

DECLASSIFIED

Authority NND 765028
By SR NARA Date 12-1-99RG 84Entry 2056File 800 NARS SUBVERSIVE ORGANIZATIONSBox 22 1948

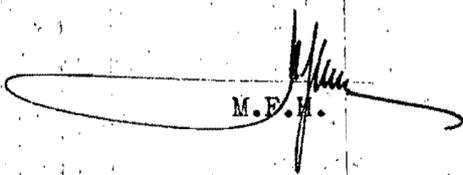
- 2 -

rulings by commissions. We should suggest to the Austrians that they ought to appoint a review body - something like a Presidential Investigating Commission - to go out and audit the Austrian performance on denazification.

If this proposal is approved in principle by General Balmer (and subsequently by yourself and General Keyes), the High Commissioner would suggest to Chancellor Figl that, in view of our fears of an impending major blast against the Government on the issue of denazification, (probably at the time of the next Big-4 meeting), they should do something to protect the Austrian position. If they start themselves to investigate their performance, they themselves will be in a better position to defend themselves, and we will also be in a better position to defend them. In other words, we could reply, when the blast comes, that the Austrians are doing something themselves, that in fact they are doing more than is being required of them.

At the same time - if this step is approved - USFA proposes to lay down a policy on denazification for all echelons. Draft of that policy statement is enclosed. Briefly, it goes over the ground covered above in this memorandum, concluding with observation that "implementation, supervision and operation" of Law No. 25 rests completely with the Austrian Government. Moreover, the "US Element will neither initiate nor agree to any directives to the Austrian Government to take action under current denazification laws." This means that while we will continue to advise the Austrians and furnish them information on possible violations of their own law, we will not participate in any Council action ordering them to do something specific under the law.

(I am at present engaged in drafting a despatch on the subject of denazification. In my opinion, while I am sure it would be most unfortunate to criticize the Austrians in public, it is also quite impossible at present to defend them in public. Even though denazification has gone pretty far, anyone interested in discrediting the Austrians has a wide choice of major scandals. That, of course, is in the nature of the problem. It is also due to the fact that we believe, correctly, that the Austrians should run their own country. But no one should be led to believe that all Soviet complaints about laxness in denazification are unfounded.)



M.F.H.

MFH/mir

Encl:

Memo from Gen. Balmer.
Draft US Statement.

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By SR NARA Date 12-1-99

RG 84
Entry 2056
File 800 UNITS SUBVERSIVE
Box 22 ITALIANS
1948

LEGATION OF THE UNITED STATES
OF AMERICA
APR 30 1948
VIENNA

Restricted
U.S. DENAZIFICATION POLICY

File

1. This statement of policy is based upon the belief that denazification in Austria has progressed to a point where the possibility of a resurgence of Nazi ideology is remote. The U.S. Element considers that the Austrian Government should be given full opportunity to implement and maintain, without interference by the Occupational Powers, the principles and provisions of its denazification laws.

2. By its approval of Law 25, the Allied Council accepted that law as the basis for carrying out denazification in Austria.

3. The Austrian Government's responsibility for carrying out denazification in Austria is also recognized in the Control Agreement of 28 June 1946, which omits mention of denazification as one of the matters in regard to which the Allied Council may act directly.

4. In its observation of the work of the Austrian denazification agencies, both unilaterally and in quadripartite participation, the U.S. Element considers that the work of these agencies should be examined from the point of view of compliance with the provisions of Law 25, as amended. Violations of the law should be reported to the central Austrian authorities. Any available information regarding individuals who may be subject to the punitive provisions of the law should also be made available to the Austrian authorities. Information to the Austrian authorities will be submitted as such and will not be accompanied by an indication of action desired.

5. Except under unusual circumstances, the U.S. Element will neither initiate nor agree to any further directive to the Austrian Government to take action with respect to either denazification in general or to specific cases. If, however, the Central Austrian authorities should fail to act when flagrant violations of the law have been brought to their attention, the U.S. Element retains the right, in exceptional cases, to secure corrective action, either unilaterally within its own zone or in quadripartite participation.

6. The U.S. Element, recognizing that Law 25 has many imperfections, has consistently associated itself with moves designed to mitigate some of its effects. The U.S. Element will continue to give its support to amendments which would provide relief for persons or groups meriting special consideration.

7. The U.S. Element reaffirms its belief that National Socialism as an influence in Austrian public life and economic enterprise must be eliminated.

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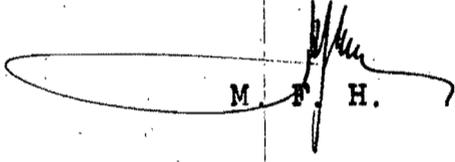
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ated Nazis who the law says should be excluded from their professions, when we know that the Denazification Law itself wasn't liked by ourselves and only passed because we wished to deprive Soviets of a propaganda theme at time of Moscow Conference. Since Austrian public opinion is against harshness of law, we can expect Govt to use every loophole to clear people who "aren't really Nazis." If we don't let them do it through escape clause in commission proceedings, they'll do it through presidential pardons, and public opinion will condone it. (We should concentrate on finding flagrant cases and remedying them.)

