

DECLASSIFIED

Authority NN9 979014
By TS NARA Date 6/23/89

RG 84 entry 213M
IARA (TGC)
Box 9

DRAFT

5th June, 1948.

Monsieur Maurice Frere,
Chairman of the Board of Directors,
Bank for International Settlements,
Bale, Switzerland.

Sir,

By letter dated 13th May, 1948, you were good enough to inform the Representatives of the United States, the United Kingdom and France, that representatives of the three above named Governments, on the one hand, and of the Bank for International Settlements on the other, had conferred in Washington on the subject of gold transferred by Germany to the Bank for International Settlements and had agreed that the Bank for International Settlements shall deliver in London to the three Governments, upon demand, 3,740 kilograms of fine gold.

The Department of State, Washington, notified this decision, by letter dated 21st May 1948, to Mr. Russell H. Dorr, United States Commissioner on, and Chairman of, the Tripartite Commission for the Restitution of Monetary Gold and forwarded, at the same time, copies of the correspondence exchanged between the Representatives of the three Governments and the Bank for International Settlements.

The Tripartite Commission for the Restitution of Monetary Gold was established on the 27th September, 1946, by the joint action of the Governments of the United States, the United Kingdom and of France to implement Part III of the Agreement on Reparation signed in Paris on 14th January 1946.

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1A RA (TGC)
Box 9

- 2 -

Its Commissioners have been empowered by their respective Governments to cause gold, accruing to the pool of monetary gold, established under the above mentioned agreement on reparation, to be transferred as required and to hold it, "inter alia", for the account of His Majesty's Treasury at the Bank of England, London, in the name of the Governments of the United States, United Kingdom and France. They have also been empowered to operate this account. Copies of these letters of authorisation are enclosed herewith.

The undersigned Commissioners of the Tripartite Commission for the Restitution of Monetary Gold hereby authorise and formally request you to have the 3,740 kilograms of fine gold, accruing to the above mentioned pool of monetary gold, delivered in London as agreed, to the Bank of England to be held for the account of His Majesty's Treasury in the name of the Governments of the United States, United Kingdom and France.

We have the honour to be,

Sir,

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TS NARA Date 6/23/89

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entry 2113M

1 A R A

(P G C)

~~Handwritten signature~~
~~Handwritten initials~~
X-K

Brussels
October 11, 1946

S. E. M. Henry Spitzmuller, Ministre Plenipotentiaire
Délégué Suppléant
French Delegation
Inter-Allied Reparation Agency
Brussels

My dear Colleague:

This is to acknowledge and thank you for your letter of 19 September, numbered 361, concerning the disposition of certain gold now held by the Bank for International Settlements. I have now received a copy of Sir Desmond Horton's reply to that letter, dated 2 October.

Although I immediately transmitted your letter to my Government, they have not as yet given me their views on the matter. My personal opinion tends to coincide with that expressed by Sir Desmond; that, for the time being, all matters having to do with the collection and safe-keeping of the gold ultimately to be distributed can better be handled by our respective Governments than by the Tripartite Commission. While there may be particular cases where this would not apply, I believe that this course would in general prove to be the most practicable one.

Both administrative and legal considerations have led me to this opinion. In the first place, our Governments have already in existence the necessary administrative apparatus for the transfer and safe-keeping of monetary gold, whereas the Commission has not. I feel that it would be an unnecessary inconvenience and extra expense for the Commission to undertake such functions any sooner, or to any greater extent, than absolutely necessary. In the second place, I feel that our Governments are in a far better position than the Commission to determine the legal conditions which should attach to each transfer. I myself, for example, have given very little thought as to the form of receipt which should be given to the Bank for International Settlements upon transfer of the gold; and feel that to attempt to decide the proper form in Brussels might well lead to very lengthy delays.

While the collection and holding of such gold is undoubtedly one of the permissible functions of the Commission, I should like to draw your attention to the carefully limited drafting of Paragraph 5 (f) of the Commission's Terms of Reference, which states that the Commission shall: "In such other ways as shall be decided by the three Governments establishing the Commission, assist in the distribution of the pool of monetary gold available for restitution."

206451

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I.A.R.A. (TGC)
Box 9

- 2 -

I have sent a copy of this letter to Sir Desmond Horton.

Faithfully yours,
October 11, 1946

A. H. Henry Spitzmuller, Ministro Plenipotenciario
Belgium Delegate
French Delegation
Inter-Allied Reparation Agency
Brussels

Russell H. Dorr
United States Delegate
Inter-Allied Reparation Agency

My dear colleagues:

This is to acknowledge and thank you for your letter of 10 September, numbered 311, concerning the disposition of certain gold now held by the Bank for International Settlements. I have now received a copy of Sir Desmond Horton's reply to that letter, dated 8 October.

Although I immediately transmitted your letter to my Government, they have not as yet given us their views on the matter. My personal opinion tends to coincide with that expressed by Sir Desmond; that, for the time being, all matters having to do with the collection and safe-keeping of the gold ultimately to be distributed can better be handled by our respective Governments than by the Tripartite Commission. While there may be particular cases where this would not apply, I believe that this course would in general prove to be the most practicable one.

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While the collection and holding of such gold is undoubtedly one of the permissible functions of the Commission, I should like to draw your attention to the carefully limited drafting of Paragraph 1 of the Commission's Terms of Reference, which...

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RG 84 entry 2113M
IARA (IGC)
Box 9

~~X #~~ X-K
Brussels
October 11, 1946

Sir Desmond Morton, K.C.B., C.M.G., M.C.
United Kingdom Delegate
Inter-Allied Reparation Agency
Brussels, Belgium

My dear Sir Desmond:

The attached is forwarded for your information.
You will note that I personally agree with the position set forth
in your letter.

Faithfully yours,

Russell H. Dorr
United States Delegate
Inter-Allied Reparation Agency

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RG 84 entry 2113M
IA RA (IGC)
Box 9

~~X-6~~
Copy X-K

DM/10/L/22

Treasury Chambers,
Whitehall, S.W. 1.

October 2, 1946.

My dear Friend *Wulf*

I sent home at once your letter to me, No. 382 dated 19 September, 1946, concerning a deposit of gold which the Bank of International Settlement proposes to put at the disposal of the Tripartite Commission and to send for safe keeping to the Banque de France.

I have now had an opportunity of talking in London with those authorities of my Government who are concerned in this and kindred matters. It is my Government's opinion that the Commissioners for the Restitution of Monetary Gold, now happily established, ought for the time being to concern themselves only with the collection of and adjudication upon claims upon whatever pool of monetary gold is eventually found available for restitution, and that unless the three Governments concerned should later specifically direct otherwise, the Commissioners should avoid matters concerning the collection of the pool of gold which is eventually to be distributed. This last for the time being is the concern of the three Governments.

Hence I have left your letter and its enclosure in the hands of the Governmental Authorities in London, who will give urgent consideration to the points you raise, but cannot guarantee that a reply to the points will be transmitted through me as British Commissioner for the Restitution of Monetary Gold.

I should be glad to know whether you and Mr. Dorr, to whom I am sending a copy of this letter, agree that the procedure suggested above is correct, and meanwhile,

Beg you to believe me, as always,

Most sincerely yours,

H.E. M. Spitzmuller,

(sgd) *Desmond Knox*

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Authority

NN979014

By

TS NARA Date 6/23/89

RG 84 entry 2113M

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MEMORANDUM

Subject: OMGUS
Reichsbank Records.

16th February, 1948.

To : H.E. Mr. Russell H. Dorr.
From : Edward W. O'Flaherty.

The suggestion of Omgus that the records of the Reichsbank held by them be turned over to the custody of the Commission was reviewed in Frankfurt on March 12.

The files consist of:

- a) Bar books containing data on only those bars which were recovered at Merkers. They contain no information on the bars which had been sent out of the Reichsbank prior to the evacuation to Merkers.
- b) Coin books which contain data on only that coin which was recovered at Merkers.
- c) Journals showing daily entries of gold into the Reichsbank. These are frequently made in very general terms such as "2 bags broken gold" (i.e. coin) or "3 boxes bar gold".
- d) The books of accounts maintained in the Reichsbank.
- e) Correspondence files of the Precious Metals Department.

The quantity involved is not so great that storage would present a problem. I should estimate that the entire lot would occupy two or three standard file cabinets.

However, it is highly questionable whether any good purpose would be served by having these records transferred to the Commission. In themselves they are quite unintelligible. I went over them very carefully with Mr. Thoms, former Manager of the Reichsbank Precious Metals Department and the man who has extracted from them all the basic data used in the OMGUS studies. It is only his long time intimate familiarity with these records, the method of making entries, the deciphering of notations, etc., which enabled OMGUS to make intelligent use of them.

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He told me that the only other person who understands the records is a Miss Rona Geib, an American who formerly worked for OMCUS with Thoms in extracting the data. In short, the books contain much valuable information but would be of no practical use without Thoms or Miss Geib who long since returned to the United States.

Since Thoms is employed in the new Landersbank at Frankfurt it would seem advisable to keep the records there in the custody of the successor to OMCUS or in the new Bi-Zonal Central Bank where Thoms could make any required studies.

A draft reply to the pertinent cable from the Dept is attached.

Edward W. O'Flaherty.
Special Assistant to the Commission.

EWO'F/JSL.

Copies to: Mr. Daspit
Commission Files.

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Authority NNJ 979014
By TS NARA Date 6/23/89

RG 84 Entry 2113M
IARA (TGC)
Box 9

RHS
X-L

MEMORANDUM

TO : Mr. Russell H. Dorr June 6, 1947.
FROM : Edward O'Flaherty
SUBJECT: Telephone Conversation with Jack Bennett on June 5, 1947.

In accordance with our conversation of yesterday, I 'phoned Jack Bennett, Financial Adviser to General Clay, today and developed the following information:

The Deutsche Gold-und-Silber-Scheideanstalt ("Degussa") at Frankfurt is in operating condition and the employees have not been removed. Bennett is of the opinion that it could probably handle the assaying and recasting of the portion of the Frankfurt gold which the French and British think requires such treatment. He suggested that we send him - by cable or courier either through USPOLAD or OMGUS - information as to the proportions of the work we wish done and he will ascertain definitely whether it can be done and how long it would take. (Draft despatch attached.)

Bennett said that they would want the Commission to pay for the work and not have it assessed as a reparation charge. He asserted further that he would be reluctant to have to break the seals on the various chambers and have portions of the gold removed from one vault and another, preferring to keep everything intact until the entire lot is turned over to the Commission. I inquired whether the Finance Division has an inventory of the contents of the various vaults, to which he replied that the so-called Howard report is the only inventory there is to his knowledge. I then asked if he could send us promptly a copy of that report. Bennett was not informed as to whether an extra copy is available. Hence, I have drafted a cable requesting that and copies of other material which I know to be in the files of the Finance Division at Berlin.

It should be mentioned that Bennett, and presumably General Clay also, considers the custody of the gold a major responsibility and would be happy to be rid of it. However, he is not unmindful of the desirability of keeping it in the custody of the United States and indicated a complete willingness to cooperate with the Commission in doing whatever is necessary to discharge its responsibility.

EF *cover sent June 7*
Gold

EWO'Flaherty:Sct

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By TS NARA DEIG/BJP/29

RG 84 2479 213M

INRA

Box

(1060)

IXA

SECRET MEMORANDUM

TO : Mr. Russell R. Barr

October 8, 1947.

FROM : Edward W. O'Flaherty

SUBJECT: Equipment at Frankfurt for Electrical Assembly and Shipment of Gold Shares.

This morning I put in a call for Sam Hove at Berlin, but somehow was connected with the Foreign Exchange Depository at Frankfurt. Without disclosing any information as to the decisions of the Commission I asked a number of questions about the equipment available at Frankfurt for assembling and packing the gold to be distributed in the preliminary allocation. The following information was developed:

1. The Commission can rely upon the weight of bars as recorded in the Howard Committee work sheets. There was virtually no difference between the weights as determined by the Howard Committee and those recorded in the Reichsbank records.
2. The Depository can obtain the services of a former employee of the German Office of Weights and Measures who is experienced in the weighing of gold. This man was used by the Depository in the weighing of the Hungarian gold which was returned from Frankfurt to Hungary. However, if the Commission desires, the Bank of France will be very happy to loan to the Commission personnel experienced in this work for the purpose of weighing all of the shares.
3. The Reichsbank at Frankfurt has about eleven hundred boxes with a capacity of approximately fifteen bars each. However, from a practical viewpoint, not more than eight bars should be packed in a box. Consequently there are enough boxes to provide for the shipment of all of the bars to be distributed in the preliminary allocation. However, if, as I hope, the balance of the gold can be moved to a central bank, there are not quite enough boxes to carry all of the bar gold. Mr. Gabell of the Frankfurt Depository informed me there is no possibility of obtaining boxes or kegs in Germany.
4. Metal strips for binding the boxes of gold can be obtained in Germany. The joints of such strips should be sealed with wax and Frankfurt has none. I think that the Commission should see to it that a supply is obtained. Whether the Commission desires to adopt a special seal to be used for this purpose is a minor matter which is merely drawn to your attention.
5. Suetert, which is essential to the safe shipment of bar gold, is a critical item in Germany and the Reichsbank has none. I recommend that the Commission request the Bank of France to procure and ship to Frankfurt, on a reimbursable basis, sufficient supply of suetert to meet the requirements of the envisaged operations.

6. Frankfurt ...

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By

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NARA Date

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6. Frankfurt has about forty-five hundred small (capacity approximately 1,000 pieces) coin bags in addition to those presently containing the coin. However, the small bags must be placed in either boxes or large bags. Frankfurt has no large bags but the Bank of France, for example, would most likely be glad to send an adequate supply along for its own consignment with its representative to Frankfurt. I believe that a similar arrangement could easily be worked out informally with the Netherlands Bank and the Austrian National Bank.

