention that the files of the Oberfinanzpraesidenten in the German provinces, the German Reichsbank and the Prussian State Bank (Seehandlung) were the main sources of information. Those files disclosed which securities were sold and hence could no longer be traced, so that they became monetary claims against the Reich under the terms of the settlement of March 16, 1955, and which bank accounts and securities remained on deposit on May 8, 1945. In the latter cases, the claims had to be filed under the Berlin Restitution Order (REAO), issued by the Berlin Kommandatura on July 26, 1949.

Special information on confiscations also came from the lists of Jews subject to mass deportations. In those instances, deportees were required to furnish the Oberfinanzpraesidenten with a detailed list of their properties, including bank accounts, securities, jewelry, household goods, and the like. Other information was gleaned from the lists submitted to the Oberfinanzpraesidenten by the debtors of Jewish creditors.

To collect and to analyze the wealth of information abounding in the offices of the Oberfinanzpraesidenten, which also were in charge of the deportation cards index, called for painstaking and laborious investigations on the part of the JRSO staff in Berlin. The difficulties of research were moderated when the so-called Sondervermoegensverwaltung (representative of the former Reich in restitution cases) in Berlin, acting on behalf of the Federal Finance Ministry, was equipped with a staff large enough to administer the files and to deal with the great volume of inquiries pouring in from individuals, successor organizations and government departments.

The German General Law on the Consequences of the War, Allgemeines Kriegsfolgengesetz (AKG), dated November 1957, and the Validation of Securities Law (Wertpapierbereinigungsgesetz) of September 1949, set up cumbersome procedures aiming at revalidating securities and converting them into monetary values at the rate of DM 10 per RM 100 of their nominal value. To complete the task was the work of many years at the Berlin office. Special problems arose from the provisions of the AKG governing the conversion of Treasury bonds and of loans issued by the Reich, the Reich-Railways, the Reichspost and the former State of Prussia into a debt of the German Federal Republic. To safeguard their rights before the filing deadline of December 31, 1958, the successor organizations filed general or blanket claims, until they could validate the individual claims that qualified for restitution or conversion and could overcome other legal obstacles of a serious character.

Another significant legal obstacle was the refusal by the German authorities to recognize that former Reichbonds, confiscated from Jews and subsequently cancelled by the Reich Debts Administration (Reichsschuldenverwaltung), had to be treated in the validation and conversion proceedings as if they were still in existence. The validation of all claims was prepared in the course of the years 1959-1963. At first, the German authorities (Sondervermoegensverwaltung) refused to accept the filing of proceedings based on general claims, but the Supreme Restitution Court in Berlin (ORG) overruled the position and held the proceedings to be valid. In the years that followed, general claims of this character could be validated with the names of their former owners, their validation and conversion privileges, and then transformed into individual claims. Settlements were reached before the Berlin Restitution Courts at the rate of 30-40 cases at a stroke. The JRSO Berlin, acting for all the successor organizations, became the owner of a sizable portfolio of securities, the admin-

istration of which called for the collection of interest and of cash and stock dividends, and demanded a familiarity with investment policy and a wide range of financial skills.

2) *Mass confiscations (bulk settlements)*
a) *General Claim #7 (Reichsvereinigung)*

General Claim #7 ranked high among the general claims filed by the JRSO. They pertained to obligations of the Reich Debts Administration (Reichsschuldbuchforderungen) and comprised essentially securities, real estate and so-called Heimeinkaufs-accounts seized from the Reichsvereinigung der Juden in Deutschland. These accounts were created as a piece of Gestapo deceit. On the pretext that they would be admitted to homes for the aged in Theresienstadt, deportees were persuaded to transfer their securities, mortgages and bank accounts, by "Exchange Agreement," to the Reichsvereinigung, an agency created and controlled by the Nazi authorities. To the Reichsvereinigung, the Nazis transferred assets seized from the dissolved Jewish communities and charitable agencies and from individuals prior to their deportation to the concentration camp at Theresienstadt (Terezin). The balance sheet of the Reichsvereinigung alone disclosed securities valued at RM 67,000,000 and in the records of the Reich Debts Administration they were entered as a replacement for confiscated government securities.

In what degree was the JRSO able to identify this concentration of assets through the names of the former owners or their heirs? The investigations seeking to trace the origin of these assets faced exceptional difficulties. To begin with, the Federal Government objected that it would be called upon to pay two indemnities for the same asset. It maintained that assets in the Reichsvereinigung-accounts may not necessarily be heirless in fact, but may belong in part, at least, to individuals or their heirs to whom it owed liability under the Federal Restitution Law (BRUEG). Moreover, the Federal Government sought to prove that the obligations of the Reich Debts Administration were derived, in substantial part, from confiscations levied as taxes on emigration (Auswanderungsabgaben) for which it was liable under the Federal Indemnification Law (BEG).

The JRSO mustered its efforts to reach an amicable settlement with the German Federal Government. It was clear to all that attempts to identify each and every asset would stretch into the indefinite future. In consequence, the successor organizations and the German Federal Government and Land Berlin, reached agreement on General Claim #7 (mainly Reichsvereinigungs assets), on April 12, 1963. Land Berlin had entered the controversy via Berlin Kommandatura Directive #50 of 1949, which had granted jurisdiction over com-

mercial and organizational property first to a Berlin Commission and later to the City of Berlin itself. By agreement with the German Federal Government, the successor organizations received the sum of DM 7,000,000: the JRSO 50.85%, DM 3,559,500, the JTC 41.65%, DM 2,915,500, and the French Branch 7.5%, DM 525,000. The General Trust Corporation (Allgemeine Treuhand Organization (ATO) in Berlin, which was empowered to deal with the rights and interests of Nazi victims persecuted for reasons of race rather than religion, received DM 200,000 out of the DM 7,000,000 as its share in the agreement. The JRSO's share of this payment amounted to DM 101,700.

b) *Ministerial Accounts*

The Ministerial Accounts were held at the Prussian State Bank (Seehandlung) and were listed in the names of individual ministries. In these accounts, securities confiscated from Jewish owners, in Czechoslovakia and Austria predominantly, were deposited and exchanged into liabilities of the Reich Debts Register (Schuldbuchforderungen). Moreover, these accounts included securities seized as enforced payments of anti-Jewish levies and Jewish assets forfeited under the terms of the Eleventh Decree to the Reich Citizenship Law.

The JRSO in Berlin filed restitution claims for these accounts, on its own behalf and for the other successor organizations as well. Once again, it was called upon to verify the identities of former owners of deposits in the ministerial accounts, for otherwise the German Federal Government would have treated the DM 75,000,000 earmarked for transfer to the successor organizations under the Reich Claims Settlement, as satisfaction in full of all the latter's claims. In fact, the Federal Government contested the technical validity of those claims on the ground that the successor organizations were unable to identify the original owners of the assets, in every instance. The possibility of a double indemnity loomed large in the minds of the German Federal authorities.

On January 21, 1959, the Supreme Restitution Court in Berlin (ORG), found in favor of the successor organizations, holding they were entitled to claim heirless property if they could prove that the assets in question stemmed from spoliations inflicted upon Nazi victims. The decision led to the opening of negotiations aimed at reaching an amicable settlement. First, the parties agreed to authorize the Official Trustee (Haupttreuhaender) of the Sondervermoegensverwaltung (representative of the former Reich in restitution cases) to sell the securities in the Ministerial Accounts at the Prussian State Bank. The sale yielded some DM 25,700,000, including interest. In May 1960, the Federal Government approved an advance payment of DM 12,000,000 to the successor organizations, and in a final agreement, dated October 11, 1960, the Federal Government undertook to pay DM 6,000,000 more. The Federal Government

retained the remaining DM 8,000,000, by consent of the successor organizations, so as to meet whatever claims individuals might subsequently file to securities held in the Ministerial Accounts.

In the payments of DM 18,000,000, 50.85%, DM 9,153,000, went to the JRSO, 41.65%, DM 7,497,000, to the JTC and 7.5%, DM 1,350,000, to the JTC-French Branch.

The agreement of October 11, 1960 imposed an obligation upon the successor organizations to indemnify the General Trust Corporation (ATO) for claims to heirless property that were traceable to Nazi victims who were persecuted on grounds of race rather than religion. Following prolonged negotiations, the ATO accepted in settlement the sum of DM 1,500,000 or 8.33% of the aggregate payments accruing to the successor organizations from the Ministerial Accounts. The JRSO share in these payments came to 50.85%, DM 877,500.

c) *Haupttreuhandstelle Ost Settlement (HTO)*

In September 1940, the Nazi Government issued the so-called Poland Decree, by which the Haupttreuhandstelle Ost (HTO) was authorized to confiscate the property of Polish citizens located within Greater Germany. These properties belonged to Jews or to persons of Jewish descent who were not of the Jewish faith, and to non-Jewish Polish nationals. Since the General Trust Corporation (ATO) bore the responsibility of protecting the interests of persecutees for reasons of race but not of religion, the JRSO had to enlist its cooperation.

JRSO Berlin, acting for all four successor organizations, filed claims for the restitution of securities and bank accounts administered for the HTO by two Berlin banks. From 1964 onward, the JRSO sought to reach a bulk settlement of these claims with the Federal Finance Ministry. Here again the German authorities were reluctant to proceed on the grounds of a possible double liability, under the BRUEG and the BEG as well, both covering the same assets. Thereupon, the JRSO proceeded to analyze about 600 HTO files to establish whether assets claimed by individuals were identical with securities or bank accounts held in the banks for the HTO. Three years of preparation by the JRSO preceded the submission to the German authorities of a thoroughly substantiated statement of account covering the securities claimed, together with a detailed analysis of the validation and conversion of the old shares into the new ones expressed in Deutsche Marks plus interest, along with dividends, and, wherever justified, compensation for the loss of old savings (*Altsparentschaedigung*). The JRSO established the value of the HTO assets at DM 5,145,000.

Following protracted negotiations, an agreement was reached with the Federal Finance Ministry, on July 22, 1969, for the settlement of all claims to the assets of the HTO in the sum of DM 4,000,000. Moreover, the successor

organizations were released from the responsibilities imposed upon them by the settlements of the General Claim #7, the Ministerial Accounts and individual claims (*Einzelfaelle*) which required them to indemnify the German authorities against the possibility of double compensation. For this purpose, it was provided that the Finance Ministry should withhold from the settlement of DM 4,000,000 the sum of DM 300,000 for a three-year span, and that the ATO should also receive the sum of DM 300,000 minus DM 100,000 that it owed the successor organizations from the settlement of the so-called "Dresdner Bank Accounts." *

These deductions reduced the net sum to DM 3,400,000. Of that amount, the JRSO received 49.76% (DM 1,691,840), the JTC 41.12% (DM 1,398,080), and the JTC-French Branch 9.12% (DM 310,080).