General Balmer then nominated working group which is to continue on this problem and evolve policy or at least presentation of our attitude which is capable of being transmitted to Washington. Group to include: Colonels Hickson, Bixel, Rose, Corridon and representative of Legation. Since I was there, my name was included.

First meeting Tuesday, January 20, 10 a.m. in small teletype room (corner room near Polad office on command floor) under Hickson's chairmanship.



M. F. H.

207898

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Authority ANN 765028By SR NARA Date 12-1-99RG 84Entry 2056File 800/NA/SUBVERSIVE ORGANIZATIONSBox 22 1948

STANDARD FORM NO. 64

SECRETOffice Memorandum • UNITED STATES GOVERNMENT *Lee K. Ruppel*

TO : Mr. Geier *MG*

FROM : Martin Herz *MH*

SUBJECT: Change in German Denazification Policy.

DATE: May 18, 1948.

Colonel Arnold has sent me the attached copy of report on latest change in US denazification policy in Germany, which is taken from a State Department publication.

It would appear from this that in Germany, we have now completely removed ourselves from the denazification process, and have virtually amnestied all lesser Nazis. The important point is that, according to my reading of this document, we have not even retained supervisory powers or the right to reverse the Germans in the case of grave miscarriage.

In Austria we are, of course, bound by certain quadripartite commitments. Nevertheless, this change of policy in Germany may be important for our policy in Austria.

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Dr-N

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Authority NND 765028
By SR NARA Date 12-1-99

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THE PRESENT STATUS OF DENAZIFICATION IN AUSTRIA

Presented by Mr. Zaring, Office of Dir Intel

It so happens that this review of Austrian denazification occurs, in terms of denazification at least, at a historic time. It does not necessarily correspond with the completion of denazification, but it does come at a time when the original concept of denazification has been virtually abandoned. This is, therefore, an appropriate moment in which to calculate the accomplishments and at the same time to lay bare the deficiencies of the Austrian denazification program. I cannot exclude my personal points of view in these matters, but I shall try at least to identify them.

When at the Allied Council meeting of two months ago General KURASOV pronounced himself in favor of amnesty for less implicated National Socialists, he not only accomplished one of the familiar handsprings in which the Soviets indulge -- he also brought to a grinding halt what might be termed the Third Annual Austrian Denazification Program. It was in fact the third time in which a partially completed denazification program was terminated by a change in policy, a change in legislation, or perhaps by what is even more deadly, a resumed discussion of impending changes. You may be assured that the subsequent suggestion of General BETHOUART that a moratorium on denazification decisions be declared pending final outcome of the re-examination of Law 25 hardly gave adequate consideration to the Austrian tendency in denazification matters as it has existed since 1946.

The first two denazification programs -- of which only remnants now remain -- need not concern us except insofar as they may serve to clarify the third and only really comprehensive phase which began with the approval of the Law for the Treatment of National Socialists in February, 1947.

I.

The first period in Austrian denazification in the U.S. Zone may be said to have extended from May, 1945 to April, 1946. During this time, denazification was considered primarily as a problem in Military Government; the most important aspect -- that of security. Operating under directives of the Joint Chiefs of Staff, somewhat modified for Austria, leading Nazis were subjected to arrest and internment, and, to mandatory removal from leading positions in government and industry. In July, 1945, special branch offices in U.S. Zone, Austria, and in Vienna were created to implement the mandatory removal aspect of this program.

I should like it to be noted by way of comparison that there were 110,000 Party members or members of Party-affiliated military organizations in the U.S. Zone in Upper Austria and in Land Salzburg in 1945 and 1946. According to the files available at our office, it has been generously estimated that in the U.S. Zone from July, 1945, to April, 1946, 9,700 persons were arrested for political or security reasons, and that, through the famous Military Government fragebogen, 8000 Nazis were removed from Austrian industry and public office. It has been further estimated that in the short period prior to July, 1945 (i.e., prior to the effective operation of Military Government), another 8000 persons were either arrested or removed from their positions by the occupying U.S. armies. Whether or not these figures are mutually exclusive cannot be ascertained; one may doubt that they are.

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II.

Denazification as a Military Government function ended with the extension of Austrian denazification laws to the Western Zones in December, 1945. On 11 February, 1946, the Allied Council resolved that denazification was the responsibility of the Austrian Government -- under "the effective control" of the respective Commanders-in-Chief in the respective zones and, in Vienna and at a Federal level (generally speaking), of the Internal Affairs Directorate and the Quadripartite Allied Denazification Bureau. So far as I am able to recall, the largest staff which Special Branch, USFA, the supervisory office, ever enjoyed during 1946 was three; for several months there was only Mr. Wallach.

The second period in Austrian denazification -- Austrian responsibility under Allied supervision -- got under way only in April, 1946. Basic Austrian legislation was contained in Laws 13, 32 and 160 (i.e., in the Prohibition, War Crimes and Fugue of Industry Laws) and in a multiplicity of other laws and implementary ordinances. There were nearly as many laws as there were Nazis. This legislation was further responsible for a multiplicity of denazification agencies -- the old Special Commission in the case of public servants -- the employer and an appeal commission at the Land Office in the case of industry -- to remove former Nazis from leading positions in Austrian government and economic machinery.