ENC*Flaherty:Sol

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By 75 NARA Date 6/23/89

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COPY FOR AM. EMB. BRUSSELS

EMBASSY OF THE UNITED STATES
OF AMERICA
MAR 2 1947
BRUSSELS

UNITED STATES DEPARTMENT OF STATE
25 MARS 1947

FOR ACTION TO: _____
ACTION TAKEN: _____

FOR INFORMATION TO: _____

London, March 11, 1947

W.B.M. _____
ECON llh
CONS _____
PRESS _____
M.A. _____
CULT. _____
N.A. _____

SECRET

No. 4229

Subject: Gold Pool Discussions in London: French Memorandum on Technical Problems Relating to Reconstitution of Monetary Gold.

The Honorable

The Secretary of State,
Washington, D. C.

Sir:

With reference to paragraph 3 of the Embassy's secret telegram no. 925 of February 10 from Reinsteins; (no. 101 to Paris and no. 19 to Brussels for Barr) reporting the proceedings of a meeting held in London on February 10 by British, French and American officials concerning the gold pool, I have the honor to enclose herewith copy of a letter dated March 7, from M. Pierre Calvet, Financial Attaché of the French Embassy in London, enclosing a memorandum which he states embodies the common views of the French and British experts on the subject of the technical problems relating to the reconstitution of monetary gold. Informal translations made by this Embassy of the memorandum and of M. Calvet's letter, which are in French, are also enclosed.

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Paragraph 3 of the Embassy's telegram referred to above, it will be recalled, states that it was agreed at the London meeting on February 10 that the French should submit a paper covering certain problems of a technical nature in connection with the gold, and that their views should be studied by the technical experts of the three Governments.

M. Calvet's letter, it will be noted, states that the memorandum sets forth the conclusions arrived at by Mr. Gargan, Secretary General of the Bank of France, and Mr. Guston of the Foreign Department of the Bank of England, during the recent meetings in London. M. Calvet also states that the text of the memorandum has been approved by the British Treasury, and he asks that the document be forwarded/

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Enclosure No. 1. to Despatch No. 4229, March 11, 1947

sent to experts of the United States Govern-
ment for examination and an expression of their
views on it.

R. A. P. I. Respectfully yours,

Monsieur le Ministre for the **Chargé d'Affaires** at **Washington**
D. C.

Londres, le 7 mars 1947.

Monsieur le Ministre **Fred K. Calvet**
Second Secretary of Embassy

Original and Photograph to Dept.

Copy to American Embassy, Paris.

Je vous remercie pour le rapport que vous m'avez adressé le 27 février 1947, ainsi que de la
réunion de ce rapport. Je vous prie de m'excuser si je n'ai pu vous en adresser un exemplaire
plus tôt. Les copies de ce rapport ont été envoyées aux experts
français et britanniques au sujet des problèmes
monétaires. Une copie de votre lettre, datée du 7 mars 1947,
a été envoyée au Secrétaire Général de la Banque de France,
et au Secrétaire Général du Département d'Etat de la Banque
d'Angleterre.

Le texte en a été approuvé par le Secrétaire
Général.

Je vous prie de m'excuser de ne pas avoir pu
vous adresser plus tôt le rapport de vos experts
et de vous remercier pour les observations que les suggestions
présentées pourraient appeler de la part de votre
Gouvernement.

Cordialement à vous,

Calvet

Monsieur Cabot Corville,
Premier Secrétaire de l'Ambassade
des Etats-Unis,
American Embassy,
1, Grosvenor Square, S. E. 1.

Annexes: 1 p. 1.

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143

ANNEX A

SCHEDULE OF MONETARY GOLD COINS

The monetary gold coins are listed on the following 71 pages, by boxes as numbered by the Foreign Exchange Depository and, except as noted, by bag number, weight, fineness, etc., as reported in the memorandum to Lt. Col. H. D. Cragon dated 15 August 1945 by representatives of the Bank of England and U.S. Treasury Department, commonly known as the "Howard Report". Known discrepancies between the present schedule and the Howard Report are noted for each such item.

~~\$ 59,903,406.53~~

48,538

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CONFIDENTIAL

NOT TO BE RELEASED BY THE PRESS
BEFORE MIDNIGHT, SEPTEMBER 26,
1946, BRUSSELS TIME.

A STATEMENT TO THE PRESS ON THE ESTABLISHMENT OF A TRIPARTITE
COMMISSION FOR THE RESTITUTION OF MONETARY GOLD

September 27, 1946

Restitution of monetary gold looted or extorted from Allied countries by the invading Germans during the recent war will be undertaken by a Tripartite Commission for the Restitution of Monetary Gold, established today by the United States, United Kingdom and France. The Commission will distribute as restitution the monetary gold found by the Allied forces in Germany, the bulk of which was in the very large cache captured by the United States forces in the salt mines at MERKERS, and such gold transferred during the war by Germany to other countries, as can be recovered. The total gold available for distribution is still uncertain but it now appears that its value may exceed ~~some hundreds~~ of millions of dollars.

The Commissioners representing the three Governments will be their Delegates to the Inter-Allied Reparation Agency in Brussels: Mr. Russell H. Dorr for the United States; Sir Desmond Morton, K.C.B., C.M.G., M.C., for the United Kingdom; and M. Jacques Rueff, for France.

The Commission has been established to carry out Part III of the Paris Agreement on Reparation from Germany.

Under this agreement, gold will be returned to the countries from which it was looted in proportion to the total gold loss of each country, whether or not the gold distributed to it can, in fact, be identified as that taken from it. This departure from the principles adopted for the restitution of other types of property found in Germany was made necessary by the fact that the Germans deliberately melted down or otherwise destroyed marks identifying much of the gold which they seized, and because not all of the looted gold has been recovered. It was recognized, therefore, that it would be unfair for any one country to benefit at the expense of the others because of a fortuitous failure by the Germans to destroy the original identifying marks on some of the gold stolen by them. Moreover, it was realized that most liberated countries are in urgent need of foreign exchange to secure imports. It is hoped that a distribution of monetary gold among them in proportion to their losses will give such countries additional purchasing power abroad and thus assist the general economic recovery of Europe.

The first task of the Tripartite Commission will be to collect from the countries which lost gold to Germany, details of their losses. On the basis of this information, the Commission will then determine the share to which each individual country is entitled. Meanwhile, since rough estimates place the total amount of monetary gold looted by Germany at over \$700 million, the search for other caches of looted gold in Germany and negotiations for the return of gold looted by Germany and transferred to another country will continue. Every effort has been, and is being, made to trace additional quantities of looted gold and to secure them for restitution to the countries from which they were stolen. Finally, the total pool of gold, the bulk of which was captured by the United States and is now held in the United States Zone in Germany, will be distributed to the claimant countries in accordance with these shares.

Attached is a copy of the formal terms of the Commission which are being published today in the United States Department of State Bulletin, the London Gazette and the Journal Officiel de la République Française.

206463

TRIPARTITE COMMISSION

for the

RESTITUTION OF MONETARY GOLD

1. In order to implement Part III of the Agreement on Reparation, signed in Paris on January 14th, 1946, the Government of the United States of America, His Majesty's Government of the United Kingdom and Northern Ireland, and the Government of France have established, on September 27th, 1946 a Commission known as the Tripartite Commission for the Restitution of Monetary Gold.
2. Each of the three Governments will appoint as from September 27th, 1946, a Commissioner as its representative on the Commission.
3. The Tripartite Commission for the Restitution of Monetary Gold shall normally sit in Brussels, but shall be independent of the Inter-Allied Reparation Agency already located there. The Commission is nevertheless empowered to communicate on behalf of the three Governments concerned, with the Allied Governments, Members of the Inter-Allied Reparation Agency, through the Delegates accredited to the Agency by those Governments, with the Secretariat of the Agency, and, when necessary, with other Governments, on questions arising out of Part III of the Paris Agreement on Reparation.
4. The official languages of the Tripartite Commission for the Restitution of Monetary Gold shall be English and French.
5. The functions of the Tripartite Commission for the Restitution of Monetary Gold shall be:
 - (a) To request the submission of and to receive from Governments claiming the right to participate in the division of monetary gold found in Germany or which may be recovered from a third country to which it was transferred from Germany, claims for restitution of gold looted by or wrongfully removed to Germany, supported by detailed and verifiable data regarding such losses.
 - (b) To scrutinize claims received and to determine the share of each claimant Government in the pool of monetary gold to be distributed by way of restitution in accordance with Part III of the Paris Agreement on Reparation and any other pertinent agreements.
 - (c) In due course to announce the total value of the pool of monetary gold which will become available for distribution by way of restitution.
 - (d) When all claims for restitution have been received and adjudicated upon, to announce the share in the pool of monetary gold available for restitution to each country entitled to participate in the pool.
 - (e) In such other ways as shall be decided by the three Governments establishing the Commission, to assist in the distribution of the pool of monetary gold available for restitution.
 - (f) To perform such administrative acts as may be necessary to carry out the functions referred to in sub-paragraphs (a) through (e) above, including, without limiting the generality of the foregoing, the opening and maintaining of bank accounts, and the making of contracts for the performance of necessary services. Expenses of the Commission incident to the carrying out of its functions shall be a first charge against the fund of monetary gold to be distributed.
6. Decisions of the Commission shall be by unanimous agreement of its members.
7. An official publication of the above text is being made in the London Gazette, the Department of State Bulletin, and in the Journal Officiel de la Republique Francaise.

September 27th, 1946

206464

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By TS NARA Date 6/23/89

RG 84 entry 213M
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Box 10

INTERNATIONAL COMMISSION FOR THE RESTITUTION OF MESSIAH GOLD

MINUTES OF 6th Meeting held
on 15th July 1947 at 4 o'clock

Present :

H.E. Mr. Russell H. Barr

Mr. Alan R. Jagitt

Mr. Edward O'Hanerty

R. Jacques Raff

H.E. Colonel Harold Wingate,
C.S.I., C.B.E.

- Commissioner for the Government of the United States of America - Chairman.
- Deputy Commissioner of the Government of the United States of America.
- Adviser to the Government of the United States of America.
- Commissioner for the Government of the French Republic.
- Commissioner for the Government of the United Kingdom of Great Britain and Northern Ireland.

The Chairman opened the meeting by asking that the Minutes of the 5th Meeting held on 8th July, and the resolutions thereto, be approved. Agreement was confirmed.

I. Secretary's report on claims received and the completion of the replies. - Reply of Albania to be taken in order to obtain complete replies to the Commission.

a) At the Chairman's request the Secretary furnished data on the last replies received and on those still outstanding or still incomplete.

Egypt replied that they had no claim to submit.

Holland forwarded a provisional reply which only shows the total losses sustained and mention of no losses shown and no acquisitions of German gold. The I.A.R.A. delegate who brought this reply suggested that the Commission write direct to the Minister of Finance at the Hague requesting speedy submission of the complete reply.

Czechoslovakia has not forwarded any further document. Their reply still consists of one unsigned copy only of the schedule, with no proofs or documents attached.

Albania has still not submitted reply, notwithstanding reminder dated 15th June 1947.

The Secretary furnished the Commissioners with a memorandum showing the actual state of the replies of all the countries; those which were incomplete and points on which particulars could be requested.

b) It was realized that since all the Commission must know the maximum liability of claims submitted. Consequently, it was decided to send a letter to Albania requesting a reply by the 20th August, final date. If reply is not received by this date, the Commission would consider that Albania was submitting no claim.

- 2 -

This letter, already prepared by the Secretary, was signed by the Commissioners.

Regarding Holland and Czechoslovakia, it did not appear practicable to give a final date, after which the claims would not be accepted. It seemed preferable to insist only on the reasons which necessitate a complete reply with the least possible delay; namely, that without a reply, these countries will not be able to participate in the preliminary partial distribution.

The Secretary will prepare further letter to these countries.

Regarding the other countries in which there are blanks in the replies submitted, the Secretary will study each claim and write himself to the claimant countries asking for the supplementary information required.

c) Finally, it was intimated by the Secretary that the Commission had received a further claim from Belgium amounting to 6,400 kgs. of gold bought from private individuals by the Banque d'Anvers and stored to the Reichsbank in pursuance of German decrees. The Banque d'Anvers, itself, was created in pursuance of a German decree.

The experts will be asked to ascertain if this gold could be considered as being part of the monetary reserve of Belgium.

II. Amount of monetary gold available for restitution.

a) Gold to be recovered from third countries. It was understood that the three governments would notify this amount to the Commission. Mr. Ruff had no precise information on this question nor had Colonel Vignate, but he had been given to understand that such notification would be forthcoming.

b) Gold found in the French Zone. No reply from the French Zone of Germany had been received. Mr. Ruff suggested that a reminder telegram be sent. The Secretary undertook to do this.

c) Gold found in the British Zone. A reply has been received from the British Finance authorities in Germany, indicating that no monetary gold has been found but that deposits amounting to 1274 MSB have been made by individuals in the Reichsbank in pursuance of military law No. 53. It was felt that this gold should be considered as having been found in Germany by military forces and that therefore it should under the Paris Act be pooled.

It was also decided to ask the British authorities for the following supplementary information on doubtful points in their letter:

- (i) amount of bars and coins of unknown fineness;
- (ii) a formal declaration that the figures given represent the total amount of gold found in their Zone.

The Secretary will forward a letter to this effect.

Authority NN9979014
By TS NARA Date 6/23/89

RG 84 Entry 213M
IARA (PGC)
Box 10

- 3 -

a) Gold Found in the U.S. Zone. The official reply from the United States cannot yet be given. Mr. Darr discussed the question in Berlin with the Finance Division of UNRRA which is preparing a list of small quantities of gold which have been found elsewhere than in Frankfurt. The "Board Report" already exists on gold in Frankfurt which indicates the amount, but in which there are some uncertainties.

III. Verification of gold in Frankfurt.

Mr. Darr indicated that the gold in Frankfurt comprised, in part,

- 750 ingots having no assay stamp, but for which there existed assay certificates of the Prussian Mint;
- 270 ingots having no indication of fineness, but for which an evaluation had been certified at the time of inventory by individuals who judged themselves qualified to make a cursory appreciation on these ingots;
- 99 ingots bearing conflicting assay stamps.

Furthermore, a great number of ingots bear false dates, though having certificates of assay and fineness. These are apparently the Belgian ingots which were looted and remelted. Approximately half were sold in this condition to Switzerland, Portugal, etc. These countries raised no objection to the fineness of the ingots. The question is raised as to whether the Commission should have any doubts about the value of the assay certificates, even if the dates are false.