In August 1972, the Federal Finance Ministry remitted to the JRSO for account of all Jewish successor organizations the sum of DM 262,920, the unused balance of the DM 300,000 withheld by it in the settlement of 1969.

The JRSO has now been relieved of the obligation to indemnify the German authorities for individual claims for assets restituted to them under the terms of the various global settlements. After August 1972, the German authorities had to bear the responsibility for meeting any claims individuals may file subsequently that would expose the Finance Ministry to double liability.

V. *Compensation For The Loss Of Old Savings Accounts (Altsparentschaedigung)*

The German currency reform that entered into force on June 20, 1948 created severe hardships on persons who owned savings accounts, mortgages, government bonds of the Reich, debts registered in the Reich Debts Book (*Reichsschuldverschreibungen*) and a variety of other accounts deposited with commercial and savings banks. Indeed, Reichsmarks were made convertible into the new Deutsche Marks in the ratio of RM 100 : DM 6.5 for savings accounts, in contrast with RM 100 : DM 10, in the case of other debts and mortgages. The Law for the Alleviation of Hardships Arising from the Currency Reform (*Gesetz zur Milderung der Währungsreform-Altsparengestz*) of July 1953, provided for compensation in some form for losses individuals had suffered from the effects of the currency reform.

By the terms of the 1953 law and its amendment of 1959, old savings, predominantly funds deposited in banks and savings institutions or invested in

* The claiming period for the three Jewish successor organizations under the Berlin Restitution Order had expired on December 31, 1950. The claiming period for the ATO expired in 1953. In the intervening period, the ATO filed a claim on behalf of all successor organizations for Jewish accounts seized at the Dresdner Bank which resulted in a favorable settlement. It was agreed that the value of Jewish assets in the settlement was DM 100,000.

bonds issued by the Reich and the German Laender, as well as debts registered in the Reich Debts Book, must have been in existence on January 1, 1940 in order to qualify for compensation. Moreover, claimants were required to be holders of the old savings on both January 1, 1940 and June 20, 1948. The Law granted 10% in compensation for investment losses arising from Reich debts, bonds and mortgages, and 13½% for savings account losses.

The 1953 law granted compensation to individuals but not to corporations for losses arising from the currency reform. The successor organizations were non-existent on January 1, 1940 and had to battle for recognition as old savers with respect to the various assets restituted to them. The argument they advanced that they had succeeded the original owners retroactive to the date of the original holdings (ex-tunc), and hence must be considered the holders of the assets on both January 1, 1940 and June 20, 1948, was accepted by the German Federal Equalization Authority (Bundesausgleichsamt) in Bad Homburg.

The JRSO and the German authorities both agreed to settle compensation claims for old savings via global agreements. The first settlement was signed in August 1969 and covered mortgages, securities and bank accounts restituted to the JRSO in the U.S. Zone. The Federal Equalization Authority recognized JRSO claims amounting to DM 3,607,839, and produced compensation for the loss of old savings coming to DM 575,658, including 4% interest from January 1, 1953 to August 31, 1966. In June 1964, the Jewish Trust Corporation reached a settlement with the Federal Equalization Authority, in the sum of DM 184,000, for mortgages and securities restituted to the successor organization in the British Zone.

The compensation claims for securities confiscated and held by the Reichsbank and the Prussian State Bank in Berlin presented a more difficult problem. These claims were collected by the JRSO Berlin, acting on behalf of all the successor organizations. On claims for restituted mortgages and securities other than Reich bonds, a settlement of DM 580,013 was reached in 1966, of which 52.50% (DM 304,507) represented the JRSO's share. Compensation claims for Reich bonds had to be submitted to the Equalization Office (Ausgleichsamt) in Berlin-Wilmersdorf. In 1968, that office paid on account to the successor organizations the sum of DM 41,500 in cash, and DM 67,000 in Federal German Bonds.

With respect to the assets of the Reichsvereinigung, which were mainly in the form of securities, Directive #50 had awarded them to the successor organizations. It became a task of many years for the JRSO Berlin to probe the origin of those securities and to show that they qualified for compensation under the Law for the Loss of Old Savings. Moreover, that Law granted compensation to religious and welfare organizations only for claims concerning assets of their social funds. To establish which portions of the assets of the former Jewish Communities and of the charitable and welfare organizations were

earmarked for social service purposes and which for operating funds, construction funds and the like, proved immensely difficult. Finally, a special regulation to permit the successor organizations to file claims for old savings (only individuals were entitled to do so under the existing law), was issued on October 25, 1968.

The special regulation, dated December 9, 1968, opened the way to a compromise settlement of compensation claims for mortgages and securities other than Reich debts. The Federal Equalization Office recognized claims in the sum of RM 3,928,088, which produced compensation payments of DM 392,800 plus DM 251,392 (4% interest from January 1, 1953 to December 31, 1968) coming to DM 644,192, in all. The JRSO share amounted to DM 328,538.

Among the claims filed by the JRSO were also claims for restitution of securities confiscated from the Paris branch of the Rothschild family. The JRSO assigned the claim subsequently to the law firm that represented the Rothschilds. The successor organizations received a participation of 20% in the proceeds arising from the sale of the Rothschild securities as well as from the compensation stemming from the Law for the Loss of Old Savings. The latter claims were settled in part in January 1972. The share of the successor organizations came to DM 411,802, while the JRSO share amounted to DM 216,196. Additional claims for the loss of old savings are still pending.

Pending also are claims on Reich bonds and Reich debts submitted under the Law for the Loss of Old Savings to the Equalization Office in Berlin-Wilmersdorf. Claims that remain open on account of special problems pertaining to the evidence needed to qualify them for compensation, may yield DM 100,000 in all, estimates indicate.

VI. Levy On Mortgage Profits (Hypothekengewinnabgabe, HGA)

In 1952, the German Federal Government enacted the Equalization of Burdens Law (Lastenausgleichsgesetz, LAG) to alleviate financial losses suffered as an outcome of the war. Funds to finance the law were obtained in part by syphoning off profits that real estate owners had gained by clearing their properties of encumbrances following the currency conversion in 1948, when Reichsmark mortgages shrank to a mere one-tenth of their former value when expressed in Deutsche Marks. The LAG introduced a special levy on mortgage profits (Hypothekengewinnabgabe, HGA), to tax the inequitable enrichment of real estate owners who became beneficiaries of the currency conversion. The levy was computed on the basis of the encumbrances that had burdened the properties on June 21, 1948. The HGA levy amounted to nine-tenths of the value of the nominal mortgage on that date and represented an encumbrance on

the property (Grundschuld) held by the Federal Government and entered in the Land Registry.

Provisionally, the German authorities exempted the successor organizations from that portion of the HGA levy which fell due within the period of their ownership. On the other hand, the German authorities maintained that upon the sale of properties by the successor organizations, it fell to the lot of the buyers to pay the tax in the installments prescribed by law from the time they purchased the property.

The successor organizations immediately protested the taxation of properties that were restituted to them, whether still held in their hands or previously sold. The uncertainty of the legal position impelled the JRSO to introduce the following procedures:

1. For buyers who wished to acquire property free of encumbrance, the JRSO paid the HGA with the right to claim a refund, should it become clear that the successor organizations were not liable for payment of the tax.
2. For buyers who acquired property encumbered by the levy on mortgage profits, the purchase price was reduced in relation to the possible tax liability that might arise during their ownership.
3. The purchaser undertook to repay to the JRSO a reduced purchase price in the event payment of the levy became unnecessary.

Many years were required to clarify the legal position. The Jewish Trust Corporation had filed a test case in the Finance Court at Cologne which was won in October 1960. The suit was grounded on the argument that heirless Jewish properties were exempt from special taxation under the Contractual Agreement concluded between the German Federal Government and the Allied Occupation Powers (Ueberleitungsvertrag), Article 5, Section III, and hence, the special levy could not be imposed on properties restituted to the successor organizations. The German Finance Ministry appealed the decision to the Federal Finance Court. On January 18, 1963, the Court held the successor organizations to be exempt from the payment of the Levy of Mortgage Profits.

Accordingly, the JRSO proceeded to claim a refund of the taxes it had already paid, or set out to recover from buyers of its properties the sums by which purchase prices were reduced in relation to the contingent tax liability. The task was a wide-ranging one that has yet to reach completion to date, because many buyers were granted the right of repayment by installments.

In Berlin, a special situation arose in the case of properties transferred to the City under the Global Settlement concluded in December 1955. The properties transferred to the City of Berlin by the JRSO were all exempted finally from the HGA. Hence the City of Berlin was called upon to indemnify the JRSO for the considerable savings from the reduction in the purchase price that arose under the terms of the Global Agreement. A solution was reached, in August 1964, in the form of a bulk settlement agreement calling for the payment of DM 800,000

to the JRSO on behalf of the three successor organizations. The JRSO share came to DM 471,680; the JTC received DM 292,720 and the JTC-French Branch DM 35,600. Moreover, through the year 1972, the JRSO received refunds in the former U.S. Zone and in Berlin for properties it had not transferred to the City in the sum of DM 725,460, in all.

VII. Restitution Of Former Jewish Communal Property

In 1933, 600,000 Jews lived in Germany. By the close of World War II, the number had all but reached the vanishing point. A mere 10,000 - 12,000 Jews remained in the U.S. Zone and in Berlin. The majority were survivors of concentration camps and many were east European in origin. They chose to remain in Germany for reasons of illness or of age predominantly. They reestablished Jewish communities in a number of cities and towns in post-war Germany, and most were small and weak. In the U.S. Zone, Frankfurt and Munich were the largest, while Berlin with its 7,000 Jews was the most important.

In keeping with Military Government Law #59, the property of all Jewish communities and organizations which were dissolved in the Nazi era under the Tenth Decree to the Reichsbürgergesetz, was entrusted to the JRSO for distribution. From the very inception, the JRSO proceeded to aid the new communities in rebuilding Jewish communal life. Over the years, the JRSO transferred to them pieces of property for the establishment of new synagogues, old-age homes or new community centers. However, the new Jewish communities protested. They refused to accept the fact that the JRSO, like the successor organizations in the British and French Zones of Germany, would have a decisive voice on the distribution and utilization of the former communal or organizational property. The JRSO supported by the Allied authorities was unable to accept the claim that the newly formed Jewish communities were identical with their predecessors and hence entitled to receive the communal properties of the latter, in their entirety.