The hopeless inadequacy of these laws was apparent from the start. They had in fact hardly gone into effect before they began to expire -- in the case of private enterprise, e.g., as early as June, 1946. Nevertheless, in the face of inadequate legislation and the early prospect of a new denazification law, denazification limped along on the basis of temporary extensions of the old Law for nearly a year. As one can well imagine under such circumstances, however, Austrian denazification authorities can hardly be described as having been enthusiastic about their work.

Nevertheless, Austrian agencies reported on 15 September, 1946, that in all of Austria, 39,000 civil servants had been dismissed or pensioned and that another 26,000 had been suspended -- most of them awaiting decision by the special commission. The Federal Chancellor reported further on 31 December, 1946; that 25,000 officials had been removed from leading positions in private enterprise and that 28,000 employees in private enterprise had been similarly removed. That these figures in most instances included dismissals accomplished in the Western Zones during 1945 by Military Governments is also a reasonable conclusion.

III.

Following an agreement in principle among the three parties as to the basis for a new denazification law, the Austrian Parliament approved on 24 July 1946, the comprehensive Law for the Treatment of National Socialists. The Law was discussed in the Legal Directorate and in the Allied Council from August until December, 1946 -- a record no doubt of some sort -- and considerably modified and amended the Law as approved in its original version. Austrian observers have not hesitated to assert privately that the Law as amended by the Allied Council was accepted by the Austrian Parliament only as the price of the State Treaty; officially they assert that the alleged unworkability of the Law is due largely to the amendments insisted upon by the Soviet Element in the Allied Council.

Law 25 of 7 February 1947 endeavored in principle to correct the deficiencies of previous denazification laws and to provide a final, over-all solution to the problem of Austria's more than half-million former Nazis. It attempted:

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By: DR NARA Date: 12/19/99

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1948

(1) to classify 520,000 registered National Socialists according to degree of incrimination -- i.e., to separate the 40,000 high-ranking functionaries and honored members from the 480,000 lesser functionaries, ordinary members, and followers;

(2) to provide agencies for examination of political conduct prior to April, 1945;

(3) to classify positions in state and economic machinery according to their importance and influence and to enumerate those positions in which classified National Socialists are unacceptable for probationary periods of time;

(4) to establish certain categories of political and social activity in which National Socialists may not engage;

(5) to prosecute in certain cases as criminal offenders illegal members of the Nazi Party, high National Socialist functionaries, and instigators of neo-Nazi activity.

There is no need to elaborate on all the atonement penalties which Law 25 extracted from registered National Socialists. In general, less implicated persons may, prior to April, 1950, be employed only in lower civil service grades and then only in case of need, and, they are excluded until the same date from leading positions in private enterprises. Implicated persons are excluded from government service, from most professions, and from almost any managerial position in industry.

In practice some of these restrictions have proved ridiculous. That the Law, however, was as severe in fact as it appeared in text proved by no means to be the case. For example, although the Law specifically requires the registration of Party applicants, through technical interpretation of the term "applicant", an estimated 8000 persons who applied for Party membership after 31 July 1939 and who deny receipt of actual membership have been exempt from registration and atonement liability. Waffen-SS and Police-SS have been similarly relieved. Fifteen thousand registered Nazis in over-age and invalid groups have similarly been exempt -- officially, and presumably legally. Persons who entered the Party from youth organizations have been in many cases stricken from registration lists after denying receipt of membership cards. The Federal President, himself, has granted total amnesty to nearly 2000 implicated as well as less implicated Nazis who assertedly now give "adequate guarantees of supporting an independent Austrian Republic." And, of course, since last Friday, 50,000 less implicated persons twenty-nine years of age and under have been relieved of all atonement penalties under the so-called youth amnesty law.

Whether or not Law 25 has been carried out is a matter of opinion, and either point of view may be documented with reports from the Austrian authorities themselves. It is my own personal point of view that Law 25 did not materially alter the situation which existed prior to its promulgation.

The Federal Chancellor's report for March, 1948, records 20,000 civil servants as removed from office since the passage of Law 25. However, the 39,000 less implicated persons who still remain in civil service positions is only a little more than 7,000 fewer than the number employed before Law 25 became effective! Of the 16,000 applications from former Nazis for permission to work in enumerated professions and in special civil service categories only 1/16 were denied. Although the Federal Chancellor's reports have indicated a virtual elimination of implicated and less implicated

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COUNTER INTELLIGENCE CORPS
 (430th CIC Detachment)
 CITY OF VIENNA

APO 777

U. S. Army

ESR/ecd
 Vienna City Section
 16 January 1948

MEMORANDUM FOR THE OFFICER IN CHARGE

SUBJECT: Jewish Displaced Persons

RE : Sixty-fourth Situation Report for 071200 to 141200 January 1948

A) JEWISH MIGRATION:

1. STATISTICAL:

a) The breakdown of the population of VIENNA's Jewish Displaced persons camps as of 0800, 14 January 1948, is as follows:

ROTHSCHILD Hospital	896
ALSERBACH	674
ARZBERGER	1230
ROETZERGASSE (PIEZZL)	940
RUFFERTUSPLATZ	47
FRANKGASSE	29

TOTALS 3816

During the period covered by this report, a total of one hundred eighty-four (184) displaced persons arrived in VIENNA, while one hundred forty-seven (147) DP's departed from local camps, mostly for the US Zone of Austria. With the exception of one large group of Rumanian Jews, the week's influx consisted chiefly of small parties of independent travelers who had managed to elude apprehension by Rumanian and Hungarian border patrols. While no organized BRICHA shipment left VIENNA during the past week, numerous small groups of Jewish DP's departed from the Austrian capital in an attempt to reach the US Zone.