Replying to Colonel Kingate's question, Mr. Darr stated that he was not certain that these ingots were good delivery but he saw no reason to suspect their assay certificates more than others.

Mr. Darr underlined that the Commission's responsibility is however pledged. Indeed:

a) If the fineness is incorrect, the Commission may be short of gold. Therefore, there should be no doubt whatsoever as to the fineness. It would not be necessary to smelt all the bars but a detailed examination should be made and assurance given by individuals accustomed to assaying.

b) Regarding the unstamped ingots, they might have holes or contain other metal than gold.

In regard to ingots as to which there was no indication of fineness, Mr. Darr stated that it was strictly necessary to have these assayed. In cases where ingots bore conflicting assay stamps, he suggested it would be feasible to accept the U.S. or British assay, if one of these was involved, and, if only continental assays were involved, to take the lowest. This he understood to have been the practice of the pre-war London market. The Commission agreed to such procedure.

- 4 -

Regarding gold bars of the Prussian Mint which have false dates, Mr. Darr suggested two different procedures were available:

- (1) to assay one bar of each melt, which would amount to about 170 bars, there being approximately 38 bars in each melt. If the assay agreed with the certificates attached to the ingots, one could stop at this point;
- (11) accept the certificates of the Prussian Mint, taking into consideration the fact that they were made at a period when the Prussian Mint had no motive for falsifying fineness.

M. Ruff stated that it would be necessary to know the viewpoint of the countries who will receive this gold. If they are not in agreement, could this be overridden. Colonel Singsat intimated that it would then be the job of these countries to prove that the ingots were incorrect and that, consequently, the Commission would only have to reserve about 0.2% of the total amount of gold in order later to satisfy the justifiable claims.

The total amount of ingots to be re-assayed are as follows:

- 170 bars, approximately, taken from each of the melts of the Prussian Mint.
- 750 bars bearing no assay mark and as to which no assay certificates are available
- 270 bars having no indication as to fineness.

M. Ruff asked if this assay would be made in Germany.

Mr. Darr stated that Mr. O'Flaherty after examining the facilities available in Germany had advised him that it would be preferable to make this assay elsewhere. The Chairman suggested the following solution:

- The samples could be taken in the presence of a representative of the Bank of France or of the Bank of England and under the control of the Commission, whose delegate should also assist at the taking of samples and make a detailed report. The samples would then be taken by the Bank of England or the Bank of France to be assayed and the results forwarded to the Commission.

It is agreed that the Commissioners would consult their experts to see if there were any difficulties in this course of action and to determine what would be the terms of this work, and how long it would take either in London or Paris.

The experts' replies are expected to be to hand by next week. Practical arrangements could then be made. A delegate of the Commission would have to go to Germany, possibly the Secretary, to furnish all details on the operations effected on this occasion. Mr. O'Flaherty will contact the Finance Division, GICUS, and assist in the establishment of liaisons.

- 3 -

As no decision can be taken immediately a further meeting will be held next week owing to the urgency of the question.

The precise number of ingots to be assayed will have to be given by the Finance Division as the figures mentioned above are only the result of a rapid examination by Mr. O'Flaherty during his stay in Frankfurt and should be checked.

IV. Study of Claims. Requests for supplementary information.
Procedure to be followed in the future.

The American and French experts have already made preliminary notes on the Austrian, Greek, Italian, Polish and Yugoslav claims. Colonel Wingate indicated that the British expert's appointment was on a different footing and, therefore he was not in a position to make similar notes. He asked that an analysis of the claims be made by the Secretariat.

- The Secretary will be authorized to make proposals bearing on the collated proofs.
- Then it will be the job of the Commissioners to put before the experts specific points.

This would solve the problem of the British expert.

Mr. Darr felt that the notes of the French and American experts raised a great number of questions to be solved.

- In order to understand certain points, it is indispensable to receive additional information as soon as possible.
- It would be useful in this case, but not essential, for the British expert to give his opinion on the other experts' notes.
- The Secretary to be instructed to push as much as possible to obtain the necessary information. If he could also undertake a summary of the experts' views on the claims without delaying the primary task of securing further necessary information he had no objection to Colonel Wingate's suggestion.

In A. Huff's opinion there are two separate questions :

- (i) practical work;
- (ii) question of having experts' advice.

If Colonel Wingate is satisfied with the work of the other experts, their conclusions on practical work could be accepted.

- 6 -

Colonel Wingate agreed and he would merely take the precaution of obtaining the British expert and giving him the opportunity of telegraphing the Commission if he had any outstanding points to raise.

Mr. Staff suggested that the Secretary be instructed to get all additional information needed, effecting this as rapidly as possible and informing the Commission of action taken.

Mr. Durr stated that a working session should be held as soon as possible on these reports. Decisions on certain questions must be made, notably on the question of Central Banks who have requisitioned gold belonging to individuals, at the demand of the Comrade.

Colonel Wingate agreed on the powers to be given to the Secretary for obtaining supplementary information. He asked that before the meeting of the Commission a complete analysis of all claims be made by the Secretariat. Only then would it be possible to decide if the Commission needs the advice of the experts on one or other specific points.

Regarding this, Colonel Wingate mentioned his anxiety as he was certain that the procedure adopted by the Commission would be subject to scrutiny and consequently must be water-tight.

Mr. Staff was in agreement.

Colonel Wingate stated the actual position of the experts should be kept in mind. They cannot make decisions, that is the Commission's role. They can, however, answer questions and give their advice on specific points.

Mr. Durr stated his opinion that, as regards analysis and examination of claims, the first steps should be taken by the experts who would point out the main problems and give their advice on doubtful questions. Summaries of the conclusions of the experts would be prepared by the Secretariat. The Secretariat would also undertake to procure the data required by the Commission and the Secretary will be empowered by the Commission to take measures necessary to this end.

Colonel Wingate indicated that his concern was merely to make certain of the acceptance of the principle that decision could be taken only by the Commission, and not by the experts.

General agreement was expressed.

Authority NN 979014
By TS NARA Date 6/23/89

RG 84 entry 213M
IARA (UGC)
Box 10

V. Reply to Greek Government on Claims not covered by the Commission of the Commission.

Colonel Wingate stated that he had suggested an amendment to the letter to the Greeks but, after having studied the terms of the Tripartite Commission, he thought that it was inadvisable to send such a letter except to request additional information.

M. Ruff indicated that his draft had been made to improve on the original. The French Government shared Colonel Wingate's view and he was not in favor of sending a reply of substance.

Colonel Wingate stated that the Commission could, under no circumstances, reply to any country on a matter of substance. When all the replies had been received, then only could precise data be requested.

Mr. Dorr indicated that his attitude had never been to reply in substance. It had been decided at the last meeting of the Commission that in view of declarations made at the Paris Conference the Commission would have to justify any refusal of the Greek claim on the basis that the Greeks were not able to furnish the detailed and verifiable data required by the Paris Act. The purpose of sending a letter to the Greeks was to develop out of their own mouths whether or not such data was available.

Colonel Wingate questioned whether this was the right time for such an undertaking. Mr. Dorr remarked that it was necessary to know, for purposes of the preliminary partial distribution, the maximum amount of the claims presented by the claimant countries.

M. Ruff asked if it was not possible to say that the claim did not concern monetary gold. Mr. Dorr, in his turn, asked if this decision could be made immediately. M. Ruff thought that the Commission should stick to the definition adopted and not enter into discussion as to whether the gold was a monetary reserve or not.

Mr. Dorr asked M. Ruff if there was reason to believe that the Greeks would pursue their action, and if so, would the U.S., U.K., and French Governments later find this embarrassing.

M. Ruff felt it dangerous to request in the proposed letter such precise information.

Mr. Dorr felt it likely that if the facts were developed it would appear that the Greeks could not furnish the required data. He asked if this detailed information could not be requested at the same time as the Commission requested details from all the other countries.

Colonel Wingate indicated that, before writing the letter, the Commission should consider all the claims and see what might be the possible repercussions on the other claims, in principle and detail. It should only be written to request additional data or to rectify schedules which had not been submitted as laid down. This would be a perfectly direct and unambiguously reply.

Colonel Wingate pointed out the extreme danger of raising in anyone's

DECLASSIFIED

Authority

NNN 979014

By

75 NARA Date 6/23/89

RG 84 entry 2113M
IARA (TGC)
Box 10

- 6 -

mind the idea that one might be obliged to reinterpret the definition or alter it in any way. The reply should be strictly factual and sent simultaneously with other letters.

Mr. Dorr stated that this desire could be easily satisfied and the additional questions to the Greeks need not be conspicuous.

Colonel Hingate agreed that if the reply to the Greeks was one of several letters sent to obtain unification of claims, the matter was on an entirely different basis and he had no further objection.

General agreement was obtained on the above.

VI. Study of measures to be taken to fix a standard fineness of coins.

Mr. Dorr suggested that the Commission would have to consider adoption of a standard fineness of coins for each country, with or without legal tolerance, and that this question should be put before the experts. Although not a major problem, it was nevertheless one which must be considered in view of the numerous claims concerning coins. The Commission must be able to make rapid decision as it involved both inventory of all coins and what will be allowed to claimant countries.

Mr. O'Flaherty stated that the standard fineness of coins varied in practice and the legal tolerance could be a variation of 0.2%.

Mr. Hoff thought that this was a question of which the experts' advice should be requested.

The other Commissioners were in agreement with him.

VII. Reimbursement of Credits to I.A.R.A.

Mr. Hoff stated he had heard that I.A.R.A. would like to have reimbursement of credits made to the Commission as these were made possible only by using funds required for I.A.R.A. expenses after September.

The Secretary pointed out that the Commission had assured the Agency that the credits would be reimbursed by the end of 1947.

Mr. Dorr indicated that a solution existed in drawing the necessary amount from the Federal Reserve Bank in New York. It had already been agreed to open a dollar account, as well as a gold account. It then only necessitated a transfer from the gold account to the dollar account and crediting I.A.R.A.

The three Commissioners agreed that this should be effected with speed. The Secretary should make an estimate of the amount required to cover all expenses of the Commission to the end of 1947 and submit the results to the Commissioners so that reimbursement could be effected by the Federal Reserve Bank as soon as possible.

Before adjourning the meeting, the Chairman proposed that the next meeting should be held on the 5th August at 5 o'clock.

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Authority NN9979014
By TS NARA Date 6/23/89

RG 84 entry 2113M
I.A.R.A. (ATG.C).
Box 11

CONFIDENTIAL SECURITY INFORMATION

File Salburg Gold
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X-Q-B-1

Form DS-4 5-10-45	DEPARTMENT OF STATE	Date 3/4/53
TRANSMITTAL SLIP		

TO: Homer S. Fox, Esq., American Embassy, Brussels, Belgium, 3/4/53

TRANSMITTED FOR: information

<input checked="" type="checkbox"/> INFORMATION OF THE DEPARTMENT'S REPRESENTATIVES	INFORMATION OF THE FOREIGN OFFICE
TRANSMISSION TO THE FOREIGN OFFICE	APPROPRIATE REPLY TO THE INDIVIDUAL
SUBMISSION OF A REPORT TO THE DEPARTMENT. REFER TO	INFORMATION OF THE REPRESENTATIVE OF THE FOLLOWING U. S. AGENCY:
	(AGENCY)

ADDITIONAL REMARKS:
Dear Homer: There is attached a suggested draft of a memorandum to the Austrian Government on the subject of "Salzburg Gold", referred to in the last sentence of the draft memorandum to the Italian Govt on the same subject (see my letter of Feb. 21). As to the memorandum to the Italian Govt, I have made a few changes which you find in the attached corrected copy of that draft memorandum.

WHEN A REPLY TO THE DEPARTMENT IS INDICATED PLEASE REFER TO THE FILE NUMBER AND THE DRAFTING OFFICE.

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... the oral communication
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... called "Salzburg Gold."
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... the Austrian Government

CONFIDENTIAL SECURITY INFORM

... in possession of the complete facts.
...
... as the Austrian Government undoubtedly is aware, the final dis-
... position of this gold was reserved by a Tripartite agreement
... reached in London on November 4, 1947. However, it was then
... agreed that the "Salzburg Gold" should be taken into account
... in connection

Department of State,
Washington,

206473

DECLASSIFIED
 Authority NO 979014
 By TS NARA Date 6/23/89

RG 84 entry 2113M
 IARA (TGC).
 Box 11

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MEMORANDUM

The Department of State refers to the oral communication from the Embassy of Austria to the effect that the Austrian National Bank has been sued by the Banca d'Italia at the Municipal Court at Vienna for delivery of the so-called "Salzburg Gold."

The United States Government has for some time given careful consideration to the question of the final disposition of this gold which was turned over to the Austrian Government on February 19, 1947 by the United States Military Authorities, who at that time were not in possession of the complete facts. As the Austrian Government undoubtedly is aware, the final disposition of this gold was reserved by a tripartite agreement reached in London on November 4, 1947. However, it was then agreed that the "Salzburg Gold" should be taken into account

in connection

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Washington,

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DECLASSIFIED
Authority NN9 979014
By TS NARA Date 6/23/89

RG 84 entry 213M
IARA (TGC)
Box 17

- 2 -

in connection with any claim submitted by the Austrian Government for a share in the gold distributed pursuant to the Paris Agreement.

After careful consideration, the Tripartite Governments have reached the conclusion that the subject gold is considered to be monetary gold looted by Germany, and, at the same time, part of the gold cache which the German Government tried to hide from the advancing allied armies shortly before surrender. Consequently, this gold belongs in the Gold Pool to which the bulk of the gold cache was transferred after the surrender of Germany. That this particular portion of the German gold cache was found in a hiding place in Austria, separated from the bulk which was found in Bavaria, does not matter in this connection. Since the gold is now in possession of the Austrian Government, the amount of this gold will have to be considered by the Tripartite Gold Commission as advance payment to Austria, to be deducted from the Austrian share when the Commission is computing its final award to Austria.