The impasse led to a series of vexatious law suits, and the case of the Augsburg community, with a membership of under 50, became notable. The new community laid claim to restituted property, in the value of DM 800,000, that had once belonged to the old community, the membership of which had ranged beyond 1,000. Ultimately, the U.S. Court of Restitution Appeals rejected the claim. In that instance, and subsequently in similar ones, the JRSO view prevailed that the wide-ranging disparities between the new membership and the old should not be lost to view. Moreover, the JRSO owed a responsibility not merely to the small number of Jews who now resided in Germany, but also to the greater numbers who had migrated to other countries and rated consideration, in their vast majority, as beneficiaries of JRSO funds. The decision of

the U.S. Court of Restitution impelled most of the communities to reach agreements with the JRSO for the division of communal properties. All told, the JRSO transferred to the communities property valued at DM 3,500,000 (\$833,350 at the exchange rate prevailing at that date) and retained communal properties valued at some DM 5,000,000 (\$1,190,500).

VIII. Indemnification Claims For Destroyed Synagogues, Communal and Organizational Property, and Cultural Objects

1) Berlin

In Berlin, by way of contrast, the recovery and the division of former communal properties proceeded with less friction. It should be noted, however, that only rubble and ruins were available for restitution in Berlin, in light of the utter destruction of synagogues and community center buildings that occurred on the Kristallnacht, November 10, 1938. Hence the JRSO claims for compensation against Land Berlin pertained to damage to property inflicted by the Nazi regime. Negotiations with the Berlin Senate on the size of the compensation, and simultaneously with the Jewish community on the division of it, encountered numerous hurdles. Finally, on March 3, 1955, Land Berlin agreed to pay DM 10,300,000, before deducting DM 700,000 previously advanced to the Jewish community (DM 9,600,000 net). Of that sum, the Jewish community received DM 3,000,000, and the successor organizations DM 6,600,000. At the same time, Land Berlin waived its claims for the refund of advances made to the new Jewish community in the sums of DM 1,452,000 and RM 1,792,174.81. Of the DM 6,600,000, the JRSO received DM 1,507,144, the JTC DM 4,000,000, and the JTC-French Branch DM 1,092,856.

In May 1960, the successor organizations approved a supplementary payment of DM 550,000 to the Berlin Jewish Community, in settlement of indemnification claims for the destruction of communal property. The shares of the JRSO in this payment came to DM 134,500, of the JTC to DM 393,000, and of the JTC-French Branch to DM 22,500. The supplementary payment placed the Berlin Jewish Community on an equal footing with those in the Western Zones, which had received 50% in settlement of claims for communal properties that suffered destruction or damage.

2) U.S. Zone

On its claims for damage to communal properties in the U.S. Zone, the JRSO had attempted for years to reach agreements with the Laender and with the Jewish communities, in an effort to provide funds for future needs of the reconstituted Jewish communities. The JRSO and the Jewish communities

agreed that the share that would accrue to the Jewish communities from the global settlement with the Laender should not be instantly distributed. Instead, a trust fund should be established under the provisions of German Law (registered association) to be used for the communal and welfare needs of the Jewish communities in the U.S. Zone. These communities were united in Federations (Landesverbaende) in their respective Laender: Bavaria, Hesse, Baden-Wuerttemberg and Bremen. Eventually, the Federations became members of the Trust Fund, together with the Zentralrat der Juden in Deutschland (Central Board of Jews in Germany). The Zentralrat acted as a moderator in the negotiations between the JRSO and the Landesverbaende. It also aided in reconciling conflicting claims among the parties and conflicted opinions among the Landesverbaende.

The Federal Indemnification Law (BEG) that was enacted in 1953 authorized the successor organizations to claim compensation for damage to synagogues and other communal properties. The preparation of these claims called for painstaking research on the blueprints of destroyed buildings - their plans, measurements, furnishings and equipment. Eyewitness accounts given by survivors or by non-Jews proved of value in the preparation of global settlements with the Laender.

In 1956, an amended BEG was enacted and it exerted a wide-ranging effect on the preparatory work the JRSO was called upon to perform. The right to compensation on the part of the successor organizations was limited to a maximum of DM 75,000 per object for destruction or damage. The new Jewish communities, however, were empowered to submit indemnification claims in their own right for payments in excess of DM 75,000, upon proof that the damage suffered exceeded the ceiling of DM 75,000 and it was required for their communal purposes. This provision for payment of the "surplus" (the so-called Ueberhang) of Section 148-3 of the BEG, called for a new calculation of the JRSO claims. Simultaneously, it stirred new conflicts with the Landesverbaende which were authorized to file compensation claims concurrently with the JRSO.

In December 1957, the JRSO, the Landesverbaende and the Zentralrat reached a final agreement. It provided that the proceeds of claims for the destruction of synagogues and other cultural, communal and organizational properties should be shared equally by the JRSO and the Jewish communities in the former U.S. Zone. The share of the latter was reduced by whatever payments the JRSO had already made to communities with whom it had reached settlement in earlier years. The rest was earmarked for payment to a Trust Fund (Treuhandverein) that would cope with requests for meeting the needs of the Jewish communities in the former U.S. Zone. The membership of the Trust Fund included three JRSO representatives. The agreement also stated

that the Trust Fund would have at its disposal no less than DM 4,000,000, of which the JRSO was to provide an advance payment of DM 1,000,000. Moreover, the JRSO agreed to pay DM 500,000 out of the proceeds of the Reich Claims Settlement with the German Federal Government. Of that sum, DM 75,000 was earmarked for the Zentralrat der Juden in Deutschland. And finally, the Jewish communities in the former U.S. Zone agreed to shoulder responsibility for the maintenance of cemeteries that remained in active use. Inactive cemeteries were to be transferred to the Landesverband of jurisdiction, which would bear responsibility for maintenance.

This Trust Fund, the Juedischer Treuhandfonds Sueddeutschland, was established in 1960. It paved the way for implementing the Overall Agreement, and for reaching settlements with the Laender of Bavaria and Hesse.

The settlement with Land Bavaria, dated October 24, 1960, recognized claims amounting to DM 38,000,000. Of that sum, DM 26,000,000 was payable to the JRSO, and DM 12,000,000 as "Ueberhang" to the Trust Fund, the Landesverband, and to various Jewish communities in Bavaria. The DM 26,000,000 was to be divided in equal shares between the JRSO and the Jewish communities in Bavaria.

The settlement with Land Hesse, dated November 29, 1961, recognized claims amounting to DM 62,153,873. Of that sum, DM 29,695,000 was payable to the JRSO, DM 13,824,000 to the Trust Fund, and DM 18,634,873 to the Landesverband, and to various Jewish communities in Hesse, notably Frankfurt/Main, which had ranked among the wealthiest in pre-Nazi Germany. Claims reaching DM 13,153,376 were recognized as "Ueberhang."

In the case of Land Baden-Wuerttemberg, the JRSO had already settled its claims for damage to synagogues, cemeteries and other communal or organizational properties on November 6, 1951. A settlement payment to the JRSO, in the sum of DM 10,000,000, included DM 1,500,000 for the assignment of pending restitution claims and the sale of restituted, but unsold property. In 1956, the Israelitische Kultusvereinigung Wuerttemberg-Hohenzollern (for Land Wuerttemberg) and the Oberrat der Israeliten Badens (for Land Baden), the central Jewish communal organizations, demanded payment of the JRSO of one-half the sum of the DM 1,500,000 which Land Baden-Wuerttemberg had undertaken to pay in discharge of all indemnification claims for the destruction or damage of synagogues, cemeteries, and other real property. Protracted negotiations produced an agreement in August 1957, whereby the JRSO paid DM 284,179 to the Israelitische Kultusvereinigung Wuerttemberg-Hohenzollern and DM 283,983 to the Oberrat der Israeliten Badens.

In Land Bremen, the smallest land in the U.S. Zone, the JRSO, in March 1955, had filed claims for damage to communal and organizational property of the Jewish communities in Bremen and Bremerhaven. In September 1959, the JRSO assigned these claims to the Jewish Community of Land Bremen, against

payment of DM 100,000, and the latter settled them directly with the Government of Land Bremen. On December 1, 1959, the Bremen Senate paid DM 1,500,000 for the construction of a new synagogue and a home for the aged.

3) *British and French Zones*

In the British Zone, the Jewish Trust Corporation and the Laender Governments reached the global settlements outlined below, that covered indemnification claims for damage to synagogues and for the destruction of communal and organizational properties.

1. Land Hamburg, DM 5,000,000. The JTC received DM 2,400,000, which it shared with the Jewish Communal Fund for North-West Germany, and DM 2,600,000, as "Ueberhang" went to the Jewish Community of Hamburg.

2. Lower Saxony, DM 9,450,000. The JTC received DM 5,700,000 which it shared with the Jewish Communal Fund, and DM 3,750,000 went to the Jewish communities of Lower Saxony.

3. North-Rhine Westphalia, DM 21,000,000, to be shared with the Jewish Communal Fund.

4. Schleswig-Holstein, DM 1,133,047. The JTC received DM 600,071 which it shared with the Jewish Communal Fund, and DM 532,976 as "Ueberhang" went to the Jewish Communal Fund, in trust for the Jewish communities of Schleswig-Holstein.

In the French Zone, the JTC-French Branch and the Laender Governments reached the global settlements outlined below that covered indemnification claims for damage to synagogues and for the destruction of communal and organizational properties.

1. Mainz, DM 1,740,950.

2. Worms, DM 435,000.

3. Trier, DM 1,080,000.

4. South Baden, DM 2,400,000.

5. Bad Kreuznach, DM 750,000.

6. South Wuerttemberg and Hohenzollern, DM 1,250,000.

7. Koblenz, DM 3,350,000.

4) *B'nai B'rith*

Among the organizations that considered themselves to be successors in interest of communal organizations dissolved under the Tenth Decree to the Reichsbuergergesetz (Reich Citizenship Law), was the Supreme Lodge of the Order of B'nai B'rith, Washington, D.C. The B'nai B'rith asserted a claim to the restitution of properties seized by the Nazi regime from its Lodges in the former U.S. and British Zones. The B'nai B'rith maintained that their claims for

restitution took precedence over those filed by the JRSO for the properties of its former Lodges.

The B'nai B'rith asserted its claim on the ground that its former Lodges in Germany had held their assets as trustees of the Order. When the Lodges were dissolved by Nazi administrative action, their assets passed automatically to the Supreme Lodge in Washington, D.C. The JRSO and the JTC rejected the argument, on the ground that several court decisions had held that the Lodges in Germany were formed as separate legal bodies. Hence, the successor organizations maintained, they alone must be considered the sole legitimate claimants, while the claim of the Supreme Lodge to act as the legal successor of the former Lodges in Germany lacked foundation in law.