Computation of the daily average of the number of displaced persons in transit during the period 071200-141200 January 1948 resulted in the following figures:

Average Daily Arrivals: 26 (last reported average: 38)
 " " Departures: 21 (" " " : 42)

ORIGINAL PAGES

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MOIC, Subj: Jewish Displaced Persons, dated 16 Jan 48, ESR/ecd

treatments at the ROTHSCHILD camp clinic. Forty-two (42) syphilis cases (early stage) and eleven (11) tuberculosis cases comprise this category.

Current reports from hospitals throughout VIENNA indicate that one hundred eight (108) Jewish DP's have been placed in external care by ROTHSCHILD hospital authorities. During the past, a decrease of twelve (12) patients was recorded in this group, which is now composed of thirty-five (35) men, thirty-six (36) women, and thirty-seven (37) children. Tuberculosis (24) patients, para-typhoid fever (2 patients), diphtheria (9 patients), scarlet fever (9 patients), and syphilis (2 patients) are the prevalent diseases in this category.

2. CONDITIONS IN LOCAL CAMPS:

No pertinent information was obtained during the period covered by this report.

D) JEWISH POLITICS:

Usually well informed Jewish circles in VIENNA reported that an arms purchasing commission of the Arab League had arrived in PRAGUE, Czechoslovakia, several weeks ago and had contracted for a large shipment of arms and munitions with a Czech weapons dealer. Zionist representatives in PRAGUE had obtained information of the transaction and had apprised one of the Jewish underground organizations in Palestine of the date of the shipment's departure. When the arms cargo reached Palestinian soil, Jewish para-military forces raided the transport and confiscated the shipment.

Informant was unable to supply further information on the activities of the Arab purchasing commission in Europe.

ERIC S. ROSENTHAL
ERIC S. ROSENTHAL
Special Agent, CIC

APPROVED:

ROY TOZLER
ROY TOZLER
Chief of Operations

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ACTION COPY FILE COPY
TELEGRAM RECEIVED C. I. 0587

From: SECSTATE

Date: February 17, 1948, 2 a.m.

No.: Circular

Code:

SECRET

Received: February 18, 8:32 a.m.

Action:
Mr. Yost

Recent reports indicate increasing interest of Soviet Russia in Eastern European and Balkan immigrants into Palestine. Brief telegraphic reports re Communist control and penetration of this movement requested.

MARSHALL

SECRET

BWP

207906

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By SR NARA Date 12-1-99

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File 1115 Jews PALESTINE
Box 19

TELEGRAM SENT

0794

To: SECSTATE

Date: March ⁵ 7, 1948 9 am

No.: 276

Code:

~~SECRET~~
SECRET

Charged to: # 1

Departments circular telegram ¹⁷ February 2 a.m. No important evidence of Communist control or infiltration of Palestine immigration here altho USFA has received reports of Communist infiltration via Constanza and Varna. USFA positively identified only five or six Communist agents among Jewish refugees in last eight months. No evidence of effective Communist organization or propaganda among Jewish DPs in camps here. Evidence exists Soviet intelligence is interested in activities of Brycha (organization controlling Jewish refugee movement through Austria).

711-5

HGA
HGA/nga

Erhardt
CWJ

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By SR NARA Date 12-1-99

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King
W. C. C. C. C.

USFA MESSAGE CENTER
INCOMING MESSAGE

SECRET
SECRET
PRIORITY

TOO : 022308 Z
TOR : 031730 Z
FROM : CSCAD CITE ECON
TO : USFA
REF NO: WX-85179

MC IN K-3401
tac/L

REURAD June SX-1382 OURAD WX-84742. Exit Palestine certificate holders from US Zone Germany and Austria is subj.

1. REURAD, all movements with end destination Palestine such as any movements sponsored by Jewish agency for Palestine (JAFP) are considered within terms para 4 OURAD. OURAD not intended to affect Bonafide emigration to areas other than those covered by UN truce.
2. Intent of concluding sentence para 4 OURAD is to request reports only of movements believed to have as end destination areas covered by UN truce.

ACTION: USACA DP DIV 2
 INFO : SGS 3
 D OF I 3
 POL DIV 3
 DIF USACA 1
 AG 2

LEGATION OF THE UNITED STATES
OF AMERICA
JUL 6 1948
VIENNA.

FTNOTE: SX-1382 MC IN IS K-3348
WX-84742 NOT LOCATED HERE

PARAPHRASE NOT REQUIRED. HANDLE AS SECRET CORRESPONDENCE PER PARAGRAPHS 51 I AND 60 A (4) AR 380-5

MC IN K-3401 3 July 1948 1810 Z REF NO: WX-85179

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COPY No.