The Department

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Authority NNJ 979014
By TS NARA Date 6/23/89

RG 84 entry 2113M
IARA (TIGC)
Box 17

- 3 -

The Department of State, in bringing the above Tripartite decision to the attention of the Embassy of Austria, wishes, at the same time, to inform the Embassy that the Tripartite Governments have requested the Italian Government to cause the Banca d'Italia to withdraw the litigation pending before the Viennese Municipal Court in view of the fact that the issue involved was subject to and has been disposed of by international treaty.

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By TS NARA Date 6/23/89

RG 84 entry 2113M
IARA (TGC)
Box 17

MEMORANDUM

The Department of State refers to the memorandum from the Embassy of Italy dated May 26, 1952 on the subject of the claim which the Italian Government has submitted to the Tripartite Commission for the Restitution of Monetary Gold at Brussels, concerning the so-called "Salzburg Gold." The Department has also received a communication from the Austrian Embassy, according to which the Italian National Bank, the Banca d'Italia, has initiated litigation against the Austrian National Bank at the Municipal Court at Vienna, aimed at the recovery of the "Salzburg Gold."

The Department of State has given careful consideration to the contents of the above memorandum and has held extensive consultations on the subject of final disposition of the gold in question with representatives of the Governments of the United Kingdom

Department of State,

Washington,

DECLASSIFIED
Authority ANN 979014
By TS NARA Date 6/23/89

RG 84 entry 2113M
IARA (TIGC)
Box 17

Kingdom and France with which it is associated in the program of recovery and redistribution of looted gold. The Tripartite Governments, after careful consideration of the factual and legal circumstances involved, have reached an understanding regarding the solution of this problem as follows:

(1) The "Salzburg Gold" is considered to be monetary gold looted by Germany, and at the same time, part of the large gold cache which the German Government tried to hide from the advancing allied armies shortly before surrender. Consequently, this gold belongs in the Gold Pool to which the bulk of the gold cache was transferred after the surrender of Germany. That this particular portion of the German gold cache was found in a hiding place in Austria, separated from the bulk which was found in Bavaria, does not matter.

(2) The memorandum of the Italian Embassy proceeds on the assumption that the Italian Government has submitted documentation regarding the subject gold which, in the Italian view, has established the identity of the subject gold as previously owned by the Italian Central Bank. The Tripartite Governments do not feel that such identity of the gold has definitely been established.

Authority NND 979014
 By TS NARA Date 6/23/89

RG 84 Entry 2113M
 IARA (TIGC)
 Box 11

- 3 -

established. However, in their opinion, it would not matter if it were proven that the subject gold was part of the gold which the Germans looted from Italy. For the Italian Government has adhered to the arrangement under the Paris Reparation Agreement, Part III, by the London Protocol, December 16, 1947, and has included this gold in the claim submitted to the Tripartite Gold Commission. Austria, too, has been admitted as a member of the Gold Pool by the London Protocol dated November 4, 1947. In another international agreement of the same date, the Tripartite Governments have agreed that the "Salzburg Gold" should be taken into account in connection with any claim submitted by the Austrian Government for a share in the gold distributed pursuant to the Paris Agreement.

(3) Since the gold already had been given to the Austrian Government prior to the aforementioned London arrangements by an act of the United States Military Authorities, ~~who~~^{who} ~~at that time~~ ~~did not~~ at that time have the complete factual background, the transfer to the Austrian Government of this gold will have to be considered by the Tripartite Gold Commission as an advance payment to Austria, and

206479

DECLASSIFIED
Authority NNJ 979014
By 75 NARA Date 6/23/89

RG 84 entry 2113M
V.A.R.A. (T.G.C.)
Box 11

- 4 -

and consequently, to be deducted from the Austrian share when the Commission is computing its final award to Austria. This will have the same effect as if the gold had come directly into the Pool.

(4) The request of the Italian Government for direct return of this gold to the Italian National Bank, even assuming for the sake of argument that the Italian Government had successfully identified it as of Italian origin, would strike at the very principles upon which the Tripartite Gold Commission operates in accordance with Part III of the Paris Act—namely, that there should be no direct restitution of identifiable parcels of gold, but rather a pro rata distribution to successful claimants of all the gold recovered.

(5) The Tripartite Governments, in view of the situation as outlined above, and in particular, of the fact that the subject matter has been disposed of by international treaty, and consequently, cannot be subject of litigation before a municipal court, expect that the Italian Government will cause the Banca d'Italia to withdraw the litigation pending before the Viennese Municipal Court.

The Department

206480

DECLASSIFIED
Authority NNJ 979014
By TS NARA Date 6/23/89

RG 84 entry 2113M
IARA (TIGC)
Box 17

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Date 3/4/53
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5

The Department of State, in bringing the above Tripartite decision to the attention of the Embassy of Italy, is confident that the Italian Government will feel it possible to understand the compelling reasons which have formed the basis for the Tripartite decision.

It will be appreciated if the Embassy of Italy would inform the Department that the necessary steps have been taken by the Banca d'Italia. In the meantime, the Austrian Government will be informed of the decision taken by the Tripartite Governments.

Authority NY 979014
 By TJ NARA Date 6/23/89

RG 84 entry 2113M
 IARA (TIG C)
 Box 17

**Aide Memoire on the question
 of the SALZBURG Gold.**

The documentation on this question is so voluminous that it would not be practicable to reproduce all the relevant extracts as has been done hitherto in notes of this nature.

The history of this case can best be retraced by reproducing all the Minutes of the Meetings of the Commission in which this question has been referred to. These are, accordingly, set forth hereunder :

Extract from Minutes of 11th Meeting held on 3rd October, 1947.

The question of the amount which should be taken by the Commission of the 4,314.7825 kgs of gold found near Salzburg by the United States Armed Forces and handed over to the Austrian Government was considered. The United States Commissioner expressed the view that this gold could not be considered part of the pool of monetary gold since the annexation of Austria had been illegal and the Austrian territory could not be considered as having been an integral part of the Reich.

The Commission agreed, however, that the delivery of this gold to Austria raised a problem and that in this connection an effort should be made to establish precisely the source of this gold. Pending receipt of additional information on this point and a final decision as to whether, and to what extent the receipt of the gold in question might affect the Austrian claim, the problem was deferred.

The French Commissioner recalled that the question was actually being studied in Washington between the United States and French Governments, and hoped that no prejudgments would be made as to the decision to be taken after the enquiry envisaged. He asked, in this connection, that a weight of gold equivalent to the gold in question be set aside from the delivery to Austria.

It was decided :

as a temporary compromise, and so as not to delay nor decrease too considerably the first allocation it was possible to make to Austria, that, in calculating the share in the preliminary distribution, the amount of 4,314.7825 kgs, representing the total fine gold content of the Salzburg gold, would be deducted from the total Austrian claim already approved as valid by the Commission. The effect of this decision was to reduce the valid Austrian claim for 78,267.1478 kgs to 71,952.3653 kgs. For purposes of convenience in book-keeping under the form utilised by the Commission, 4,314.7825 kgs. representing the amount of the Salzburg gold would be classified as "possibly valid".

Extract from Minutes of 19th Meeting held on 16th October, 1947.

It was decided :

a) to defer settlement on 4,314.7825 kgs.

Extract from Minutes of 22nd Meeting held on 21st October, 1947.

The French Commissioner circulated the statement concerning the 4,314.7825 kgs. of gold found at Salzburg, the text of which is given below :

"The French Government agreed to allow to Austria a share in the distribution of the gold transferred by Switzerland. At the same time, it felt that it should be clearly understood that the 4 T. 314 of gold handed over by the American High Command to the Vienna Government should be charged against the share which would finally accrue to Austria.

not
 "If this were so, France could not agree to the handing over of the non-monetary gold found in Austria to the International Refugee Committee.
 "The Paris Act must be conscientiously applied, for it was inconceivable that Austria should be regarded as an integral part of Germany, for the purposes of the provisions of Article 8 of the said agreement relating to non-monetary gold, and as a third party country for the purposes of the application of Part III dealing with monetary gold".

206482

Authority NN979014
 By TS NARA Date 6/23/89

RG 84 entry 2113M
 I.A.R.A. (T.G.C.)
 Box 17

Extract from Minutes of 26th Meeting held on 6th November, 1947.

- a) Concerning the 4,514.7825 kgs of gold handed back by the United States Military forces to the Austrian Government, the United Kingdom Commissioner considered that this was a matter for discussion between the United States and France.
- b) The United Kingdom Commissioner stated he could not agree to the delivery of the gold to Austria until certain matters relating to the actual physical delivery had been cleared up.

Extract from Minutes of 30th Meeting, held on 19th November, 1947.

The French Commissioner stated, as regards the 4,514.7825 kgs of gold found at Salzburg and handed to Austria by the United States Military Forces, his Government felt it should be determined whether this gold had not originally been taken by Germany.

Extract from Minutes of 31st Meeting held on 14th and 15th December, 1947.

The French Commissioner felt that investigation should be made as to whether this was looted gold brought into Austria by Germany. He had been informed by Mr. Gergan, of enquiries effected in June 1945 by the American services at Frankfurt, which showed that a fraction of the Belgian gold coins of the Latin Union looted by Germany had been transported to Vienna and figured on the books of the Reichsbank at Vienna, in the account "Goldankauf". As part of the Salzburg gold contained coins of the Latin Union, there was an assumption that this might prove to be looted gold.

The Commission realized that it was at present outside its power to decide as to whether the Salzburg gold should form part of the pool, it being a matter for discussion between the three Governments concerned. However, to assist in the clarification of this matter,

It was decided :

- a) to study the points raised by M. Gergan and to elicit further information from Gergan;
- b) to request further information from Austria;
- c) that each Commissioner would inform his Government separately, of the various points arising out of the discussion at this Meeting.

Classification of Claims - Austria

It was decided :

to allow for the second series of allocations the amount of 15,628.055 kgs - balance of the Gold Reserve of the Austrian National Bank - classified as "possibly valid" for the first distribution, reserving 4,514.7825 kgs (equivalent of the Salzburg gold) for further consideration.

Extract from Minutes of 36th Meeting held on 12th January, 1948.

The Commission again considered the question raised by the handing over to Austria by the United States Military Authorities of 4,514.7825 kgs of fine gold.

In determining whether the Salzburg gold should be included in the Pool, the discussion revolved around two main points :

- a) whether or not Austria was a part of Germany,
- b) whether or not Austria could be considered as a third country under Part III, Article G of the Paris Agreement on Reparations.

- 3 -

It was decided :

to continue the discussion as necessary.

Extract from Minutes of 37th Meeting, held on 16th January, 1948.It was decided :

to allow for allocation the amount of 16,628.0554 kgs, reserving 4,314.7825 kgs - Salzburg gold - for further consideration.

Extract from Minutes of 42nd Meeting, held on 27th January, 1948.

The United Kingdom Commissioner asked if there was any possibility that some of the gold found at Salzburg in the form of coins of the Latin Union might not be gold bought by Austria from her own people when they took in gold. The United States Commissioner stated that he and Mr. O'Flaherty had gone into the matter and it did not appear from the records that this was probable, since the percentage of total purchases made up of Latin Union coins was less than 5%.

It was noted that the Secretary was preparing a letter to Austria calling to their attention the Commission's analysis of their purchases and informing them that it was unlikely that this gold came from purchases from Austrian citizens and asking whether Austria could furnish any further information on the source of the Salzburg gold.

Extract from Minutes of 70th Meeting, held on 2nd September, 1948.Salzburg gold.

M. Hirigoyen was under the impression that this matter was under discussion in Washington.

It transpired that this was not the case.

Answers to various questions which had been put to the Austrian Government had been received by the Secretariat since the matter was last discussed by the Commission.

It was decided :

that M. Hirigoyen would prepare a summary statement on the last evidence received and the Secretary General would circulate this statement to the Commissioners.

Extract from Minutes of 71st Meeting, held on 15th September, 1948.

The Chairman recalled that these 4,314.7825 kgs of gold had been found by the American Forces in Austria and turned over to the Austrian Government. It had been argued that this gold should not be incorporated in the pool of monetary gold on the grounds that it had been found in Austria and that that country should not be considered as part of Germany within the meaning of Part III of the Act of Paris. After prolonged efforts to assemble all the evidence in this case, and the most careful examination of the available data, the Commission had concluded that there was no definite proof that this gold had been looted or wrongfully removed from any country by Germany. On the other hand, the Commission's examination of the accounts and inventories of certain Monetary Institutions involved had led it to conclude that the weight of such evidence as was available favoured the conclusion that the gold had been introduced into Austria by Germany. The Austrian Government had not been able to reply satisfactorily to the Commission's request for evidence demonstrating either that the gold was in fact of Austrian origin or that it had not been introduced into Austria by Germany. Under these circumstances, it appeared to be reasonable for the Commission to consider this gold as representing a recovery by Austria from Germany and to deduct an equivalent amount from the total loss sustained by Austria.

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The French Commissioner recalled that his Government's views were that this gold should have been incorporated in the gold pool. As the American view had originally been that the position which had been taken up by United States Military Authorities in Austria could hardly be reversed, he had reluctantly concurred with the decision which the Commission had made that this amount should provisionally figure in the "possibly valid, no decision taken as yet" column of the Commission's Schedule of Claims. The French Commissioner then proceeded to read out page 4 of the French text of the Minutes of the Meeting of the Paris Conference held on 14th December, 1945 (Minute No. 31). These appeared to indicate that the Delegate of the United States, "inter alia" was of the opinion that, for the purposes of the Conference, the term Germany should be held to include Austria, in any event, the gold which might be found in Austria should be considered as looted gold. The French Commissioner thought that this was a strong argument in favour of considering that this gold should be deducted from Austria's share and included in the pool.

The Chairman pointed out that treating Austria as part of Germany would be in contradiction with many International texts which he quoted. However, as Austria had produced no convincing proof that the gold did not come from outside Austria, he was prepared to say that this should be treated as a recovery and deducted from the amount of the Austrian claim.

The Commissioners of the United Kingdom and of France concurred.