The JRSO expressed the wish to facilitate the recovery of the properties in question, but without yielding ground on the legal aspects. Finally, agreement was reached on March 30, 1951, whereby the JRSO agreed to assign to the Supreme Lodge all of its claims to former Lodge properties in Germany, while the Supreme Lodge agreed to use all the assets recovered under the terms of the Agreement for the relief, rehabilitation and resettlement of Jewish victims of Nazi persecution, and predominantly for those in Israel. Thereafter, the JRSO segregated in a separate trust account, for the benefit of the Supreme Lodge, the income and assets that accrued from those properties. In its turn, the JRSO was compensated for the expenditures it had incurred in those cases.

Net recoveries in the former U.S. Zone that were credited to the B'nai B'rith ranged beyond DM 450,000. The greater part went into the purchase and maintenance of a unit in the Hillel Foundation of the B'nai B'rith in Israel.

IX. Pensions For Former Community Officials

Former Jewish community officials in Germany, among them rabbis, teachers, cantors, librarians, social workers, or their widows, who would have been eligible for pensions had the Nazis not destroyed their communities, petitioned the JRSO to set aside a portion of its assets to meet those pension claims. The petitions were grounded on the argument that the JRSO, as the successor to the former Jewish communities in Germany, was liable for the pension obligations. The JRSO maintained that whatever obligations the former communities might have had to these pensioners, the obligations did not accrue to it as the successor organization.

At the same time, in light of the importance and the pressing urgency of these pension claims, the JRSO referred claimants to indemnification legislation in Germany that was scheduled for enactment. The JRSO joined hands with the Conference on Jewish Material Claims Against Germany (Claims Conference) to devise procedures with the German Federal Government for the payment of

pension claims of officials and employees of the former Jewish communities in Germany. In fact, by Protocol #1, signed on September 10, 1952, between the German Federal Republic and the Claims Conference, the former undertook to pay compensation to persons who had suffered losses as officials or employees of Jewish communities or of public institutions within the territories of the German Reich as of December 31, 1937. On April 9, 1953, the Federal Interior Ministry issued guidelines for the implementation of that obligation. To set the program in motion with the greatest possible speed, a fund was created for the making of pension payments, and the Claims Conference was authorized to appoint a Pensions Advisory Board. Acting in a strictly advisory capacity, the Board weighed the claims submitted and presented its views of them to the German authorities. Over the years, the Pensions Advisory Board has evaluated over 3,500 claims, and pension payments to beneficiaries exceeded \$23,000,000, all told.

X. Maintenance Of Abandoned Jewish Cemeteries

By the close of World War II, some 1,700 abandoned Jewish cemeteries in the Western Zones of Germany were in disrepair and without care. All were confiscated by the Reich, and had been vandalized in the absence of the former owners, the Jewish communities. The Military Governments in Germany enforced the restoration of the desecrated burial grounds, but the care of them lay beyond the capabilities of the newly formed Jewish communities scattered throughout the Western Zones.

The three successor organizations and the Jewish communities formed a committee to negotiate with the German Federal Government on the matter. In 1953, a settlement was reached whereby the latter agreed to pay DM 200,000 for the restoration of cemeteries which had gone without maintenance after 1945. Subsequently, on Rosh Hashanah Eve, 5717 (1956), the German Federal Government and the Laender agreed to provide care and maintenance. In June 1957, a Protocol agreement was signed between the Federal and the Laender Governments on the one hand and the three successor organizations, the Landesverbaende and the Zentralrat der Juden in Deutschland on the other. The Protocol called for the grant of permanent care to abandoned Jewish cemeteries in the German Federal Republic, upkeep in harmony with the surrounding landscape, maintenance of a surrounding wall equipped with a gate and lock, and grass cutting at regular intervals. The care of individual graves and tombstones was left to the next of kin. The agreement did not cover West Berlin since no Jewish cemeteries were located in that city.

On February 20, 1958, implementation of the Protocol was assured by an agreement between the German Federal Government and the Laender to share

equally in the costs of upkeep, which would reach DM 0.25 per square meter, estimates indicated.

Under the overall agreement between the JRSO, the Landesverband, and the Jewish communities in the U.S. Zone, title to abandoned cemeteries was transferred to the particular Landesverband charged with jurisdiction. Where maintenance costs ranged beyond those shouldered by the Federal and Laender Governments, the excess was to be covered by a special fund that the Treuhandfonds in the U.S. Zone were scheduled to establish.

Open cemeteries, those in active use as burial grounds, are currently under maintenance by the Jewish communities in the territories in question.

XI. The Legal Aid Department

U.S. Military Government Law #59, promulgated in 1947, authorized former owners and their heirs to claim the restitution of identifiable property. Similar laws were enacted for the British Zone in 1949, for the French Zone in 1952, and for the three western sectors of Berlin in 1949.

The restitution laws were very complex. Private claimants needed the aid of lawyers, but many lacked the means to pay for the cost of their services. The need strengthened the notion of forming a legal aid society, composed of former German lawyers, in the main, who were ready to represent private claimants scattered the world over, and led to the founding of the United Restitution Organization (U.R.O.) in 1948. It was formed in London as an English company and opened offices in Israel, the U.S., France, Great Britain, in the British and French Zones of Germany and in the corresponding sectors of Berlin. But in the U.S. Zone and in the U.S. Sector of Berlin, it ran into difficulties. The U.S. Military Government was unwilling to authorize an unknown legal aid society to submit the claims of clients based on M.G. Law #59, the Berlin Restitution Law of July 1949, and the General Claims Law for the U.S. Zone of August 1949. The U.S. Military Government, in ignorance of the notable caliber of the personalities who supported the URO, voiced the fear that claimants of small means might fall into the hands of irresponsible persons who would hold back for their own pockets a great share of the sums recovered. The U.S. authorities believed that the JRSO was in a position to carry out the legal aid program singlehanded. Accordingly, the JRSO opened Legal Aid Departments, by the end of 1948, to collaborate with the URO in providing claimants of small means with services they needed. Such departments were opened in Nuremberg, Frankfurt, Munich and Berlin. Although subject to administrative supervision by the JRSO, those departments functioned autonomously, acting more as branch offices of the URO than as departments of the JRSO. Great stress was laid upon avoiding conflicts of interest between the claims handled by the Legal Aid Departments and those of the JRSO itself.

XII. Board Of Equity Procedures And Equity Hardship Fund

In all, the JRSO paid individual claimants of properties that the organization had already recovered a sum bordering on DM 12,500,000. Predominantly, the claimants were heirs to properties who had forfeited their legal rights to restitution by the failure to file their claims by December 31, 1948, the filing deadline set forth in M.G. Law #59.

The JRSO had withdrawn its claims to private properties wherever former owners or their heirs had submitted claims before the filing deadline had expired. But now, claimants who had failed to submit timely claims, challenged the validity of the JRSO claims to the properties in question, and demanded the transfer to them of the claims or the proceeds. Their protests were never weakened by any realization that the swift action taken by the JRSO had made recoveries possible to begin with, and hence that the JRSO alone was legally entitled to the proceeds. By April 1950, some 300 persons had petitioned the JRSO for the assignment of such claims or the proceeds of them, and appearances suggested that these petitions were but the first forerunners of many.

The moral predicament underlying the JRSO position was clear: should it proceed with the recovery of properties to which it was legally entitled or should it reduce the funds available for the relief and rehabilitation of Nazi victims by accepting the claims of heirs who retained at least equitable rights? It also was true that negligence in meeting the filing deadline was not the only ground for the forfeiture of claims. In many instances, claimants had never learned of the existence of the filing deadline or of the existence of the very property they were now claiming, or they were informed, incorrectly, that the filing of a claim was unnecessary to protect their rights. The need for an equitable procedure to handle the petitions of claimants impressed itself upon all.

Accordingly, the JRSO obtained amendments and special licenses under the terms of M.G. Law #59, so as to legalize the assignment of its rights to late claimants in equity cases. An Equity Board was created to deal with these claims and they swiftly gained the label "equity claims." The JRSO, by public announcements, invited late claimants to submit petitions to it before December 31, 1950, and expressed its readiness to assign its legal rights to all heirs, however remote the relationship, who could prove their rights to the title, subject to a service charge to be paid by them. The service charge varied in size in keeping with the value of the property and the claimant's relationship to the original owner. In hardship cases, only a nominal service charge was levied.

Some 2,500 equity claims were submitted by December 31, 1950, the expiration date of the filing deadline, and considerably more came in afterwards. A second filing deadline was publicly announced for December 31, 1951, and it

called for a slightly higher service charge for late petitioners. A third one was dated December 31, 1952, more than five years beyond the enactment of M.G. Law #59. By the end of July 1955, over 4,800 equity claims were submitted to the JRSO.

The same pattern was followed in the British Zone at the Jewish Trust Corporation and at its branch for the French Zone. Finally, the three successor organizations agreed that the equity procedures should be closed by December 31, 1955, and that claims should not be accepted thereafter. Payments on these equity claims reached nearly DM 12,500,000. At the same time, to deal with the claims of needy persons who might file at a still later date, a trust fund, the Equity Hardship Fund, was created in London in July 1956.

The three successor organizations endowed the Fund with a capital of DM 2,000,000 and with a management expense account of DM 250,000. The contributions ranged as follows:

	<i>Trust Fund</i>	<i>Management Expenses</i>
JRSO	DM 925,000	DM 115,625
JTC	DM 925,000	DM 115,625
JTC-French Branch	DM 150,000	DM 18,750

The filing deadline for the Equity Hardship Fund expired on June 30, 1957, but the successor organizations agreed to transfer to it all claims that had reached them after January 1, 1956. The Fund stated in its by-laws that only the original owner or his heirs who qualified as near relatives, and who were in need, were eligible to file claims. Claims adjudicated by the Fund were paid at a reduced rate - 70% of the award or DM 50,000, whichever was less.

Once again, claimants in considerable numbers filed petitions after June 30, 1957, and once again, the successor organizations extended the deadline, this time to December 31, 1958. It is notable that the latter date fell a full ten years after the original deadline fixed by M.G. Law #59. In all, 490 cases were adjudicated and payments reached some DM 1,250,000. The surplus was repaid to the successor organizations in keeping with the size of their share in the original capital. The JRSO share came to 46.25% (DM 235,000).