THE MAKING OF AN EXACT COPY OF THIS MESSAGE IS FORBIDDEN

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 Box 19

Informal Routing Slip

HEADQUARTERS
 UNITED STATES FORCES IN AUSTRIA

Office of the Deputy Commissioner

File

SUBJECT: Movement of Jewish Displaced Persons to Palestine

Number each message consecutively, fill in all columns, authenticate message, draw a line across the page just below authentication. Use entire width of page. Use only for inter-office communication.

711.5 Jewish

NO.	FROM	TO	DATE	MESSAGE
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- | | | | | |
|----|-------------|----------------------------------|----------|---|
| 1. | Sec. to D/C | Mr. Erhardt
American Legation | 3 Aug 48 | <p>1. It has been the position and practice of this Headquarters to transfer displaced persons to other countries by means of nominal rolls since May 1945. There is no quadripartite decision which would permit nor prevent such a practice.</p> <p>2. The US position is based upon Article 2(d) of the Control Agreement which permits the Commander-in-Chief of a zone to take action in absence of an Allied Council decision. Since the question has been discussed on a quadripartite level without reaching agreement, this position seems entirely justified.</p> <p>3. The Allied Council decision of 21 March 1947 specifically prohibits the Austrian Government from issuing exit visas to displaced persons. However, Article 1(b) and 5(V) also prohibit the Austrian Government from taking any action regarding the evacuation of displaced persons without specific Allied Council approval.</p> <p>4. The question of recruiting and movement out of Austria of displaced persons came before the Allied Council on 25 April 1947. The attached paper, ALCO/P(47)50 shows the positions of the various elements, and the extract from the minutes of that meeting (also attached) show that the US Element considered this matter as pertaining to each High Commissioner in his own zone. This has consistently been our position throughout.</p> <p>5. <u>CONCLUSION</u></p> <p>There is no quadripartite agreement which would limit the authority of the US High Commissioner to permit the exit of Jewish displaced persons to Palestine by means of nominal rolls. Documentation for transit travel and entry into Palestine, of course, is another question.</p> |
|----|-------------|----------------------------------|----------|---|

Halvor O. Ekern

HALVOR O. EKERN

Secretary to the Deputy Commissioner

B-48189

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By SR NARA Date 12-1-99

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AIRGRAM

SECRET

FROM: AmLegation, Vienna

DATED: September 1, 1948
MAILED: September 2, 1948
REC'D:

Secretary of State,
Washington.

A-367, September 1, 1948.

In the immediate future Dr. Kurt LEWIN, former Chief of JAPP in the British Zone, Germany, will begin to function for the exclusive purpose of organizing and documenting emigration to Israel. This emigration will be handled in strict conformity with the Department's telegram 727, August 28.

Since there are no diplomatic or consular relations between Austria and Israel, it is planned by USFA, with the Legation's concurrence and Department of the Army's approval, that Dr. Lewin, as a resettlement officer, be accredited to USFA. Resettlement missions from Canada, Australia, and other states have operated satisfactorily under such arrangements during the last two years, and no objection is perceived to Dr. Lewin's acting similarly.

Israel will accept immigrants documented only by nominal rolls and Dr. Lewin believes there will be no difficulty in obtaining French or Italian transit visas on such rolls.

Exit from the United States Zone is subject to the approval of USFA which will take steps to prevent legal emigration of fighting personnel without approval of the Mediator. Illegal movement continues to be impossible to control. The Mediator will be advised through Cairo of the total number of immigrants and of expected dates and ports of departure and arrival. He will also be supplied with lists of fighting personnel and men of military age who will not be allowed to depart legally without his prior approval. It is understood that similar procedures will be employed in the United States Zone of Germany.

Dr. Lewin expects to send more than three hundred immigrants from the United States Zone of Austria in the first month of operations and increasing numbers thereafter. It is hoped that his work will prevent a situation in which able-bodied men would emigrate illegally, leaving dependents and others unable to support themselves as a burden on the Austrian Government and charitable organizations.

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800-CONVERSATIONS
W/ AUSTRIAN OFFICIALS

Box

20

[Handwritten signature]
[Handwritten initials]

Telephone conversation between General Balmer and General Tsinev at 1100 hours on 17 June 1948.

Upon request of General Balmer, a conversation was held by phone with General Tsinev pertaining to the following questions:

1. General Balmer informed General Tsinev that the Soviet Repatriation and Graves Registration Mission received an extension for its stay in the U.S. Zone of Austria for six (6) more weeks. However, General Balmer would like to call Gen Tsinev's attention to the fact that our Graves Registration Mission did not have the possibility to work in the Soviet Zone as intended from the allowed six (6) weeks for work in the Soviet Zone - the mission just worked about four (4) weeks and for the past two weeks, our mission did not get the permission to enter the Soviet Zone and received different excuses from the Soviet officials.

Gen Tsinev promised to look into this matter immediately and give the proper instructions to his subordinates to let the mission continue their work in the Soviet Zone.

2. Gen Balmer expressed his satisfaction with the fact that the commanders of the city of Vienna settled satisfactorily the question pertaining to the boundaries of the 21st and 22nd Bezirk.

Gen Tsinev replied that he too was notified of this fact and that he is very much satisfied with the results.