It was decided :

- i. that the French Commissioner would let the Secretary General have a copy of the Minutes, which he had read out, of the 31st Meeting of the Heads of Delegations of the Conference of Paris of 14th December, 1945, for circulation to the Commissioners of the United States and of the United Kingdom;
- ii. that in determining the ultimate amount allowed under the Austrian claim, 4,314,7825 kilograms should be deducted from the total loss sustained by Austria.

Extract from the Minutes of the 74th Meeting held on 17th January, 1949.

Austria - Salzburg gold.

A general discussion took place.

The Secretary General circulated a suggestion for a new paragraph 1 to be substituted for paragraph 1 of the United Kingdom Commissioner's letter in this particular case. (Draft letter submitted by United Kingdom Commissioner to be sent to claimant countries whose claims the Commission proposed to disallow).

Extract from the Minutes of 75th Meeting held on 27th January, 1949.

Consideration of draft letters to be sent to claimant countries whose claims the Commission proposed to disallow.

.....

Austria concerning the Salzburg gold

.....

The Commission considered in detail these draft letters circulated by the Secretary General as directed at the 74th Meeting and reached agreement on tentative final drafts in each case.

It was decided :

that these should be circulated.

-5-

Copy of letter sent to the Austrian Minister according to decision taken at 75th Meeting.

CG/AUS 755

7th February, 1949.

H.E. The Baron Lothar Wisner,
Savoy Extraordinary and Minister Plenipotentiary,
Representative of the Government of Austria in Brussels,
111, Boulevard Saint Michel,
BRUSSELS.

Your Excellency,

The Tripartite Commission for the Restitution of Monetary Gold begs to refer to the Protocol entered into in London on the 4th of November, 1947, between the Government of Austria on the one hand and the Governments of the United States, United Kingdom and France on the other, whereby the Government of Austria was admitted to participation in the pool of monetary gold established by Part III of the Paris Agreement on Reparation of the 14th January, 1946; and to recall to the Government of Austria the memorandum addressed to it by the three Governments on the day the Protocol was signed, concerning the so-called "Salzburg Gold".

In the memorandum referred to above, the three Governments pointed out to the Austrian Government that this Commission might wish to "consider whether the gold discovered at Salzburg and turned over to the Austrian Government by the American Occupation Authorities in Austria should be taken into account in connection with any claim submitted by the Austrian Government for a share in the gold distributed pursuant to the Paris Agreement.

The Commission, having regard to the provision of paragraph A of Part III of the Paris Agreement which stipulates that "all the monetary gold shall be pooled for distribution as restitution among the countries participating in the pool in proportion to their respective losses of gold through looting or wrongful removal to Germany" has, in fact, felt it necessary to consider whether the receipt by Austria of the gold in question should not reduce the total amount of the Austrian claim valid for restitution purposes.

Having examined the information given by the Austrian Government regarding this matter in its "Memorandum on the Restitution of Monetary Gold", dated 15th August, 1947, the Commission requested further information by letters dated 5th August and 20th August, 1947, 12th November 1947 and 30th January, 1948. The Austrian Government, in reply to these various letters, furnished further information incorporated in several memoranda dated, respectively 15th September 1947, 15th December, 1947, and 18th March, 1948.

The Commission, after careful study, is of the opinion that the weight of evidence before it indicates that the 4,514,782 1/2 kilograms of gold in question had been recovered by Austria from Germany. In the absence of evidence additional to that so far presented, the Commission considers that its obligations under Part III of the Paris Agreement on Reparation require it to reduce by the amount of the said 4,514,782 1/2 kgs of gold the amount of the Austrian claim which it approves as valid for restitution purposes.

Before taking a final decision on the matter, however, the Commission desires to extend to the Government of Austria an opportunity of presenting to it, in Brussels, through an accredited representative or representatives designated to appear before the Commission any further evidence or arguments which the Government of Austria may see fit to put forward as bearing upon the case.

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By TS NARA Date 6/23/89

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IARA (RGC)
Box 11

Should the Government of Austria wish to avail itself of this offer, the Commission would appreciate receiving notification to this effect at your early convenience together with the name or names of the representative or representatives designated to appear before the Commission in this matter and a suggestion for a date for the hearing which would have to take place before 15th March, 1949, latest date compatible with the Commission's programme of work.

Failing a reply to this communication by 28th February, 1949, the Commission will assume that the Government of Austria does not wish to avail itself of this offer and will proceed to its findings accordingly.

We have the honour to be
Your Excellency.

Commissioner

Commissioner

Commissioner.

The Austrian Minister answered as follows :

The Chairman of the Tripartite Commission
for the Restitution of Monetary Gold,
Brussels.

8th February, 1949.

Sir,

With reference to the letter of the Tripartite Commission for the Restitution of Monetary Gold GO/AUS 753 of February 7, 1949, I beg to inform you that your communication has been forwarded to the Austrian Government.

On February 28th, 1949, The Austrian Minister wrote as follows :

The Chairman,
Tripartite Commission for the
Restitution of Monetary Gold,
155, rue de la Loi,
BRUSSELS.

28th February, 1950.

Sir,

With further reference to your letter GO/AUS 753, of February 7th, 1949, I beg to inform you of the following: The Austrian Government expresses its thanks for the offer made by the Commission to present further arguments concerning the so-called "Salzburg Gold".

The Austrian National Bank, however, being as before firmly convinced of correctness of the arguments put forward by its representatives, is of the opinion that in an oral discussion no other standpoint could be taken by its representative.

The Austrian Government, therefore, does not intend to avail itself of the opportunity of presenting its case again, trusting that all the arguments put forward at an earlier occasion will be fully appreciated by the Commission when it will proceed to its findings.

I have the honour to be, Sir,....

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-7-

Subsequent action by the Commission is summed up in the following Minutes of the 70th Meeting held on 10th March, 1949 :

Extract from Minutes of 70th Meeting.

" Final decision regarding Austria - Salzburg Gold - 4,514,7825 kgf.

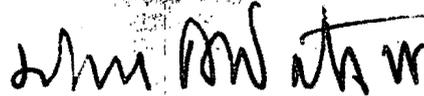
The Austrian Minister had indicated in writing that, whilst maintaining its point of view, his Government had stated that it did not intend to avail itself of the Commission's offer of a hearing.

After a short discussion,

It was decided :

that the provisional decision taken at the 74th Meeting, that the Commission's obligations under Part III of the Paris Agreement on Reparation required it to reduce by the amount of 4,514,7825 kgf of gold the amount of the Austrian claim which it approved as valid for restitution purposes, should be declared final. "

It is a point for consideration whether the delivery effected to the pool by the United States Military Authorities subsequently to the above decision, of a certain quantity of gold found in Austria and conclusion III of the Tripartite Governmental Conference of January 5th to 10th, 1939, to the effect that gold already restituted to a certain country should be set off against its share in the gold pool, affect the situation in regard to the Salzburg gold in any way.



J.A. WATSON,
Secretary General.

12th May, 1950

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Z-Q-b-759
File

RELATION OF "SALZBURG GOLD" TO GOLD POOL
AND TO AUSTRIAN CLAIM ON THE POOL.

1. The 4.3 tons of gold bars and gold coins recovered by the United States armed forces near Salzburg and turned over by them to the Austrian Government can be considered part of the pool of monetary gold established by the Act of Paris, only,

(a) if the gold is held to have been "found in Germany by the Allied forces" (Part III, paragraph A),

(b) or it is treated as monetary gold looted by Germany and recovered from a third country to which it was transferred by Germany (Part III, paragraph G).

These are the only provisions of the Act of Paris defining the gold pool, and unless the gold in question can be shown to be covered by one or the other of these provisions, it must by definition lie outside the pool.

2. Austria is not Germany.

(a) The annexation imposed upon Austria by Germany is regarded as "null and void" and from the issuance of the Declaration on Austria, on November 1, 1943, it has been the consistent policy of the Allied to distinguish between the two countries and to apply different policies to them.

(b) The Act of Paris, upon which decision concerning this gold must be predicated clearly does not include Austria within Germany -- either for purposes of reparation or of restitution of monetary gold. *of it*
The terms of the Paris Act and all subsequent interpretations (for example the rules for accounting for German External Assets recently adopted by IARA) of it indicate beyond all doubt that the 18 Signatories considered Austria as distinct from Germany and in no way covered by the Act.

(1) However, the French Commissioner in the statement of his Government's position submitted to the Commission at its 22nd meeting held on 21 October 1947 argued that "it was inconceivable that Austria should be regarded as an integral part of Germany for the purposes of the provisions of Article 8 of the said Agreement relating to monetary gold, and as a third party country for the purposes of the application of Part III dealing with monetary gold."

(2) As a matter of fact, it has never been held by any of the Allies that Article 8 -- any more than any other portion of the Act of Paris -- applies literally to Austria. The application to Austria of provisions identical with those included in the Act of

Paris ...

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 By TS NARA Date 6/23/89

RG 84 entry 213M
 I.A.R.A. (TIGC)
 Box 11

Paris has been explicitly made in spite of the fact that Article 8 does not strictly apply. Each of the Allies has made this point clear.

(3) The United States position was stated on March 21, 1947: "The United States has decided to apply the non-monetary gold directive to the American Zone, Austria, although the language of the Paris Act apparently provides no basis therefor. Although Article 8 refers to non-monetary gold "in Germany", the drafters of the Agreement knew at the time this would include concentration camp loot which had already been transferred from Austria to Germany proper. The United States feels it is not unreasonable to extend Article 8 to cover non-monetary gold which happened not to have been already removed from Austria at the time of the Paris Agreement." It will be noted that upon extending the non-monetary gold directive to Austria, the United States conceded that the language of the Paris Act appeared to provide no basis for such action. *did not argue that the Paris Act treated Austria as part of Germany.*

(4) The position of the French Government was stated in a note to the American Embassy, Paris, dated April 19, 1947: "regarding the proposal of the American Government to extend Article 8 of the final Act of the Paris Conference on Reparation to Austria the Minister of Foreign Affairs is disposed to examine the possibility of eventually revising Article 8". The position of the French Government was thus clearly that the Paris Act, as drafted, did not apply to Austria.

(5) The position of the United Kingdom is stated in a letter from the Refugee Department of the Foreign Office, dated June 30, 1947, "... neither of the above agreements (the Paris Agreement and the Five Power Agreement of 14th June 1946) refer to Austria, and Article 8 especially refers to Germany only"

(6) When agreement was reached at Moscow in May 1948 between representatives of France, Britain, and the United States that all valuable personal property representing loot seized under duress from victims of Nazi Government or satellite governments was to be made available to the Intergovernmental Committee on Refugees, it was understood this agreement was not predicated on Interpretation Article 8, Paris Act. (Contemporary statement on Agreement made by United States representative.)

(7) Thus it appears that there has been no exception to the general principle that the Act of Paris does not apply to Austria. To hold that in Part III Austria is included in "Germany", whereas in all other parts of the Act, it is not would be to adopt a

method ...

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 By TS NARA Date 6/23/89

RG 84 entry 213M
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 Box 11

- 3 -

method of interpreting the Agreement which would violate all canons of logic and recognized procedures for construing a legal document.

3. This gold is not monetary gold recovered from a third country to which it was transferred by Germany.

(a) In negotiating for recoveries from third countries, the negotiating powers have always had to assume the onus of proof that gold demanded for the pool was not only German, but also that it had been illegally acquired by Germany. No such proof has been provided with respect to the Salzburg gold.

(b) On the contrary, it has been demonstrated by the Austrian Government to the satisfaction of the American occupation authorities that the gold in question was not brought into Austria at any time subsequent to the Anschluss in 1938. For purposes of exclusion from the gold pool (as distinct from the validation of a claim on the pool) the lack of positive evidence that the gold in question fell within the pool as defined in Part III of the Paris Act is presumed adequate.

4. It must therefore be concluded that there is no possible basis on which this gold can be construed as falling within the pool of monetary gold established by the Act of Paris. The question remains as to whether there are conditions which would justify the Commission in making the receipt by Austria of the Salzburg gold a ground for reducing its allocation of gold from the pool.

5. There are two possible bases on which the Salzburg gold might justify a reduction in the Austrian claim:

(a) if it should be decided to treat it as a recovery by Austria from Germany, or

(b) if it should be decided that it is covered by certain of the specific claims submitted by Austria.

6. With respect to 5(a) it has already been demonstrated that there is strong negative proof that the Salzburg gold was not brought into Austria subsequent to the Anschluss. Furthermore, all evidence indicates that the gold originated inside Austria, and the most plausible assumption is that it falls within the general classification "occupation purchases." The gold is described as consisting of 85 bars weighing 85 fine kilograms and 4230 kg of various coins. It does not appear on the pre-Anschluss books of the Reichsbank, and it has been stated by the Austrian Government that interrogations of officials of the Vienna branch, Reichsbank have shown that this

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By

75 NARA Date 6/23/89

RG 84 Entry 2113M

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Box 17

- 4 -

institution held considerable amounts of coined and uncoined gold which could only have been delivered from Austrian sources after April 25, 1938.

7. With respect to 5(b), in the absence of any evidence this gold entered Austria from Germany, it cannot be argued that it constitutes a legitimate deduction from any portion of the Austrian claim which the Commission has been disposed to approve. A precondition of approval is, of course, the provision of proof that the gold claimed for in fact was removed to Germany. Since the Salzburg gold must be presumed to have originated in Austria, and to have remained there, it could not constitute a portion of any valid claim entered by the Austrian Government.

8. The following conclusions must therefore be reached:

(a) The gold in no way meets the definition of monetary gold falling within the pool of monetary gold established by Part III of the Act of Paris. Therefore, there is no possible basis for charging it against the Austrian account as though it were a receipt from the pool.

(b) There is no evidence whatever that the gold entered Austria from Germany, or that it represents a portion of any possibly valid claim submitted by the Austrian Government; consequently its receipt by Austria provides no justification for the Commission's making any deduction from the claim submitted by the Austrian Government.

(c) Accordingly, the Commission should at once decide that the Salzburg gold in no way falls within the pool of monetary gold, and *that* its receipt by the Austrian Government in no way affects the total of the Austrian claim, or the share to which Austria is entitled.