XIII. The Recovery Of Cultural Property

In its claims to heirless property, the JRSO did not restrict itself to the recovery of real estate, bank accounts, securities and the like. From the inception, its Cultural Property Division sought to trace and to recover Jewish cultural, artistic and religious objects the Nazis had plundered within Germany, or had transported to German territory from occupied eastern countries. The

U.S. Military Government had taken custody of these objects and had listed them specifically in inventories.

In 1947, the Jewish Cultural Reconstruction Corporation (JCR) was established by Jewish scholars and Jewish cultural organizations, and linked to the JRSO for tracing, restituting and allocating Jewish books and ceremonial objects that the Nazis had plundered. The JCR came to act as a virtual arm of the JRSO for the recovery of such objects. In February 1949, it won official recognition as the trustee of all cultural Jewish objects that were stored at the Offenbach depot in Germany. Over 10,000 ceremonial objects were recovered and distributed to synagogues and museums in Israel, Western Europe, South Africa and the United States. Many cases of objects containing, in all, over 1,000 Torah scrolls that were burnt, torn, or reduced to fragments, were shipped to the JDC offices in Paris for examination and repair at the hands of scribes, and for subsequent distribution in Israel and Europe. Some scrolls were 200 years old and more. Over 250,000 books, pamphlets and other writings were also distributed in Israel, Western Europe and the United States. Entire libraries and collections, e.g. the Hermann Cohen Library, were transferred in toto to the Hebrew University in Jerusalem. Other volumes, over 2,500 in all, many of them rare and centuries old, went to the Jewish Theological Seminary, the Institute of Jewish Religion and the Yiddish Scientific Institute (YIVO), all in New York.

Scarcely a major Jewish community in the world failed to benefit from the redistribution of these treasures. A substantial share went to Jewish communities in Western Europe and aided in their struggle for cultural and spiritual reconstruction. Similarly, the Hebrew University Library, and the Bezalel Museum in Jerusalem, along with other libraries, yeshivot and religious institutions in Israel, received allotments in cooperation with the Israeli Ministry for Religious Affairs. In making the distributions, an advisory committee of leading Jewish librarians, art curators and other experts assisted the JCR. In cases where the original Jewish owners could be traced, recovered objects were returned to them.

In addition to Jewish cultural and religious objects, the JCR acting as an agent of the JRSO probed for art objects that were secular in character, notably paintings from Jewish museums or Jewish private homes that the Nazis had seized. In greatest part, these objects were cached near Munich, in the U.S. Zone. In February 1949, the Munich Collecting Point of the U.S. Military Government transferred to the JRSO eleven crates containing nearly 700 art objects. These were shipped to New York, in November 1949, and were transferred to the storage rooms of the Jewish Museum in that city for examination and appraisal by experts and art dealers. Thirty-five old paintings that had undergone restoration were shipped to the Bezalel Museum in Israel, as representative examples.

The remaining objects, among them some 100 paintings, 150 drawings and prints, 200 miniatures, a number of carved angels in wood, and a large figure of St. Ambrosius valued at some \$4,500, were offered at public sale. The existence of the collection was publicly advertised so as to enable individual owners or their heirs to come forward. As a result, several paintings were claimed at this point and were withdrawn from the sale. In a few instances, paintings were repurchased from art dealers at a later point.

In 1952, the JRSO uncovered a collection of nearly 400 pictures in the Office of the Administration of Properties of the City of Berlin that originally were plundered by the Nazis from the Reichsvereinigung der Juden in Deutschland. Most of the paintings had been the property of the Berlin Jewish Museum. The distribution of this collection was agreed upon as follows, after discussions held with the JTC and the JTC-French Branch: fifteen paintings to the Jewish Museum of the Hebrew Union College at Cincinnati, Ohio; five paintings to the United Kingdom, for display in London primarily, at homes for the aged for refugees from Central Europe; three or four paintings were earmarked for the same purpose to the JTC, French Branch. The rest were scheduled to go to the Bezalel Museum, Jerusalem, with the proviso that 25-30 paintings should be hung in homes for the aged conducted by the Irgun Olej Merkaz Europa, the Israel branch of the Council of Jews from Germany. Paintings were also returned to individual claimants or their heirs who were able to prove previous ownership.

XIV. Heirless Property In The United States (U.S. Public Law #626)

When World War II began, title to assets in the United States belonging to enemy countries and their nationals, was vested in the Alien Property Custodian, pursuant to Executive Order #9095 of March 11, 1942. German owned assets, running to some \$541,000,000 in value, were subsequently seized. The Trading with the Enemy Act provided that after the war ended, those properties should be disposed of "as Congress shall direct."

The JRSO as the American successor organization for heirless and unclaimed property of Jewish victims of Nazi persecution sought recognition of its role by the Office of Alien Property. After many years of intensive efforts with the executive and legislative branches President Eisenhower designated, on January 13, 1955, the JRSO as the successor organization, under U.S. Public Law #626. As the successor in interest, it was authorized to receive unclaimed properties of deceased persons that were seized in 1942, under the terms of an Executive

Order issued under the Trading with the Enemy Act, having a ceiling of \$3,000,000.

Under the Executive Order, the JRSO filed claims at the Office of Alien Property (OAP), although in many instances it lacked specific information in support of those claims. The JRSO probed for information in the records of the OAP. In every instance, the JRSO had to establish whether an individual claim was filed and, if not, to submit evidence that the former owner had been a Nazi victim. The task was tremendous in scope, stretching over a span of ten years, and was beset with many difficulties. After thousands of claims were filed at the OAP, it became clear to all that a bulk settlement and not an adjudication on a case-by-case basis was in the mutual interest of all parties. The U.S. Government would otherwise be confronted with enormous administrative costs in proportion to the size of the claims.

In 1960, Senator Keating, together with Senators Javits and Kefauver, introduced in the 86th Congress an Amendment to Section 32(h) of the Trading with the Enemy Act that called for a bulk settlement in the amount of \$500,000 of all the claims submitted by the JRSO. Payments were to stem from the fund set aside for unclaimed properties of deceased persons. The House of Representatives passed the bill, while the Senate Judiciary Committee reported it favorably to the Senate. Unhappily, the Senate adjourned before the measure could reach the floor. In the next Congress, Senator Keating offered an identical bill, co-sponsored this time by Senators Hart of Michigan and Scott of Pennsylvania. The bill, Public Law 87-846, passed both houses and was enacted on October 22, 1962.

On February 26, 1963, President Kennedy issued Executive Order 11,086 that amended the Executive Order President Eisenhower had issued in 1955. It invited the filing of applications for the designation of successor in interest, and also delegated to the Foreign Claims Settlement Commission all the powers conferred upon the President by Section 32(h) of the Trading with the Enemy Act as amended by Public Law 87-846. The JRSO was then designated as the sole successor organization, and on June 18, 1963, it requested the Foreign Claims Settlement Commission in Washington, D.C. for the full payment of \$500,000. The JRSO certified that the entire sum would be used in the United States for the rehabilitation and resettlement of persons in need who had suffered the loss of liberty at Nazi hands. No portion of the funds were to be used for the payment of legal fees, salaries, or other administrative expenses connected with the filing of claims or the recovery of property under Section 32 of the Trading with the Enemy Act. The JRSO agreed to submit a full report on the use of the funds to the President of the Foreign Claims Settlement Commission.

On June 28, 1963, the Foreign Claims Settlement Commission awarded the

\$500,000 to the JRSO. To put the funds to the most effective use, the JRSO granted the first priorities to organizations that aided the handicapped and the aged and the economic rehabilitation of the young.

The funds were allocated as follows:

Agudath Israel World Organization, New York \$50,000

To aid in establishing a housing project in New York City for aged Nazi victims. The Agudath Israel shouldered responsibility for completing the project and maintaining it.

Catholic Relief Service - National Catholic Welfare Conference, New York \$50,000

To provide handicapped Nazi victims in need with one-time rehabilitation grants ranging in size up to \$1,500 per family

Nehemiah Robinson Memorial Scholarship Fund \$100,000

To establish a scholarship fund in memory of Dr. Nehemiah Robinson, administered by the United Help, Inc. in New York. Nazi victims who had completed their secondary education were eligible to apply for scholarships providing vocational and professional training. The JRSO did not seek to administer the program separately, since the United Help has conducted a scholarship program of its own for a number of years.

United Hias Service, New York \$100,000

To resettle problem families in communities outside of New York City, with the aid of one-time integration grants, in cooperation with the local Jewish resettlement agencies. These agencies had to shoulder responsibility for providing beneficiaries with continuing care. Individual grants ranged in size up to \$1,500 per family.

United Help, Inc., New York \$200,000

To aid in establishing a housing project for Nazi victims in the vicinity of New York City (Flushing). The United Help was required to provide the funds needed to complete the project and to maintain it.

XV. Allocations

From its early beginnings, the JRSO channelled the funds that arose from the restitution of heirless property to the aid of Nazi victims in need. Beneficiaries were many, but the funds were limited. Allocations were granted virtually from the start because JRSO administrative costs were low in the first seven years of its existence. Office space at JRSO headquarters in Nuernberg, and at its eleven regional offices were provided by the U.S. Army. Salaries for the large staff, which numbered 330 persons at the peak, were met out of occupation costs

advanced by the U.S. Military Government. Subsequently, the advance of occupation costs was cancelled by the U.S. High Commissioner.

The question arose whether the JRSO should conduct a program of relief, rehabilitation and reconstruction with an apparatus of its own or should channel welfare funds via organizations with experience in conducting aid programs for Nazi victims in need. From the outset, all hands agreed that the two major constituent bodies of the JRSO—the Jewish Agency for Israel and the JDC—should conduct the relief activities of the JRSO as its operating agents.

Jewish Agency for Israel (JAFI)

Up to December 31, 1972, JRSO grants to the Jewish Agency amounted to DM 114,044,273, in all. The Jewish Agency used the first DM 13,000,000 in JRSO funds for the purchase of pre-fabricated homes for new immigrants in the Ma'abroth, the transit camps. Additional funds went for the purchase of agricultural machinery, construction equipment, tools, irrigation pipes and other materials for the use of new settlements inhabited by Nazi victims. In the past fifteen years, JRSO funds aided the Jewish Agency in meeting its responsibilities in the fields of immigration and absorption, agricultural settlements and youth aliyah. In immigration and absorption, aid to new immigrants consisted predominantly in providing housing, health services, and education in Ulpanim and in institutions of higher learning. In the field of agricultural settlements, JRSO funds were channelled to existing settlements as well as to new ones, and also helped to provide water for farm use. The funds also aided in the maintenance and care of children and teenagers in Youth Aliyah institutions.