3. General Balmer asked Gen Tsinev as to the results of the investigation pertaining to the Buick automobile. He spoke to him about this matter at a previous meeting. Gen Tsinev stated that he gave instructions to conduct a thorough investigation pertaining to this matter and also to observe closely the warehouse in question. However, these people could not find any trace of the automobile. He would appreciate if Gen Balmer could give him additional information pertaining to this matter on the basis of which the Soviet people could continue their investigation.

General Balmer promised to request from his subordinates additional information and to submit it to Gen Tsinev as soon as he gets it.

4. Gen Balmer informed Gen Tsinev that he contemplates a trip to Budapest, Hungary this Saturday, Sunday, and Monday. He is going with his wife, daughter and aide. He would appreciate if Gen Tsinev could give him a note of introduction to the Soviet Commanding General in Budapest so that if Gen Balmer has some difficulties in Budapest he could settle them with the assistance of the Soviet General.

Gen Tsinev was very sorry to inform Gen Balmer that in this particular case he cannot give him any such letters since Hungary is now an independent country and there are no Soviet military personnel stationed in Budapest. However, he could call the Soviet Legation in Budapest and inform them of the General's visit and in case the General has some difficulties then the U.S. Legation could get in touch with the Soviet Legation and settle this matter.

800 Conversations

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Box 2084CONVERSATIONS
W/ AUSTRIANOFFICIALS

Gen Tsinev also added that in case Gen Balmer wishes, he could assign a Soviet officer to accompany the General through the Soviet Zone to the Hungary border and if the General informs the Soviet Element as to the exact time and date of his return the Soviet officer could wait and return with the General through the Soviet Zone to Vienna. Gen Balmer stated that he never had any difficulty in the Soviet Zone and it would not be necessary for him to have an accompanying Soviet officer; however, he will greatly appreciate it if Gen Tsinev calls the Soviet Legation as indicated.

5. Gen Tsinev informed Gen Balmer about the following: as it is now, there is a AC decision that no element should transport the DP's from Vienna to the Soviet Zone without having a prior agreement. The U.S. Element, some-time ago, tried to transport DP's to the Soviet Zone and the transport was sent back to Vienna for it was considered a violation of the AC decision. General Tsinev was notified yesterday that a group of 150 DP's, mostly Jews, were transported from Vienna and stopped last night at the Enns bridge. He was informed that this transport was taken by the U.S. Element. In spite of the fact that such action was a violation of the AC decision, Gen Tsinev gave the order to his subordinates to let this transport through. However, he would like to ask Gen Balmer in the future to notify the Soviet Element about such DP transports before hand so that the Soviet Element can make the proper arrangements and give its consent as it is foreseen in the AC decision.

Gen Balmer stated that he did not know about this fact until now -- he will investigate this matter immediately. He thought that the U.S. Element could not be involved in this case because the U.S. Element is not taking charge of transporting Jewish DP's from Vienna. However if it is true, Gen Balmer will give immediately, the proper instructions to his subordinates to eliminate such occurrences in the future.

Interpreter: Mr. R. Efron

207912

Jewish PPS

10/1/10

DECLASSIFIED

Authority NND 765028

By JW NARA Date 12-2

RG
Entry 84
File 2056 2062
Box RESTITUTION
SEPT 1945 - SEPT 1947
42 MONTHS

Confidential

: In the AC the Members supported the positions taken
: by their Deputies in the EC, but after brief discussion the
: Soviet Member stated that he would agree to the French
: alternative resolution.

: ACTION: Adopted the following resolution:

: "The Allied Council agrees to grant permission
: to the representatives of Restitution Missions
: of the United Nations, any of whose territories
: have been occupied by the enemy, to visit each
: zone of occupation in Austria in accordance
: with the procedure laid down, or to be laid
: down, by each Commander-in-Chief in his Zone,
: in order to facilitate the location and resti-
: tution of property looted by Germany from the
: territories of the United Nations."

207912A

1945

DECLASSIFIED

RG

131

Authority AIND 468103

Entry FOREIGN FUNDS CONTROL

By AI NARA Date 1-18-01

File PEHLE, JOHN W. (MR)

Box 335 CC.F.

INCOMING AIRGRAM

DEPARTMENT OF STATE DIVISION OF COMMUNICATIONS AND RECORDS TELEGRAPH BRANCH

CONFIDENTIAL

AIRGRAM

692

FROM: AMERICAN EMBASSY
Lisbon, Portugal

DATE: May 19, 1947

RECD: June 4, 9:32 a.m.

2

Z

ACTION: ESP

INFO:

DC/R

U-E

A-M

EN

DE

OC

CIG

OFD

FC

Secretary of State,

Washington, D. C.

No. A-134, May 19, 1947.

Reference Department's Confidential Telegram No. 342, May 14, 1947.

The Embassy, aware that information available in Berlin on subject of looted gold is limited, can only interpret Berlin's conclusion respecting Series 1971/2000 (Paragraph 5 USPOLAD 36 December 31, 1946, reported to Department as No. 3026 and Paragraph 2 under 4 USPOLAD 8 February 26 reported to Department as No. 474) as an opinion or presumption.

For the purpose of ascertaining the total quantity of gold acquired by the Bank of Portugal that would be "identified" as looted gold it must be presumed, unless evidence to the contrary exists, that all gold passing through Prussian Mint for remelting after German invasion of neighboring countries represents loot.