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By TS NARA Date 6/23/89

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IARA (IGC)
Box 12

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TRIPARTITE COMMISSION
FOR THE RESTITUTION OF MONETARY GOLD

SECRET - SECURITY INFORMATION

OFFICIAL - INFORMAL

American Embassy,
Brussels, Belgium,
October 8, 1953.

Otto F. Fletcher, Esq.,
Special Assistant,
Monetary Affairs Staff,
Department of State,
Washington 25, D. C.

Dear Otto:

Reverting again to the problem of distribution of any gold which may be awarded by the Commission to the Government of Czechoslovakia, I have to report that it is becoming increasingly difficult to delay announcement of the Commission's adjudications without the United States becoming generally charged with being responsible for the delay. This does not mean to say that the reason for the delay would become generally known but that the responsibility for the delay would be placed on the United States as distinct from on the other governments represented on the Commission.

You may have seen some reports of the last assembly meeting of IARA. There had been considerable pressure from some delegates for expediting the acquisition and distribution of remaining external assets and particularly with reference to the distribution of external assets accruing in Switzerland. Actually, the meeting turned into something of a field day for criticism of the three occupying powers and particularly of the United States for the delays both in accounting to the Assembly and in actual consummation of negotiations and distribution of these assets. There was even some reason to believe that the representatives of at least one of the other occupying powers may have taken some steps to direct this criticism towards the United States.

There is now some evidence, which I cannot document, that somewhat similar developments may be taking place in regard to the delays in the report of the Commission and the distribution of the remaining gold.

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Authority

NND 979014

By

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Box

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-2-

SECRET - SECURITY INFORMATION

I would suggest that this situation might usefully be brought to the attention of the responsible political officers in the Department for their consideration in connection with whatever further delays they may contemplate. I can, of course, continue to take various steps to delay the final proceedings but it is increasingly difficult to do this without having the delays laid at the door of the United States.

Yours sincerely,

Homer S. Fox
United States Commissioner
Tripartite Commission for the
Restitution of Monetary Gold

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HSFox/rw

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By TS NARA Date 6/23/89

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IARA (T.G.C.)
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X-2-d
X-2-m

Letter sent 3 Nov 53

October 23 1953

In reply refer to
MN

OFFICIAL - INFORMAL

Dear Homer:

Immediately after receipt of your letter dated October 8 regarding the problem of final distribution and possible withholding of the Czech share, I brought it to the attention of the responsible political officers in the Department with my added comment that the issuance of the final awards will be ready in about six to eight weeks, and that I agree with you it will become increasingly difficult for you after that time to further delay publication of the awards and with it taking a position on the delivery of the Czech share. (I have gotten the British to tacitly drop their request for advance notification of our position in the latter respect.) I expect the position of EE in a couple of days and will, of course, send you the proper instructions developed from that position.

I don't think up to now you or the U.S. Government could be blamed by anybody for delaying the publication of the awards and the final distribution of the remaining gold in the pool. The minutes of the 129th meeting reveal that the text of several awards (such as the Yugoslav, Italian and Austrian) can be completed only after certain decisions have been made by the Commission which in turn depend on certain outside events. These events have subsequently taken place except for the Bor Mine case where we are waiting for the French decision. So only from now on and assuming that the French will give their final position in the Bor Mine case in the next meeting, one could speak of any willful delay and that is why I think you are now justified in requesting definite instructions. I think you will also

agree

Homer S. Fox, Esquire,
United States Commissioner,
Tripartite Commission for the
Restitution of Monetary Gold,
American Embassy,
Brussels, Belgium.

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By TS NARA Date 6/23/89

RG 84 entry 2113M
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SECRET - SECURITY INFORMATION

- 2 -

agree with me that if we assume that the text of the above mentioned awards can now be completed, it will take six to eight weeks before everything is ready for publication.

By the way, I had not received your letter of October 8, when I sent you cable No. 367, October 13.

Wayne Gilchrist tells me that the IARA meeting has been postponed for two months, I wonder if that means that the TGC meeting has also been postponed, and if so what the reason was for the postponement. Is it Wingate's illness?

Regarding the Deutsch case, there is attached for your convenience the final text of the note of reply to the Liechtenstein Government which will be transmitted in identical form to the Liechtenstein Government through the Swiss Missions in Washington, London, and Paris on October 24.

Many regards,

Sincerely yours,

Otto F. Fletcher
Special Assistant
Monetary Affairs Staff

Enclosure:

Copy of final text
of Deutsch note.

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Authority

By

75 NARA Date 6/23/89

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IARA (TGC)

Box 12

Original memo filed X-Q

X-Q-L (Yugo)

Memorandum of Conversation from Dept.

dated April 17.

PARTICIPANTS: EE-Mr. Vedeler

Mr. Katz

MN-Mr. Fletcher

SUBJECT: Request of Yugo Min. in Brussels to U.S. Comm. for final distribution of gold owed to Yugo owing to critical financial situation of said country.

Dr. Fletcher recalled to Messrs. Vedeler and Katz that problem posed "is whether our present relations (or conversation) Czech permit at this particular moment release to Czechs of their share of the issuance of a U.S. statement of objection to such release. If answer is in the affirmative with respect to either one or these two alternatives, an interim distribution could be quickly arranged. If answer in negative, the Yugo request must be denied except if such denial would be more harmful than the bringing into the open of the question of Czech share. Mr. Vedeler stated under no circumstances could question transfer of Czech share or U. S. objection to such transfer, be brought into open at moment and Mr. Katz pointed out Yugo's had recd substantial sums of U. S. aid in past year (including allotment (supplementary) in April of \$11 million) and that small amount owed Yugos in comparison could hardly change financial situation of Yugo.

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Authority NND 979014
By TS NARA Date 6/23/89

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IARA (TGC)
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SECRET

FROM:

Secstate

August 18, 1950, 7 p.m.

224 Priority

Secret

August 21, 1950, 8:40 a.m.
Processed 9:30 a.m.

FOR FOX AND FLETCHER.

Department opinion TGC should proceed decision 12768 EG check * claim on merits. Understand this would result admission this claim minus possible deductions. Department assumes and desires resultant favorable action not publicly divulged or made known Czechs but will be registered records of Commission as provisional allowance. Department further understands no interim delivery will be made until final distribution of TGC for which no date yet set. Still considering question whether to hold up delivery to Czechs at time final distribution. If decision made to withhold Department expects consult British and French prior final distribution.

ACHESON

*as received
msd/msd

SECRET

Reparations



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Authority

NY 979014

By

TJ NARA Date 6/23/89

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entry 2113M

1 A R A

(TGC)

Box

13

X-Q-H-1

American Embassy,
Brussels, March 26, 1953.

Otto F. Fletcher, Esquire,
Special Assistant,
Monetary Affairs Staff,
Department of State,
Washington 25, D. C.

Dear Otto:

In connection with the attached Minutes of the 125th meeting of the Commission you will note under item 3 on page 2, the Commission has finally taken a decision in the ISTCAMEI case. There may possibly be a little confusion about this as this action would appear to be not altogether in accord with the views of the recent three party meeting in Washington. The views at that meeting apparently were that the Commission might appropriately proceed with a hearing of the Italians and consideration of any further material which might be received but stopping short of taking a decision.

My own views have been all along that on the basis of the information available to the Commission, the Italian claim could not succeed and must be rejected. It has been my understanding that this was your view and Ely's as well. Certainly it was at the time when I was on home leave a year or so ago, and I had had no notice of any change in this view until the record of the recent conference. My further view was that the Commission could not very well leave hanging a claim which had been appropriately submitted to and received by it. This, I believe, was also the French Commissioner's view. The Chairman held the view for a considerable time that in view of the fact that the Italians had failed to reply substantively to our further request to them and also in view of the parallel claim made to the United States, the Commission should take no action and simply leave it hanging with a set-aside of the amount involved in the claim for disposition at some indefinite later period.

Reverting to my view favoring rejection on the basis of available information, this in no way precluded consideration of additional information should the Italians at any time provide it in response to the Commission's request already made to them. I think the Commission's action at the 125th meeting must be read in that sense. The rejection is definitive but

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RG 84 ent 2113M
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-2-

the request for further information is still outstanding and no time limit has been set for the receipt of the information requested. I am sure that the other two Commissioners would be agreeable, as I certainly would, to a reconsideration if there should appear to be any reason for it.

All best regards,

Yours sincerely,

Homer S. Fox
United States Commissioner
Tripartite Commission for the
Restitution of Monetary Gold.

HSFox:Scf

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By TS NARA Date 6/23/89

RG 84 entry 2113M
I.A.R.A. (UGC)
Box 13

File
X-9-H-1

SECRET

American Embassy,
Brussels, Belgium,
December 23, 1952.

Dear Otto:

Many thanks for your letter of December 18 regarding the forthcoming Tripartite meeting. I appreciate very much the explanation of the probable agenda.

You will doubtless receive before the meeting convenes my letter of a few days ago about Col. Wingate's visit and his explanation that the principal motivation of the British in pressing for this meeting is to try to get some adjustments in the reparations accounting.

The only other comment that I think I need make at the moment is with regard to the Istcambi gold. I note with interest that the Italian Embassy has just requested that the Commission be instructed to postpone decision until the outcome of the parallel claim to the Istcambi dollars in Washington becomes known. I think it almost certain that this Italian request was made at British suggestion. You may remember that it was our joint feeling when I was home last winter that the Commission should deal with the Istcambi gold claim and, as I recall it, both you and Ely were of the same opinion as I was that the claim should be rejected. I subsequently prepared a brief for the Commission and presented it at a meeting some time ago. My recommendation was for rejection. However, it was never placed on the agenda for a discussion and later Wingate began to refer to the Istcambi claim in terms which indicated that the Commission had taken a decision to withhold action on it and, indeed, to refer it back to the three governments. Each time this came up I took occasion to remind him of the pending brief which I had submitted, or in some other way indicated that as far as I was concerned no referral decision had been taken, without, however, pressing the matter or making any issue of it.

Recently, however, it became necessary to reiterate my own position because Wingate took several occasions to point out the items that were still outstanding on the Commission's schedule, and at no time was the

Otto F. Fletcher, Esq.,
Monetary Affairs Staff Division,
Department of State,
Washington 25, D. C.

HSFox/rw

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Commission

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By

TS NARA Date 6/23/89

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Istambi claim included. What I think happened is that his Government, in the light of the position which they took vis-a-vis the Albanian gold, did not want to go on record in another Italian claim as supporting or even agreeing to another rejection. I know that Wingate and/or Watson had been talking to the Italians here and I am reasonably certain that somewhere along the line the Italian request mentioned in your letter was initiated.

I am not sure that all of this makes too much difference. I don't particularly care myself whether we deal with this claim or not. However, I think I shall continue to insist that it be disposed of in some way and not simply go by default. I shall be glad to know what your own views are, quite apart from whatever decision you may arrive at at the Tripartite meeting.

We have received no word at all here as to Hueff's successor. Spitzmuller, whom we had hoped might be available at least for signatures, etc., has concluded that he has too much else on his hands, and I understand has formally urged his government to release him.

I might ask your opinion on another matter which is the 123 bars of Bor mines gold. Wingate had the idea that it might be possible to persuade the Yugoslavs to withdraw their claim in this respect. The French are apparently adamant, as you know, on rejection if the Commission has to pass on it. This is all mixed up with their own internal problem of probable court action for some sort of reparations or compensations to the company. It now appears that the Yugoslavs will accept a rejection without protest but will not go to the extent of actually withdrawing their claim. I am very hesitant myself to try to differentiate between this lot and the other two lots of Bor mines gold, i.e., to reject the one and accept the other two. It is true that the company had received compensation in respect to the two lots and not of the third. However, I do not think this is sufficient justification to differentiate between them. I actually haven't come to any final decision in my own mind about it.

We are hoping to have the Yugoslav minister in for a hearing early in January, perhaps around the 8th. If you have any views which would guide me on this I would be grateful.

Yours sincerely,

Homer S. Fox
United States Commissioner
Tripartite Commission for the
Restitution of Monetary Gold

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By TS NARA Date 6/23/89

RG 84 entrap 2113M
I.A.R.A. (T.G.C.)
Box 13

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SECURITY INFORMATION

X-B-A-1
cc
X-B-B-1
X-B-H-1

American Embassy,
Brussels, November 20, 1952.

SECRET - SECURITY INFORMATION

Otto F. Fletcher, Esquire,
Special Assistant,
Monetary Affairs Staff,
Department of State,
Washington 25, D. C.

Dear Otto:

The 126th Meeting of the Commission was held in the Ministry of Foreign Affairs in Paris on November 14. The move to Paris for this Meeting was primarily an act of courtesy to Jacques Rueff who is probably about to resign from the Commission in order to accept an appointment as the French Member of the High Court of the Schuman Plan Group of Organizations. I believe I may have mentioned this to you before. What will be done about his successor is not entirely clear. I suspect that Lanson will stay on and that when a signature is necessary either Spitzmuller will come back for it or documents will be sent to him. This, however, is a matter for the French and I am not quite sure yet what they intend to do.

The following matters of interest came up at the Paris Meeting:

1. Salzburg Gold: You may remember that you queried me recently as to the attitude of the Commission as to the outstanding questions on this matter. Apparently I was a little bit confused as to just what the status was when I replied to your inquiry. It was my impression that no formal reference had been made to the three Governments. However, the Chairman at this last meeting put up the thesis that we had agreed to inquire individually of our respective Governments as to whether or not the gold involved was to be considered as in the Pool or not. As you will recall, this would determine the technical question as to whether the amount should be deducted from the Austrian share or from the Austrian claim. In spite of what I said in my previous letter, I think probably this is logical that since the make-up of the Pool is a matter for the Governments rather than for the Commission it would be appropriate for the Governments to inform the Commission as to the status of the Salzburg Gold in regard to the Pool. I assume that this decision comes back in the last analysis to the United States anyway as I gather it has been the contention of the British and French that the gold should have been delivered into the Pool. If, as I gather from a recent letter, the United States is now willing to recede

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 SECURITY INFORMATION

-2-

from its position then there would seem to be no further difficulty. I shall be grateful for your early views on this point.