American Jewish Joint Distribution Committee (JDC)

In the 25-year span between 1947-1972, payments to the JDC came to DM 56,171,060, in all. In the first year, the funds helped to meet general relief needs of displaced persons at Camp Fochrenwald, the last of the DP camps in Germany to close its gates. The JDC bore responsibility for the maintenance costs, which were large, but the JRSO contribution helped to meet them in part. After Camp Fochrenwald closed, the JRSO allocations aided mainly in the operation of Malben, a JDC network in Israel for the aid of aged and handicapped immigrants. They were Nazi victims, in the greatest part. JRSO funds helped to provide needy persons with institutional care in hospitals and homes for the aged, and aided programs for handicapped children, sheltered workshops, and those aimed at completing the integration of immigrants into the State of Israel.

Council of Jews from Germany

From the very start, the Council of Jews from Germany, a co-founder of the JRSO, requested a share of the recoveries from heirless properties for the aid of German-Jewish emigrees in need who were scattered the world over. Those

emigrees, the Council contended, had a legitimate claim to a share of the funds which had accrued from properties that had once belonged to German Jews, almost in their entirety. In 1953, the JRSO granted an allocation of \$200,000 to "Help and Reconstruction", an affiliate of the Council, that aided German-Jewish refugees in the United States. The funds were used for the construction and maintenance of a home for the aged in New York City for Jewish Nazi victims in need.

On November 3, 1954 an agreement was reached in Paris between the Council and the JRSO. It provided that 11% of all future sums available for distribution by the JRSO should be channelled to the Council of Jews from Germany.

JRSO allocations to the Council from November 3, 1954 to December 31, 1972 reached DM 14,910,219, and the distribution took the following pattern:

United Help, Inc.	DM 7,131,350
Leo Baeck Institutes	5,518,130
Irgun Olej Merkaz Europa	2,018,739
Our Parents Home, Johannesburg	110,000
American Federation of Jews from Central Europe	132,000

The Council designated United Help, Inc. as its operating agent for the funds from the JRSO available to it for distribution in the United States. United Help, Inc. is the coordinator of the activities of Help and Reconstruction, Inc., The Blue Card, Inc., and Selfhelp of Emigrees from Central Europe, Inc., three agencies created in the United States by Jewish Nazi victims from Germany to cope with the social needs of refugees who stemmed from Central Europe.

Allocations to the Leo Baeck Institutes in New York, London and Jerusalem enabled the Council to promote cultural projects and programs which it is hoped will preserve for the coming generations the spiritual heritage of German speaking Jewry.

The Irgun Olej Merkaz Europa, Tel-Aviv, attends to the interests of Jewish Nazi victims in need who are dwelling in Israel. The JRSO allocations went mainly for cash relief, to complement social welfare aid provided by the State of Israel.

Smaller Organizations in Israel

In 1951, the Congregation K'hall Adath Jeshurun, New York, requested the JRSO to return nine restituted properties in Frankfurt/Main (Germany) which had formerly belonged to the Franfurter Israclitische Religionsgesellschaft, an Orthodox body. Agreement was reached in May 1954, following three years of negotiations. By its terms, the Jewish Agency and the JDC agreed to yield a part of their shares in the JRSO recoveries, to permit the grant of DM

200,000 towards the construction costs of a convalescent home in Israel for Torah students who attended religious schools affiliated with the Vaad Hayeshivoh in that country. The home would bear the name of the Frankfurter Israclitische Religionsgesellschaft. The arrangement met the wishes of the representatives of the former Religionsgesellschaft, that a part of the proceeds of its former properties in Frankfurt should memorialize in Israel the name and spirit of its community, and they waived all further claims on the JRSO. The agreement paved the way for a shift in policy in the distribution of JRSO funds. It was decided that a certain percentage of the funds accumulated for distribution would be made available for specific projects submitted by claimant agencies other than the JDC, the Jewish Agency and the Council of Jews from Germany. Proposals for the use in Israel of funds in aid of schools, synagogues and for other religious purposes were submitted by the Vaad Hayeshivot and the Chief Rabbi of Israel. Grants were also requested for a special Building Loan Fund in Israel to assist in the improvement and expansion of Yeshiva premises, and for the building of a convalescent home to service the teaching staff and seminary students of the Beth Jacob School system in Israel. The Ministry of Religion in Israel proposed a special fund for the construction and repair of synagogues in Israel, focusing especially on those serving Nazi victims primarily. Allocations were granted in the following sums initially: Building Loan Fund, DM 231,000, Beth Jacob School system, DM 150,000, and towards the special fund for synagogue construction in Israel, DM 219,000.

On June 27, 1956, the JRSO Executive Committee formulated a definitive key for the distribution of its funds among the Jewish Agency, the JDC, the Council of Jews from Germany and for religious projects in Israel, in the following percentages:

Jewish Agency for Israel	56.95%
American Joint Distribution Committee	28.05%
Council of Jews from Germany	11.00%
Religious Projects in Israel	4.00%

Over the years, JRSO allocations for Israel fell into four main categories: yeshivoh, religious teachers' seminaries, synagogues and religious research projects.

Allocations to Israel were granted in aid of the organizations and programs listed in the table below:

1. <i>Yeshivoth</i>	
Building Loan Fund	IL 500,000
Medical Aid Fund (Mifal Hatorah)	115,000
<i>Vaad Hayeshivoth</i>	
Convalescent Home, Natanya	100,714
Funds to provide Gemaroth	140,000
Loan Fund for Educational Furnishings	100,000
2. <i>Teachers' Seminaries and Religious Youth Education</i>	
Beth Pinchas Teachers' Seminary	95,000
Central Beth Jacob Teachers' Seminary	405,000
Central Committee for Rest Centers for Religious Youth, Sde Chemed	170,000
Meon Yeladim	40,000
Mifal "Or Hachaim"	50,000
Council of the Sepharadic Community in Jerusalem	90,000
3. <i>Special Synagogue Fund</i>	425,157
4. <i>Religious Research Projects</i>	
Ernest Marton Cultural Centre and Archives	50,000
Institute for Publication of Religious Books for Newcomers	10,000
Lithuanian Jewry Archives	30,000
Megilat Polen	45,000
Moreshet Sofrim	20,000
Mosad Harav Kook	55,000
Netzah, B'nei B'rak	10,000
Neva Hayeled	50,000
Otzar Haposkim	75,000
Supreme Religious Centre "Hechal Shlomo"	30,000
Institute for the Talmudic Encyclopedia	100,000
Torah Shelemah Research Institute, Jerusalem	80,000
Offset Printing School and Plant in Kfar Chabad (Lubavitch)	65,000
Yeshurun Library	50,000
	<hr/>
	IL 2,900,871

XVI. Summary And Conclusions

The foregoing chapters should amply demonstrate that the JRSO has satisfied the aspirations of its sponsors. It has met the restitution objectives against formidable difficulties and has used 82.5% of its receipts for the social work carried on by its sponsoring agents, the Jewish Agency for Israel, the American Jewish Joint Distribution Committee and the Council of Jews from Germany. The JRSO has discovered and claimed heirless Jewish property wherever it could dig it out, to quote only restitution claims against individuals, restitution claims against the German States, monetary claims against the former Reich, claims for securities and bank accounts and claims for Jewish communal property. Moreover, plundered Jewish books, paintings and ritual objects have been salvaged, and care and maintenance of Jewish cemeteries has been assured.

The following is a summary of JRSO's achievements:

Bulk settlements with the German States	DM 48,377,290
Individual settlements with restitutors of confiscated properties	41,825,000
Monetary claims against the former Reich	59,834,012
Reichsvereinigung settlement	3,559,500
Ministerial account settlement	9,153,000
HTO settlement (assets owned by Polish citizens)	1,691,840
Individual settlements regarding confiscated securities	1,940,500
Jewish Communal Property settlements	54,202,144
Settlements regarding claims for losses from currency reform	1,737,346
Total	<hr/> DM 222,320,632

Out of this total the JRSO granted DM 189,330,349 or 82.5% to its sponsoring agents and for synagogues and religious research projects in Israel. Another DM 13,200,000 went as equity payments to late claimants. Administration of recovered property and payments in consideration of restituted property required an outlay of DM 4,125,000 and payments covering the administration expenses of the German offices and of the JRSO headquarters in New York came to approximately DM 14,000,000 (6.4% of the total receipts) over the 25 year period from 1947 to 1972.

The JRSO is grateful to the U.S. Government which enacted the laws that recognized the JRSO and to the U.S. Military Governor Gen. Lucius D. Clay and U.S. High Commissioner John J. McCloy whose understanding and support were vital to JRSO's operations in Germany.

Deep appreciation is due to the officers and the staff of the Jewish Trust Corporation and its French Branch. The results detailed in this report could not have been achieved without the close cooperation of the managements of the three sister organizations. Special thanks go to those who directed the JRSO

policies, especially in its early stages - Monroe Goldwater, Joseph J. Schwartz, Moses A. Leavitt, Moses Beckelmann, Charles Jordan and Jerome J. Jacobson of the American Joint Distribution Committee, and Maurice M. Boukstein, George Landauer, Max Kreutzberger and Eran Laor of the Jewish Agency for Israel, to Benjamin B. Ferencz and Ernst Katzenstein, Directors General, and to Eli Rock and Saul Kagan, the Corporation secretaries. Sincere expression of appreciation also goes to George Weis, Director, Plans and Operations Board, to Hans Tuch, Regional Office Director in Berlin, to Ernest H. Weismann, Comptroller of the JRSO in New York and to all colleagues of the JRSO without whose devotion to duty, loyalty and professional skill and perspicacity JRSO's achievements would not have been possible.

The officers and directors of the JRSO representing major Jewish organizations can take justified pride in their collective achievement.

Sat 9/16

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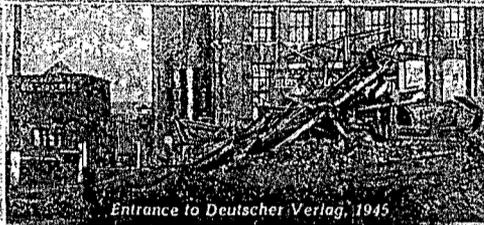
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PROPERTY CONTROL

The pattern of property control in the U.S. Sector of Berlin has been shaped during the past four years by three basic considerations closely integrated into the overall purpose of the American occupation of Germany.

It has been necessary to restore looted properties and those acquired by the Nazis under duress to their original owners.

It has been necessary to remove designated persons, in line with the demilitarization of Germany, from positions of power which they held by possessing important properties.

And it has been necessary to break up large economic combines and cartels, most of which were instrumental in making almost possible the mad Nazi dream of world domination.