Series 1971/2000 originated from remelted German double crowns having a total gross weight of 9884 Kgs (Page 42/43 Prussian Mint records). The fact that these coins are German does not mitigate the possibility of their having been looted. The Dutch reported 280,000 Rms. in gold coins weighing 111 Kgs were looted. The Bank for International Settlements Report (see Embassy Airgram A-48, March 11, 1947) states 11,700,000 Rmks. in gold coins were deposited with Bank of France by National Bank of Belgium. Presumably coins were requisitioned by the Reichsbank as well as gold in bars. On basis of Dutch weights, 11,700,000 Rmks. in gold should weigh approximately 4600 Kgs which added to the reported Dutch looted accounts for more than 50% of the total weight of the German gold coins remelted and resulting in series 1971/2000, without taking into consideration possible similar loot from Austria, Czechoslovakia, Poland, Russia, Denmark, Norway, etc.

It would therefore appear more reasonable than not to presume this series, at least in part if not entirely, originated from loot, unless

these conclusions

CONFIDENTIAL

207913

Volkman
Tras 4

Fre

but Gold

Gewirtz-1
Mr. Neill-1
Dickens-1
Bar. 2 Mint-1
F. L. C. -1

M. R.

Gewirtz-1
Mr. Neill-1
Dickens-1
Bar. 2 Mint-1
F. L. C. -1

Mr. Neill-1
Dickens-1
Bar. 2 Mint-1

DECLASSIFIED

RG

131

Authority AWD 968103Entry FOREIGN FUNDS CONTROLBy AI NARA Date 1-18-01File PELLE, JOHN W. (MR)

Box

335CC.F.

A-136, American Embassy,
Lisbon, May 19, 1947

these conclusions can be offset by facts unknown to this Embassy. For this reason the Gold Sub-Committee regarded the 430 bars of gold from this series as "identified", relying upon Washington to initiate an investigation of the data available.

Should an investigation, which appears justified, definitely remove any doubt as to the origin and implication of least of this series it is preferable in the final negotiations with the Portuguese to reduce the amount claimed in restitution as a gesture based on insufficient proof rather than be compelled to increase the claim because of new findings.

Inclusion of Series 1971/2000 in Gold Sub-Committee Report was qualified by statement in Supplement page 8, "To determine the value of the gold Portugal will be expected to retribute it will be necessary to establish:

1. The origin of the gold included in Groups 4, 5, and 6". These groups are properly described on Page 4 of the reference supplement.

CROCKER

HRKasper/mgc/epf

CONFIDENTIAL

207914

DECLASSIFIED
Authority AND 968103
By AT NARA Date 1-18-99

RG 131
Entry FOREIGN FUNDS CONTRA
File PEHLE, JOHN W. (MR)
Box 335 (C.F.)

Volkman
Gold
4

SECRET

TELEGRAM

FROM: London
TO: Secretary of State
NO: 2463 April 28, 6 pm

Reference EMBTEL 2345, April 22, repeated Lisbon 17; Paris 268; Warsaw 38 and Bern 20.

Foreign Office tells us that instructions were sent today to British representatives at Warsaw and Bern to join with their American colleagues in presenting "some friendly advice" to Polish and Swiss Governments concerning acceptance of gold from Portugal prior to settlement of question of Portuguese gold. Foreign Office officials feel no steps should be taken with Portuguese authorities at present.

British instructions to Warsaw and Bern, we were informed, were very full and contained suggestions as to what Polish and Swiss Governments should be told about taking Portuguese gold. British authorities here very much hope Poles will agree not to accept gold from Portugal.

We were also advised that text of instructions sent by Foreign Office to Warsaw and Bern has been cabled to British Embassy Washington for communication to Department together with explanation of British reluctance to take any steps in Lisbon regarding this matter.

Sent Department as 2463, repeated Lisbon 18; Paris 276; Warsaw 41 and Bern 22.

BOUGLAS

4-30-47 CC to: Glasser, Wood, Masterson 3, Richards 3, Curtis, Willis, Baum, Eddy, Dickens, Bittermann and Hebbard.

pol

DECLASSIFIED

RG 131

Authority *AWD 968103*

Entry *FOREIGN FUNDS CONTROL*

By *AT* NARA Date *11-18-01*

File *PEHLE, JOHN W. (MR)*

Box *335 (C.F.)*

INCOMING TELEGRAM
DEPARTMENT OF STATE

SECRET

Portugal Gold CR 4

FROM: Berlin

TO: Secretary of State

NO: 474, February 26, 9 p.m.

Reference your telegram 2, February 10 sent to Department as 90.

Finance Division, OMBUS, and this office not completely clear as to information requested reference telegram or information needed in negotiations.

Possible reference telegram garbled or parts omitted.

Also wish point out several pertinent telegrams not sent Berlin. For example, Lisbon's 1103, December 20, 1946, Department's 59, January 20 and Embassy's 52, January 22, which we just received as requested in our telegram 6, February 20.

Jackman

Finance Division provides following information regarding reference telegram based on incomplete records of Reichsbank and Prussian mint:

(1) Series 1451/1458, year 1943, consisted of Japanese gold. Bars resulting this smelting recovered at Merkers and now held our depository Frankfurt.