2. **ISTCAMBI Gold:** The Chairman stated that it was his understanding that his own Government and that of the French, and he was inclined to think of the United States as well, would be agreeable to postponing any consideration of the ISTCAMBI gold until the Italian claim against the United States may have been disposed. In this event an appropriate amount of gold would be set aside from the Pool pending a final determination.

I replied that this was not my understanding. So far as I was aware it was the view of my Government that the Commission should dispose of the Italian claim ^{if} it on its merits, quite apart from the concurrent claim against the United States although obviously appropriate precautions would need to be taken to prevent a possible double payment. I reminded him that my own view was that the Italian claim against the Commission should be denied and that I had submitted to the Commission some time ago an argument supporting this view. The matter was left hanging and I think I should now inquire whether there has been any change on the part of the United States Government in its attitude on this matter. My recollection is that both you and Ely felt that the claim against the Commission should be denied. This certainly is my own view.

Wingate's attitude, of course, reflecting that of the British Government is, I should think, conditioned by the thesis that the British do not want to take an adverse position on another Italian claim in the light of very strong position they have taken in the Italo-Albanian case.

3. **Italo-Albanian Case:** The Chairman, for reasons which I have not been able altogether to understand, seems to have come full circle on this one. He gave a fairly long dissertation to the effect that the Commission had never had a formal reply from the Governments to its memorandum of November 17, 1950. He insisted that we should, each of us, approach our Governments and in turn insist on a reply once the Arbitrator has given his decision and that the Commission then will decide its next move. This, of course, is the complete reverse of the original British position and is the reverse to a certain extent of the position taken in the pleading by the British Agent before the Arbitrator. As you will know I have always felt that the matter put up to the three Governments by the Commission in its November 17 memorandum was indirectly, if not directly, replied to by the action of the three Government and that the matter had been (wrongly, in my opinion) taken completely out of the hands of the Commission by the three Governments. I should be very glad, of course, to have your views on this rather interesting, although possibly academic, question.

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SECURITY INFORMATION

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4. Bor Mines Gold: It is reasonably evident that the French are going to be adamant on the question of the Yugoslav claim for 23 bars, payment for which had not been made to the Bor Mines Company. Wingate has been getting a little desperate about this as he feels, as I do, that if the claim for the 23 bars is allowed then it would be completely illogical to allow the claim for the other two lots of Bor Mines gold. The question would then be one of accepting or rejecting the entire set of three claims. The Chairman has suggested informally on a number of occasions that the best solution would be for the Yugoslavs to withdraw their claim to the 23 bars in the light of the position created by the Franco-Yugoslav Agreement of 1951. He didn't quite know how to get the Yugoslavs to do this, however, without possible embarrassment to the Commission. He finally suggested that Colonel Watson go around quite privately and talk to the Yugoslav Minister but Watson didn't relish the idea and so I suggested that we do it quite openly, that we call the Minister in for consultation and further examination of the claims and perhaps we could get the idea across without undue embarrassment to either side. The other Commissioners accepted this and we are proposing to do this shortly. I think probably this may be the best solution in view of the French attitude, although I must say that I do not agree at all with the attitude of the French. What they are concerned about is, of course, that they might have to face a Court decision in France on compensation to the Bor Mines Company which would be contrary to the decision of the Commission if the claim were to be allowed.

I made an alternative suggestion that if the claim were not withdrawn it might be allowed subject to the payment of compensation by the Yugoslav Government to the Bor Mines Company. I think this solution was considered earlier, before my time with the Commission, but apparently was never agreed to. I did not press the matter and will not do so unless we cannot get across the idea of withdrawal on the part of the Yugoslavs. I think, however, it would be a sound solution.

5. Waiver: You may recall that some time ago the question was raised as to whether the waiver should be modified in view of the new agreements with Germany, etc. I believe we discussed this point informally when I was home. The Chairman is now pressing for United States Government views particularly as Ely drafted the waiver originally. I would be very glad of any views which you or he may have as to any changes in wording, if any, which may be desired.

Yours sincerely,

Homer S. Fox
United States Commissioner
Tripartite Commission for the
Restitution of Monetary Gold.

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Authority AVND 979014

By TS NARA/DA/6/23/89

RG 84 ext. 213M

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Box 13

American Embassy,
Brussels, June 4, 1952.

MEMORANDUM

MERCANTI Gold (Claim of Italy for 1,777,383 kgms.)

REFERENCE: Draft Memorandum on Italian Government's Claim for 71,096,0092 kgms. -
Secretary General's letter DFR 2324, May 21, 1952.

The history of this claim and the facts on which it is based as far as is known to the Commission have been accurately described in the subject reference. While the information submitted to the Commission with regard to the transaction involving the disposition of certain quantities of dollar notes in the United States as between Italian and German authorities is not altogether complete, it would appear that essentially the transaction had some of the nature of a contingent loan or a contingent purchase of such notes by the German authorities in Washington. It would appear on the basis of letters exchanged between the Reichsbank and MERCANTI that the dollar bank notes were made available by the Italians to the German authorities with the latter actually taking physical possession of the notes but the title was to be considered to have passed to the German authorities only to the extent that the dollars could actually be spent by Germany. So long as the dollars could not be or were not spent by Germany, title to them remained in the Italian authorities. With specific reference to a sum of \$3,021,120 representing a balance left over in Washington, a letter dated June 25, 1951 from the Reichsbank stated that "therefore, according to evidence in our possession, the German Embassy in Washington is holding the amount of \$3,021,120 in American bank notes for your account and risk". It seems reasonably clear, therefore, that title to this sum in dollar bank notes remained with Italy."

As regards the quantity of 1,777,383 kilograms, it appears that this amount was supplied or transferred to the bank of Italy for the account of MERCANTI as some kind of a guaranty in respect to the sum of 3,021,120 dollars in bank notes which had been turned over to the German authorities in Washington. German documents indicate that the transfer of this gold to Italy was considered only as provisional loan; that the bank of Italy had undertaken to reimburse the loan; and that the whole or a part of this gold was to become Italian property only in so far as there was evidence

that it is presumably on this basis that the Italian Government has claimed from the Government of the United States direct restitution of these bank notes.

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of the use by Germany of a corresponding amount of dollars held in Washington. It is true that this gold appeared on the balance sheet of the ISTRACEMI as part of its own assets but it would appear that this was in error in the sense that actual title to the gold had never passed to Italian hands.

It is further clear that the Italian Government itself has at no time laid claim to both the dollars in question seized in the United States and the gold. While separate claims have been made to the Government of the United States in respect of the dollars, and to the Commission in respect of the gold, there is every reason to believe that these claims are, in the Italian intention, alternative rather than concurrent.

The only conclusion which can be drawn, therefore, as regards ownership of the gold which is being claimed from the Commission is that it did not belong to Italy and would only have become Italian property in the event that, and to the extent that, corresponding amounts of dollars had been used by Germany. The Italian claim is, therefore, defective in that it does not meet the requirement of ownership. Since the question of title to the gold has not been established by the Italian authorities, it would seem unnecessary to investigate the other aspects of the claim but obviously if the gold did not belong to Italy it could not properly have been considered as forming a part of the monetary reserve. Furthermore, if title still remained with Germany as the documents indicate, the gold could not be considered to have been looted or wrongfully removed to Germany.

It seems to me, therefore, that in the light of the above considerations the claim should be rejected.

The Commission may wish to consider whether in the event that it should decide that the Italian claim in this instance has not been established, it should make any provision for the possibility that further material evidence might be forthcoming in connection with the Italian claim against the United States Government for the dollars. As stated in my letter to the Secretary General of March 22, this claim has not been officially received by the United States Government because of the fact that it was not presented until after the expiration of the time period legally established by Congress for the submission of such claims. However, an informal investigation has been made by the appropriate American authorities who have tentatively approved the Italian claim. At the same time they point out

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that at least one important document is missing and if and when it should be possible to receive the Italian claim further attempts would be made to complete the dossier before making final decision. It is quite conceivable that further material evidence might be submitted which would establish that title to the dollars had actually passed to Germany and that consequently the Italian claim for direct restitution would have to be rejected. If this were to prove to be the case then it would be appropriate to reconsider the question of the title to the corresponding amount of gold in the light of this new evidence. However, should the Italian claim fail for other reasons, i.e., failure of the Congress to extend the time for submitting claims, then the question of title would not be affected and even though the Italians might suffer a substantial financial loss, it would not constitute grounds for any reconsideration of the Commission's decision in the case of the gold. These possibilities might perhaps be appropriately called to the attention of the three Governments for their guidance in the light of future developments in connection with the claim against the United States.

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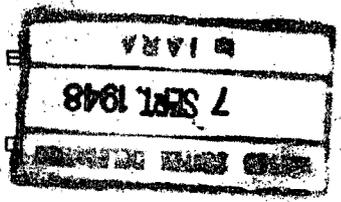
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COMMISSION TRIPARTITE
POUR LA RESTITUTION DE L'OR MONETAIRE
TRIPARTITE COMMISSION
FOR THE RESTITUTION OF MONETARY GOLD



155, RUE DE LA LOI
BRUXELLES
TELEPHONE 34.68.00

4 September, 1948.

INT. ~~795~~ 795 ✓
A/IT.

FROM: The Secretary General
TO: The Commissioner of the Government of the United States of America ✓
The Commissioner of the Government of the United Kingdom of Great Britain and Northern Ireland.
The Commissioner of the Government of the French Republic.

The documents listed hereunder:
Les documents ci-dessous énumérés:

What were terms of agreement of original Italian advance

English translation of Note drawn up by Mr. Harigoyen, dated 1st September, 1948, concerning Italy's claim for Isteambi Gold.

Note: Secretariat's INT-783, dated 2nd September, 1948, refers.

*Why did dollars in held by American Embassy Washington in name of Reichsbank for acct of Isteambi?
Under American jurisdiction with dollars always remain help to unlock
Believe evidence gold carried on books of Isteambi as unconditional asset held to accept as sufficient as dollar gold in fact rep. exchange against value of property of Isteambi
Was did Isteambi show remaining 1 million odd?*

are forwarded for information
sont transmis pour information.

J. A. Watson

J. A. WATSON,
Secretary General,
Tripartite Commission for the
Restitution of Monetary Gold.

/fac.

"States, at the Embassy, and that when war was declared with the United States, it was still on deposit at the Embassy, in the name of the Reichsbank but for the account of the Isteambi."
- However, after negotiations, the Reichsbank, in a letter dated 28 March, 1948, proposed the following procedure to the Isteambi:
i) owing to the uncertainty as to the position of the dollars and its future value, the procedure proposed would apply only to two-thirds of the total sum involved, i.e. 2,000,000 dollars.

206509

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NOTEITALIAN CLAIM IN CONNECTION WITH THE ISTCAMBI GOLD(1,777.3383 Kgf.)

1. When the Commission decided to recognise as valid the major part of the Italian claim, it reserved its decision on the 1,777.3383 kilograms of fine gold handed to the Istcambi by the Reichsbank and later transferred to Germany at the same time as the gold of the Bank of Italy.

The reasons for which the Commission was, at that time, unable to accept the claim for this portion of the gold were the following:

a) the Italian Government had not supplied evidence establishing that the gold was carried in the records of the Italian Exchange Institute as part of the assets of this organisation.

b) it was possible to suppose that the gold had been handed to the Istcambi by the Reichsbank not in payment of corresponding values furnished by Italy, but rather as a reimbursable advance, in which case its transfer to Germany could not be considered as an act of looting but merely as action by the Reichsbank to recover possession of something which had never ceased to be its property.

2. The explanations and evidence furnished since then by the Italian Government, in Annex No. 17 to its reply to the Questionnaire, give the following information on this subject:

a) proof of the registration of the gold in the assets of the Istcambi is given:

- by copies of various letters of the Bank of Italy advising the Istcambi that it had credited the latter's gold account in its books with 1,777.3383 Kgf;
- by an extract, certified by an Italian notary, from the General Inventory of the Assets and Liabilities of the Istcambi, dated 30 June 1943, in which the gold was registered on the credit side of the balance for an amount of 1,777.3418 Kgf. (which was the weight of the gold before samples had been taken for verification).

b) the conditions under which this gold was handed by the Reichsbank to the Istcambi are explained in the following manner:

- in January and May, 1941, the Istcambi had deposited at the German Embassy in Washington, on behalf of the Reichsbank, the sum of : 7,000,000 dollars
- in the course of 1941, the Reichsbank had reimbursed to the Istcambi, a sum of : 3,978,880 dollars
- The balance was, therefore 3,021,120 dollars which the Istcambi asked to be reimbursed either in gold or in Swiss francs, in January 1942.
- "The Reichsbank did not comply with this request immediately, on the grounds that the sum in question had remained unused in the United States, at the Embassy, and that when war was declared with the United States, it was still on deposit at the Embassy, in the name of the Reichsbank but for the account of the Istcambi."
- However, after negotiations, the Reichsbank, in a letter dated 28 March, 1942, proposed the following procedure to the Istcambi:

- i) owing to the uncertainty as to the position of the dollars and its future value, the procedure proposed would apply only to two-thirds of the total sum involved, i.e. 2,000,000 dollars.

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- 2 -

- ii) the Reichsbank was to put at the disposal of the Istcambi through the Bank of Italy, an amount of gold, corresponding to this sum, i.e. 1,777.3418 Kgf.
- iii) the Reichsbank pointed out that this was to be regarded as a "transient credit", an exception to its articles, and therefore asked the Bank of Italy to undertake to reimburse it before 31 December 1942.
- iv) finally, it was laid down that if part of the dollars could be used, the Bank of Italy would acquire a corresponding quantity of gold.

- In point of fact, the time limit of 31 December 1942 was deferred at six monthly intervals; the gold was removed to Rome, in February 1943, by officials of the Reichsbank and was included in the total quantity of Italian gold which the Germans demanded under the Rahn-Mazzolini Agreement.

3. Examination of the documents supplied by the Italian Government as well as of the comments and lengthy arguments which it put forward in regard to this matter, show very clear divergencies between the Italian and German points of view.