The problems and the complexities of the program have been many. During one several months' period, U.S. Military Government in Berlin had under its control properties valued at 1,315,000,000 pre-war Reichsmarks—more than half a billion dollars.

The volume of cases treated by Occupation officials from June, 1948, to July, 1949, can be measured by the volume of correspondence received and handled during that period. There were approximately 22,000 items of incoming correspondence requiring attention.

Upwards of a thousand custodians, agents, and administrators—during the peak period of activities in 1948—were employed in the management and administration of properties under control.

Two underlying problems have faced Military

Government in this field during the past four years of operation:

To devise methods of locating, placing in custody, safeguarding, and administering various specified categories of property under control; and

To release properties after decisions had been made providing for their ultimate disposition.

Initial emphasis was placed on organizing a workable system of locating properties subject to control, on placing such properties under custody, and providing for their proper administration. Five chief custodians were assigned the duty of investigating what properties should be seized.

On the basis of Military Government Law 52 (Blocking and Control of Property) six major categories of properties were established. These included:

Properties of United Nations, neutral, and other absentee owners,

Properties of the former German Reich, and states (Länder),

Properties of former Nazi organizations (e. g. property of the *Deutsche Arbeitsfront*),

Properties of NSDAP members (Nazi Party members including blacklisted persons),

Properties of the *IG Farbenindustrie*, and

Properties claimed by persons as having been transferred under duress.

As Berlin was originally governed by a quadripartite Kommandatura, no law concerning property control could be issued in the individual sectors without the approval of that body. The problem was largely solved by operating unofficially under

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the provisions of Military Government Law 52 insofar as that was possible without a formal exactment of the law.

This procedure was, however, not recognized officially until the end of August, 1945, when the Kommandatura passed a resolution permitting the Commandant of each of the city's sectors to apply the laws in effect in his respective zone of occupation.

How Custody Was Effected

The work of locating and investigating property of United Nations, neutral, and other absentee owners was facilitated by the use of the records of the former Enemy Alien Property Custodian in Germany (*Reichskommissar für die Behandlung feindlichen Vermögens*). Records of properties of the former German Reich were found available in the *Finanzamt für Liegenschaften*, the administrative office for Reich property.

In the *Vermögensverwertungsstelle*, a central agency for the administration of confiscated Jewish properties, records were located concerning properties transferred by confiscation or expropriation. Valuable information was also furnished by the records of the *Vermögensverwaltung der Deutschen Arbeitsfront* regarding the enormous holdings of that organization. And information about the holdings of Nazi Party members was largely obtained from local authorities.

citizens of the United Nations and neutral nations, and the program was later extended to nationals of former enemy countries with whom peace treaties had been signed.

Properties of Nazi Party organizations are being transferred to the trade unions, cooperatives, and other democratic organizations which formerly held title to the properties. If such organizations no longer exist, the properties are then transferred to new groups whose aims are found to be similar to those of the former organizations, or to the City of Berlin.

How Control Was Exercised

In order to standardize measures of control, properties were classified into three groups: operating properties, other income-producing properties, and non-income-producing properties.

In the case of operating properties—business and industrial enterprises, manufacturing plants, and trading organizations—which normally require a larger share of attention than properties consisting of real estate or other rentable units, it was the practice to appoint a custodian for each business enterprise.

Other income-producing and non-income-producing real estate—including rentable properties and destroyed properties—were normally managed by administrators responsible to the chief custodians,

COMPARATIVE STATEMENT SHOWING UNITS OF PROPERTIES UNDER CONTROL

Reason for Control	1945			1946				1947				1948				1949	
	31.7.	30.9.	31.12.	31.3.	30.6.	30.9.	31.12.	31.3.	30.6.	30.9.	31.12.	31.3.	30.6.	30.9.	31.12.	31.3.	30.6.
United Nations, neutral, and other absentee owners	13	210	315	574	801	978	1,034	1,324	1,396	1,497	1,577	1,744	2,094	2,146	2,115	1,957	1,109
German states (<i>Länder</i>) etc., Reich	—	6	7	565	586	656	672	1,403	1,402	1,405	1,404	1,433	1,534	1,540	1,523	1,438	12
Nazi Party organizations, NSDAP members	—	7	9	564	683	874	1,032	1,100	1,198	244	229	251	271	220	240	332	340
Duress	—	7	19	454	474	565	630	1,060	1,023	1,204	1,369	1,481	1,700	1,811	1,887	1,955	2,061
Other (blacklisted persons, external loot; miscellaneous)	—	2	8	19	22	38	62	68	66	91	107	134	216	238	369	333	295
Totals:	13	232	358	2,176	2,566	3,111	3,430	4,955	5,085	5,384	6,039	6,509	7,388	7,374	7,422	7,102	4,785

A property was normally placed under control whenever it was established that the provisions of MG Law 52 were applicable.

Property control was carried out in two phases, the first being that of locating and adequately protecting the properties seizable under Law 52. As early as June, 1947, the second phase was begun: that of releasing properties from control and returning them to their rightful owners.

In that month a program was announced providing for the decontrol of properties belonging to

whose activities were in turn supervised by the Property Control Branch of Military Government.

For the control of many smaller enterprises owned by leading NSDAP members, or of units taken over by the Berlin Magistrat under its denazification program in the early days of the occupation, a plan had been worked out whereby custodians were appointed for each of the six U.S. boroughs and were responsible to Military Government.

It was the duty of the custodian to manage and operate the properties under his supervision in a

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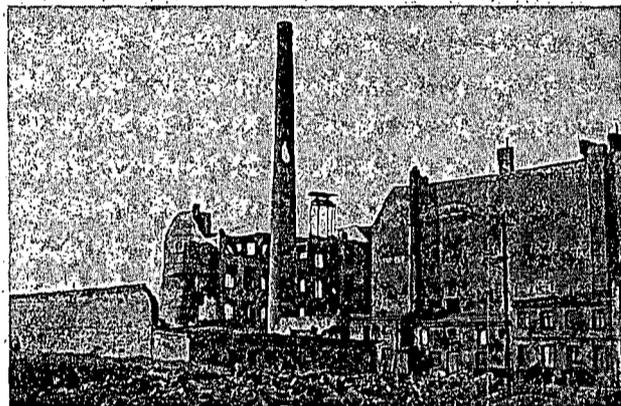
manner that would best achieve the following purposes:

to preserve the corpus in the best operating condition,

to husband and increase the resources, and

to produce the largest income.

The problems involved in property control were rendered more difficult and complex because Berlin was a ruined and defeated city. Some 75,000 tons of bombs had avalanched down on the metropolis



Hinz, paper and furniture factory, is typical of many damaged plants in Western Berlin under property control.

in giant day and night aerial attacks during the war. In some areas destruction was greater than ninety percent; and overall damage has been variously estimated at between sixty and seventy percent of all built-up properties.

Moreover, many business enterprises which were operating before the end of the war, including large industrial plants, had been dismantled by the Soviets. Their machinery, raw materials, and finished products had been shipped to Russia as war booty and reparations. Numerous concerns which were subject to Allied control were struggling to carry on operations on a greatly reduced scale.

Under the circumstances, the most immediate task was to find suitable custodians and administrators capable of handling and improving the properties subject to control. Real estate custodians were encouraged to use available surplus funds (from rentals) for the rehabilitation and repair of buildings. Custodians appointed for operating properties were given authority to carry on normal business transactions.

Much of the property control officer's time was devoted to helping and advising custodians in solving their problems, handicapped as they were by inadequate machinery and material, lack of transportation and other means of communication, and, above all, shortage of funds. It will be recalled that the financial institutions operating in Berlin before the collapse of Germany had been closed (see page 81) and all credit balances of depositors blocked ever since.

In order to start operations and to accomplish necessary rehabilitation work, extensive loans to some of the larger concerns were approved. To cope with the increasing detail of the activities, an

adequate file system was devised, in which all property records and other relevant information could be distributed for easy reference. Later, an accounts and audits section was added to check custodian's financial reports and record surplus funds.

A large number of small businesses, shops and the like, owned by Nazi Party members and not warranting administration by custodians, were leased to third persons pending denazification of the owners.

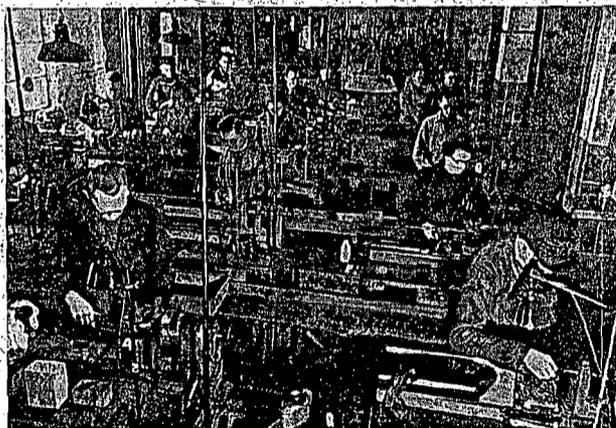
When the Soviets decided, in March, 1948, to withdraw their representatives from the Control Council and to restrict the movement of persons and goods between Berlin and the western zones, it was agreed for reasons of security to transfer the bulk of surplus funds to the *Landeszentralbank* in Frankfurt-am-Main. Twenty-one million Reichsmark were thus transferred and later converted by approval of the Allied Banking Commission into West Marks at the rate of 10:1 in accordance with MG Law 63.

The Soviet blockade and the resulting drastic curtailment of gas and power supply, the shortage of raw materials, and lack of transportation resulted in a considerable reduction in sales by Berlin firms to customers in the western zones. Thus, the financial position of many operating properties quickly deteriorated and the restoration of damaged properties was greatly curtailed.

On the other hand, the financial condition of real estate since the promulgation of the third ordinance on monetary reform (see page 85), which made the West Mark sole legal tender in the western sectors of Berlin, has shown signs of improvement.

How The Program Has Been Administered

The six categories of properties under control are not administered identically. The administration of property of absentee owners (first category), for



Lorenz, an important West-Berlin radio tube and appliance plant under U.S. property control, did a large export business via the Air Lift during the blockade.

example, is intended to protect it until such time as the owners can take protective steps themselves.