The Germans, for their part, maintain that the dollars sent to Washington were kept there in the name of the Reichsbank but on account of the Istcambi. The deposit of the gold is explained as merely the establishing of a provisional credit repayable unless the dollars were utilised. In the absence of information as to what became of the dollars the Reichsbank, on the basis of the arrangements which it had laid down, could therefore take back the gold advanced to the Istcambi without being guilty of looting.

On the other hand, the Italian Government maintains that the transaction proposed by the Reichsbank was a fictitious one, the only object of which was not to indicate precisely the amount of dollars which would finally be paid against the handing over of the 1,777.3418 Kgf. The Italian Government affirms that the gold had become the absolute property of the Istcambi and that, because it had been handed over, Italy owed no debt to Germany. On the contrary, Italy, so her Government maintains, has still a credit in respect of the surplus of dollars not included in the transaction, and that ^{this} credit is in addition to her other very considerable credits which arise from the position of the various current accounts existing between Italy and Germany. The Italian Government maintains that Germany could not take back the gold handed over to Italy without giving her the dollars which had been the subject of the transaction, or without at least furnishing her with the proof that they were still at the disposal of the Istcambi in Washington. Finally, the Italian Government insists on the validity of its claim for the restitution of the gold taken from the Istcambi by the Germans, admitting only that "if on the other hand, the dollar notes were still unused and available in Washington, these dollars should simply be given back to Italy".

4. In spite of the divergencies of interpretation between the Italian and German points of view regarding the nature of the transaction which led to the handing over of the gold to Italy, it would appear that the Commission could come to a decision regarding the validity of the Italian claim by basing it solely on the following facts:

a) the gold retained in Italy by the Istcambi was transferred to Germany in 1944 in virtue of the Rahn-Mazzolini Agreement, the nullity and illegal character of which has been recognised by the Commission in respect of other transfers effected by this Agreement;

b) the Commission had now the evidence that this gold appeared on the books of the Istcambi as one of its own assets;

c) it therefore only remains to be decided, to see if the claim is valid, whether for this gold received from Germany by Italy the latter in return had paid any real corresponding values. (See memorandum of Mr. O'Flaherty of

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Box 13

- 3 -

8 March 1948 on Acquisition of German gold and the Minutes of the 56th Meeting held on 17 March 1948).

There are two ways open to the Commission to determine this point:

- i) either to admit that the consignment to the German Embassy in Washington of an amount in dollars largely in excess of the value of the gold handed over to Italy by Germany, in itself represented the payment of such corresponding values in which case the Italian claim could be immediately allowed;
- ii) or to decide that the dollars sent to Washington continued to be the property of the Istcambi and that they could not represent any genuine counterpart for the gold handed over to the Istcambi unless they had in fact been utilised by Germany. The Commission would then have:
 - either to reject the Italian claim at once because the Italian Government is unable to furnish proof of this utilisation by the Germans;
 - or to undertake a long and difficult investigation, which would perhaps turn out to be fruitless to ascertain what had become of the dollars.

on what basis...

M. HIRIGOYEN
Technical Adviser.

1st September, 1948.

fac.

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Authority

979014

By

TS NARA Date 6/23/89

RG 84

entry 2113M

IARA

(TGC)

Box

14

Gold

X-Q-K

copy in

X-U

August 24, 1948

MEMORANDUM FOR THE GOLD FILES:

On August 24 at 10:30 a.m. Messrs Cann and Bregstein of the Netherlands Ministry of Finance called on me at my office. Among other things they informed me that certain individuals who had held gold in Netherlands at the time of the occupation had, pursuant to German decree, sold their gold holdings to the National Bank of the Netherlands for Dutch guilders. The gold sold to the Netherlands had subsequently been looted by Germany and was made the subject of a claim filed by the Netherlands with the Gold Commission. I informed Messrs Cann and Bregstein that the Gold Commission regarded these sales as having transferred title of the gold to the Bank of the Netherlands so that the Bank could properly claim against the gold pool for the loss concerned. I pointed out, however, that if the Netherlands Bank had not acquired title then the losses in question would be those of private individuals and could not be charged against the gold pool. I further referred to the Commission's definition of monetary gold contained in the questionnaire and suggested that this should be brought to the attention of the Netherlands Court.

R. H. Dorr

Aug 24 1948

RHDorr/kar

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Authority NY 979014
By TS NARA Date 6/23/89

RG 84 entry 213M
IARA (T.G.C.)
Box 14

COPY

FEDERAL RESERVE BANK
OF NEW YORK

May 20, 1948

PERSONAL

Honorable Russell H. Dorr,
United States Minister and Chairman,
Tripartite Commission for the Restitution
of Monetary Gold,
60 rue Ravenstein,
Brussels, Belgium.

Dear Russ:

Further to my letter of April 26, 1948 concerning the Prussian
mint bars which were sent to us by the Netherlands Bank, I know that
you will be agreeably surprised to learn that the purported fineness
of these bars stood up very well when they were recast and assayed
by the U.S. Assay Office here. As a matter of fact, the fine gold
content as determined by the U.S. Assay Office, slightly exceeded the
"shipper's weight" given by the Netherlands Bank.

I received the letter of the Commissioners' yesterday and was very
happy to have that expression of appreciation. Colonel Watson's
secretary forgot to enclose a copy of the Commissioners' letter to Mr.
Sproul, but I'm sure I shall see the original in due course. Needless to
say, I am appreciative of that too, since it rounds out the rather
extensive correspondence concerning my period of service with the
Commission. (I intend to acknowledge the Commissioners' letter in the
immediate future.)

Faithfully,

/s/ Edward O'Flaherty

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Authority NN9979014
By TS NARA Date 6/23/89

RG 84 entry 2113M
NARA (TGC)
Box 14

FEDERAL RESERVE BANK
OF NEW YORK

AIR MAIL

April 26, 1948.

PERSONAL

Honorable Russell H. Dorr,
United States Minister and Chairman,
Tripartite Commission for the Restitution
of Monetary Gold,
60 rue Ravenstein,
Brussels, Belgium.

Dear Russ:

It was really a pleasure to have a visit with you on Friday, brief though it was. Perhaps the next time you can plan to spend a little more time with us, as Knoke suggested.

A In regard to the matter of the Prussian mint bars which are being sent to us by the Netherlands Bank, the following data may be of some help to you.

1. Transcript of Netherlands Bank cable of April 21:

"Your number 123 The bars we are sending to you are Prussian mint bars received by us from Tripartite Committee Brussels by way of restitution of gold looted during German occupation. They are no good delivery London and as Tripartite Committee undertook restitution in good delivery bars Committee authorized us to have them remelted and reassayed at cost of common pooling. We are however in no special hurry as to remelting and gladly leave it to you to choose convenient moment. Insurance is covered from our office to your office but if you would prefer to have the bars transported direct from pier to Assay Office we shall have insurance policy adjusted accordingly. Please cable. We should also like to know whether in their present form bars are acceptable to you as collateral for loan

De Nederlandsche Bank"

2. After we advised the Netherlands Bank that under the circumstances the bars in their present form would not be acceptable as collateral for a loan, that bank elected to instruct us to have the bars converted into United States Assay Office bars.

3. The cost of converting such bars into United States Assay Office bars will be about double the cost of a mere assay of

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Authority: NN9979014
By: 75 NARA Date: 6/23/89

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FEDERAL RESERVE BANK OF NEW YORK 2. SPECIAL ASSAY SLIP 4/26/48

CALL MAIL

UNITED STATES ASSAY OFFICE, N. Y.

DEPOSITED AT THE U.S.

By drillings or chips from such bars. The cost for the assay alone would be \$3.00 per bar or \$1,314 (438 bars), while the cost of converting them into United States Assay Office bars would be approximately \$2,600 (melting charge \$.15 per 100 gross troy ounces or fraction thereof plus \$.0375 per \$100 valuation, called a "bar charge").

4. If the Dutch had elected to have the bars merely assayed, they would have received a special assay slip of the type enclosed for each bar. While the bars would then probably be considered acceptable as collateral for a loan by this bank, they would have to be converted into United States Assay Office bars before either we or the Assay Office would purchase them. Moreover, it is highly doubtful whether they would be considered good delivery on the London market, even with the special assay slip of the United States Assay Office.

5. Finally, we will, as I mentioned, debit the Netherlands Bank account for the cost of the conversion leaving it to them to work out a settlement with the Commission.

I hope that this information will be helpful to you.

I suppose you saw that the story about the withdrawal of the Russian gold from the Federal appeared in the press a day or two after you left. It was released in the periodic bulletin of the Department of Commerce and, since it came along in that routine fashion, did not create the sensation here which it would have if Winchell had broken the story.

I had meant to mention at the time that the chap to whom I introduced you in the elevator going up to Knoke's office was Andrew Overby, United States Executive Director of the International Monetary Fund. (It may be that you will encounter him at some future date and I thought you would be interested in this identification.)

I hope the conference in Paris goes well, and that you can put enough pressure on the Army Department to get the Frankfurt gold moved.

Greetings to your family and our friends in your office.

Faithfully,

Edward W. O'Flaherty

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Authority

NND 979014

By

75 NARA Date 6/23/89

RG 84

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Box

entry 213M

(T.G.C.)

14

CC/NEH. 353

7 April, 1948.

Sir,

By letter reference 228, dated 16th March, 1948, emanating from the General Treasury, Foreign Currency Section, you were good enough to draw the attention of the Tripartite Commission to a certain number of questions arising out of the delivery to the Royal Netherlands Government of the monetary gold which has been allocated to it in the preliminary distribution of the gold covered by Part III of the Paris Agreement on Reparation.

I. Firstly, you point out, in the above quoted letter, that the quantity of gold transferred by the Federal Reserve Bank to the account of the Nederlandsche Bank was 209,201.609 fine troy ounces of gold, whereas the order to transfer, delivered by the Commission, mentioned a figure of 209,203.627 fine troy ounces of gold.

The Commission wishes to point out, in this respect, that the delivery orders it has issued were drawn up for the amount which the Government of the Netherlands was entitled to receive in the preliminary distribution. It has not been physically possible for the Federal Reserve Bank to make up exactly from the ingots deposited in its vaults in the name of the Commission, the precise quantity of fine gold which was ordered to be transferred to the Nederlandsche Bank. This difficulty will, no doubt, again be encountered by institutions responsible for carrying out the future orders of delivery issued by the Commission. The Commission is aware of this fact and, for this reason, it is keeping an exact account of the gold allocated to claimant Governments and of that which is, in fact, delivered. It will settle, either by the delivery of gold coins or by payment of their counter value in dollars, the slight differences which may be found to subsist upon the termination of its operations, between the quantities of gold which it will have decided to allocate and those which will, in fact, have been delivered to the claimant Governments.

The Minister of Finance,
General Treasury,
Foreign Division,
The Hague (Holland).

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By TS NARA Date 6/23/89

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II. Furthermore, you kindly informed the Commission that, among the good delivery bars handed over at Frankfurt, 65 bars, which were not accompanied by assay certificates, have been re-assayed. This verification brought to light the fact that the weight of fine gold of these ingots is 48,001 ounces in excess of that which was attributed to them by the Foreign Exchange Depository at Frankfurt.

The Commission is most grateful to you for having brought this difference to its notice and accepts your proposal that the results of the verifications which have to be carried out in respect of the Prussian Mint bars and coins should be awaited before this difference is settled.

III. In reply to the question raised in the last part of your letter, the Commission wishes to state that it will consider as satisfactory to the Commission any arrangements made by the Government of the Netherlands to have the Prussian Mint bars re-assayed anywhere by some universally recognised authority.

Furthermore, the Commission would refer you to annexures C and D to its letter of the 6th November which were signed in Brussels on the 12th November, 1947, by the Representative of the Government of the Netherlands and by the three Commissioners, and it hereby confirms

- a) that it will charge the cost of re-assay of the Prussian Mint bars against the pool of monetary gold,
- b) that it will settle any differences which may come to light between the present assay valuations of the Prussian Mint bars and those resulting from the new assay.

We have the honour to be,
Sir,

Russell H. Dorr
Commissioner of the
Government of the
United States of America

R. Wingate
Deputy Commissioner of the
Government of the United
Kingdom of Great Britain
and Northern Ireland.

Spitzmuller
Deputy Commissioner of
the Government of the
French Republic.

RR/ARM.

DECLASSIFIED

Authority: AMG 979014By: TS NARA Date 6/23/89

RG 84

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Box

15

X-B-11

August 2, 1951.

OFFICIAL - IMPERIAL
CONFIDENTIALOtto F. Metzger, Esquire,
Special Assistant,
Monetary Affairs Staff,
Department of State,
Washington 25, D. C.

Dear Otto:

With further reference to your letter of July 23, I now have three further comments or amendments to make with regard to the Interim Summary of the Commission's provisional decisions transmitted with my Dispatch No. 271 of July 5.

1. The first relates to the Belgian claim for 198,400 Kgs, which is Item No. 3, page 1, table 1, of the summary. In the summary of that claim, reference is made to some 6,700 Kgs. of gold having been identified as provisionally looted from Austria and Czechoslovakia. As provisionally indicated to you, the Interim Summary is incorrect in stating that the Commission has been unable to find Belgium is entitled to claim for these 6,700 Kgs. The Commission has made no change in its original provisional adjudication allowing the full amount of the claim. However, the Chairman expressed himself very vigorously to the effect that the claim should not be allowed in respect to the 6,700 Kgs. and he was supported, although somewhat less vigorously, by the French Commissioner. I had not agreed with this view and at the last meeting of the Commission on July 31, I presented a paper stating further my own views to the effect that there was no basis for any change in the Commission's original favorable adjudication. The Chairman finally agreed fully, although I thought that what reluctantly, with my point of view. The French Commissioner also agreed, although with a reservation that he would like to study my arguments a little more carefully before making a final decision. I feel quite sure you may take it, that on the basis of the present information at my rate, the Commission will not reverse its original adjudication.

2. Bar Mines Gold. The Chairman and I quite informally and unofficially called on the French Commissioner a few days ago with regard to his argumentation that a portion of this gold must be considered as private gold belonging to the Bar Mines Company and that indeed the other two lots had, of the class of looting, been private gold also but that this had been corrected by a subsequent and retroactive agreement of some kind between Yugoslavia and France. Neither of us could accept

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