Until the middle of 1947, there was no communication of a transactional nature and only limited travel to and from Berlin. On June 25, 1947, just after the restoration of transactional communications, it was

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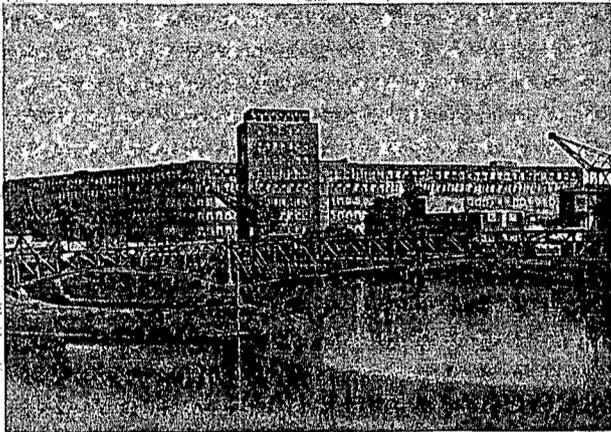
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The Opta radio plant in Steglitz, held under U.S. custodianship, makes receiving sets and wire-recorders for export.

announced that owners of property in Germany—owners who resided outside the country—could apply under certain conditions for the release or decontrol of their properties to nominees who were permanent residents of Germany and who would be given properly executed powers of attorney.

It was soon evident, however, that owners were slow in assuming responsibility for their possessions. One apparent reason was that they felt property control custody afforded protection which would not be present after decontrol. Nonetheless, all properties in this category will have been released, it is estimated, by the end of September, 1949.

A large number of properties in the second category (former Reich or state property) were not taken under control, because many of them—the Reichsbahn, Reichspost, and Inland Waterways, properties used to house or facilitate functions of the city government, or properties under requisition by the Military Government—were under supervision of either the Magistrat or interested branches of the U.S. or other Allied Occupation Forces.

On April 20, 1949, MG Law 19 was promulgated, transferring title to all properties in this category to the City of Berlin, either as trustee for a subsequent German state or as owner.

Units in the third category (former Nazi organiza-



The Goetze Brothers linen manufacturing plant in the borough of Kreuzberg is also held in U.S. custody.

tions) number 331 with an estimated value in Reichsmark of 35,129,600. In April, 1947, the Control Council issued Directive 50, which provided for the disposition of properties having belonged to Nazi organizations.

In Berlin the directive was implemented by a Kommandatura order on February 3, 1949, which called for a special commission to be established by the Magistrat.

Properties of leading Nazi Party members were taken into custody as part of the overall program of the denazification and demilitarization of Germany.

In line with the general Military Government policy of transferring greater responsibility to German governmental authorities, the custody and administration of this category of properties will be assumed in the near future by the Magistrat of Berlin.

IG Farben properties (fifth category) were taken under control on the basis of General Order 2. In July, 1948, all IG Farben properties under control—numbering 24 units with a value of RM 43,319,800—were released to designated agents of the IG Farben Control Officer.

Control has been exercised over any property in the sixth category for which a claim has been filed alleging that the property had been transferred under duress.

Attempts were made in Berlin through long drawn out negotiations on quadripartite and, later, on tripartite bases to develop a uniform restitution



Osram, a leading light-bulb manufacturer in West Berlin, has been under property control since the end of the war.

program. Fundamental differences among the occupation powers prevented agreement for a long time.

On July 15, 1949, however, a Restitution Law was signed by the three western sector Commandants creating restitution agencies charged with effecting amicable settlement of claims between the parties, and providing judicial procedures for the proper adjudication of disputed claims.

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U. S. ARMY MILITARY GOVERNMENT REPORT

4 JANUARY - 4 JULY 1946

TO THE COMMANDING GENERAL
U. S. HEADQUARTERS
BERLIN DISTRICT

FROM
OFFICE OF THE DIRECTOR
OFFICE OF MILITARY GOVERNMENT
U. S. BERLIN DISTRICT

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one hundred million RM which amount is included in non-recurring expense of reconstruction on the basis that sufficient material and labor will not be available to expend such an amount. In addition to this it is hoped that a certain portion of the spiritus tax which at present goes to the Russian zone may be recovered by the City during the coming year. Such an accomplishment will benefit the City by an estimated 70 million RM. It is expected also that when all Committee studies are completed, a considerable amount of estimated expense may be saved in many departments of the Magistrat.

As indicated in following tables, revenues collected continue to exceed the budget estimates. The City Treasurer has given the Committee assurance that some hundred million RM may be collected in excess of the estimate for the coming year.

B. Monthly Comparison of the Budget of the City of Berlin

Month 1946	REVENUE		EXPENDITURE	
	Budget	Actual	Budget	Actual
	(in million of Reichsmarks)			
January	82,370	105,095	92,267	107,694
February	82,370	95,984	92,267	120,377
March	95,550	93,526	90,656	123,304
Jan—March	260,290	294,605	275,190	351,375
Deficit 1st quarter				56,770
April	115,608	149,846	148,878	60,415
May	115,608	147,224	148,878	117,995

TABLE 8

OCCUPATION COSTS

A. U. S. Occupation Costs paid by the City of Berlin covering the period ending 31 May 1946.

Materials and Supplies	12,565,111.46 RM
Civilian Labor	67,643,546.83 "
Production or Change of a thing & others	14,152,888.69 "
	*) 94,361,546.98 RM

District	Materials & Supplies	Civilian Labor	Production or change of a thing & others	Total
(in thousands of Reichsmarks)				
Central Occupation				
Cost Office	562	9,307	276	10,145
Zehlendorf	2,091	27,124	9,110	38,325
Steglitz	1,610	14,869	2,239	18,718
Schöneberg	1,689	7,316	582	9,587
Tempelhof	1,526	7,548	967	10,041
Neukölln	3,633	853	21	4,507
Kreuzberg	1,410	564	955	2,929
Others	44	62	3	109
Total:	12,565	67,643	14,153	94,361

* Break-down by districts

B. Comparison of Occupation Costs by Sectors for the period ending 31 May 46

	(1000 RM)
American Sector	94,361
British	49,083
Russian	34,349
French	14,408
	192,201

TABLE 9

REPARATIONS PAID SOVIET SECTOR, BERLIN
November 1945 to April 30, 1946

Material	Amount
cables	8,977,526 RM
metals	1,710,661
refrigerators	1,500,000 "
circular saws	1,169,925 "
Installation for compressed gas	900,000 "
misc.	1,867,340 "
	16,125,452 RM

PROPERTY CONTROL

The second six months' period was one of development and extension of the program established in the initial period—a program which had lacked quadrupartite support. Law No. 52 has been aggressively applied in the U. S. Sector of Berlin. During the past six months period, an additional of 1251 properties were brought into control which increased the income of all properties to more than 500,000 RM monthly. The scope and activities of the Property Control Section were broadened to more adequately take care of these additional properties and the functions of protecting Allied and Neutral interests; locating and blocking looted property; taking custody of the holdings of Nazis and black listed persons and the former German State; breaking up of cartels, and liquidating unwanted industries.

Of particular interest was the activities of the Property Control Section with regard to former German agencies and economic groups. A custodian was appointed to keep intact the records and to limit the activities of these large organizations which had been the backbone of German economy. Thus far 31 such groups have been taken into custody, and their assets are far in excess of 141,000,000 RM, including blocked accounts. Many documents therefrom have been turned over to the Berlin Documents Center.

A considerable number of properties were confiscated by the former German Reich from Jews and Poles, some of which were sold to third parties. Those held by the Reich or transferred to the City of Berlin have been taken into custody. A large number which had been sold to third parties have been investigated and are now in custody. Further investigation is being carried on to locate such property. To facilitate the administration of Reich confiscated properties, a custodian was appointed by the Kommandatura.

I. G. Farben properties, destined for dissolution under the decartelization program, have been taken

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into custody. Each company in which I. G. Farben holds an interest has been treated as a separate entity. All old contracts and agreements have been declared invalid. Each company over 50 per cent owned by I. G. Farben is required to stamp "In Dissolution" all papers and documents in which the name of the company appears.

Among the properties taken into custody to protect an Allied interest is the AEG, a corporation with capital of 264,000,000 RM. Significant is the fact that the British and French Property Control Officers have turned over to the U. S. appointed custodian, the control of its holdings lying within their respective sectors. A 15,000,000 RM loan was approved to help put the business back on its feet.

No less than 27 theaters have been taken into custody upon recommendation of ICD. A number of printing establishments have similarly come into control.

Investigation is under way concerning the removal of 4,000,000,000 RM worth of securities, formerly held in the Reich Labor Office, along with approximately 220,000 RM in cash, 200,000 books and some furniture. The building is in the U. S. Sector and under the custody of this office.

We have taken into custody the Reichsautobahn property which the German central Administration claim to be under their jurisdiction. We have also taken into custody a substantial amount of property turned over by the former Commandant of Berlin to the secretary of the KPD.

Consistent with the program in the zones, of returning the administration of property to the Germans, more responsibility has been given to our custodians. The bulk of the work is handled by chief custodians. Auditors are actively engaged in checking the custodians' and companies' records. New forms have been drawn up to facilitate accounting and control, some of which forms have been adopted by OMGUS for use throughout the U. S. Zone.

A workable arrangement has been made with the Soviet authorities for providing information on properties located in the Russian Sector of Berlin. The Russian authorities are requiring a written declaration of property of United Nations and Neutrals in order to extend the necessary protection to the property. Difficulty is still being experienced

in getting information on the status of bank accounts and securities.

Military Restitution Missions of various United Nations have filed claims with the Property Control Section. In several cases the property has been located and blocked, in other cases arrangements were made for the return of looted property to the claimant. It has been impossible to adequately investigate all claims, but Kommandatura consideration of the question, including the proposed establishment of a Restitution Sub-Committee, should obtain favorable results.

The properties as outlined below have been taken into custody in the past six months. The following schedules show the income on the non-operating property which income has been deposited to the account of the Property Control Officer in the Bezirksbank Zehlendorf. Income from operating companies are retained in the business.

PROPERTIES TAKEN INTO CUSTODY
OPERATING

Type	July — Dec. 1945	Jan. — July 1946	Total
Allied	43	42	85
German Reich	1	16	17
Nazi	7	22	29
Neutral	6	2	8
	57	82	139

NON-OPERATING

Type	July — Dec. 1945	Jan. — July 1946	Total
Allied	472	354	826
German Reich	827	113	940
Nazi	395	268	663
Internal Loot	—	434	434
	1,694	1,169	2,863

NET-INCOME OF NON-OPERATING PROPERTIES

Type	July — Dec. 1945	Jan. — July 1946	Total
Allied	322,373.52	1,417,701.87	1,740,075.39
German Reich	400,132.18	710,879.34	1,111,011.52
Nazi	493,338.51	1,772,940.97	2,266,279.48
Internal Loot	—	872,655.56	872,655.56
	1,215,844.21	4,774,177.74	5,990,021.95

F. W. RAEDER

Chief, Finance & Property Control Branch

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