(2) Series 1013/1034, year 1944, consisted remelted reichsmark coins. Source of coins not revealed but in absence information that gold reichsmarks in considerable quantity were obtained outside Germany inference is that this gold looted.

(3) Series 881/939, year 1944, discussed page 7 our report "Netherlands Gold Transferred to Germany during the Occupation" and this smelting treated in full detail in schedule X annexed to report. Also exhibit one to Schedule X has photostatic copies of relevant pages "900 Ex Goldbarren Kontrollbuch" of Precious Metals Department Reichsbank showing smelt number, gross and fine weight, and fineness of each of the

cc: 2/28/47 Messrs. Glaser, Ullmann, Miss Masterson (3), Richards (3), F. Miller, Willis, Wood, Dickens, Eddy, Bittermann, Curtis

Germany

DECLASSIFIED

RG

131

Authority AWD 468103Entry FOREIGN FUNDS CONTROLBy AT NARA Date 1-18-94File PEHLE, JOHN W. (MR)

Box

335(C.I.F.)

- 2 -

1520 bars resulting this smelting. Since this data carried by Schmidt to Lisbon, fail to understand statement that data left by Schmidt after visit Germany did not include information this series. Our report showed that of 19,978,294.5 rough grams used this smelting, 15,021,886 grams were looted from Netherlands and 3,085,299 grams were looted from Belgium. Therefore the resulting bars (series 881/939) contained minimum of 90.6 percent looted gold and even higher percentage if looted gold included in added fine gold is taken into account. Not having received Lisbon's 52, Finance Division not advised whether looted content this series has been taken into account by gold sub-committee and takes this occasion to point out extreme importance doing so. If Schmidt failed to leave complete records Lisbon sub-committee may wish sent representative Germany before concluding settlement.

(4) Paragraph Two Lisbon's telegram of February 10 requests urgent confirmation that Prussian mint records do not contain reference to series 197/1998, year 1942, which series also subject of Department's telegram February 18, repeated Berlin.

Basis request information on series 1971/1998 not clear inasmuch our 36, December 31, 1946 replying Lisbon's unnumbered December 3, 1946 contained all information available in Berlin on this series. Conclusion was that it did not consist of looted gold.

Reference to "Swiss Report" and Bern's "1971/1998" in reference telegram not clear.

Do Netherlands Bank representatives have copy Prussian mint records, if so, how obtained? Because large sums involved strongly recommend before any final agreement is made someone be sent Berlin for final check of records here. As alternative Lisbon might indicate by number gold bars Portugal received from Germany stating which are admittedly or presumed to be melted and those for which there is no evidence as to loot. These bar numbers could then be checked with Berlin records.

Sent to Lisbon as 8; repeated to Department as 474.

KRC:GEM

HUCCIO

SECRET

207917

DECLASSIFIED

RG 131

Authority AWD 968103

Entry FOREIGN FUNDS CONTROL

By AT NARA Date 1-18-00

File PELLE, JOHN W. (M.R)

Box 335 (C.F.)

FOREIGN FUNDS CONTROL

To: Burnett (Room) (Bldg.)
 (1) (Room) (Bldg.)
 (2) (Room) (Bldg.)
 (3) (Room) (Bldg.)

INFORMATION COPY

DEPT. OF STATE

London via War

TELEGRAM

Dated September 25, 1946

Reg'd 8:57 p.m., 25th.

Jc
Joel Pol

From: aw (Room) (Bldg.)
 Date: 9/27 (Date)

1 p.m.

1, September 18.

... of comments by British ... gold held in London by ... ndholders of 1934 loan, ... imms have been heard in ... ch decisions always in ... nt bondholders. However, ... ater not settled. Before ... ment was that matter be settled ... on between countries concerned, but no action ... taken. British apparently feel that peace treaty should include clause to effect that new Austrian Government assume all rights and obligations of former Austrian state and that under this clause latter will be finally settled in favor of Austrian Government (?) hope for settlement (?) in this manner.

Inform Treasury.

GALLMAN

(?) Unintelligible portion; correction will follow

ECB:ABC

CONFIDENTIAL

Shwartz
(1)

207918
207919

DECLASSIFIED

RG 131

Authority AIND 268103

Entry FOREIGN FUNDS CONTROL

By AT NARA Date 1-18-01

File PELLE, JOHN W. (MR)

Box 335 (C.F.)

COMMUNICATIONS AND RECORDS
TELEGRAPH BRANCH

DEPARTMENT OF STATE

London via War

INCOMING TELEGRAM

Dated September 25, 1946

INFORMATION
COPY

Jc
Joel Pol

Action: ESP

Info :

EUR

DC/L

ITP

OFD

A-C

A-H

OCD

FC

OIC

DC/R

CONFIDENTIAL

1946 SEP 26 AM 8 59 Rec'd 7 p.m., 25th.

Control 8362

No Paraphrase necessary

DC/L

SECSTATE

8413, September 25, 1 p.m.

Reference your 6701, September 18.

Following is summary of comments by British Treasury official: \$5,000,000 gold held in London by trustees against claims of bondholders of 1934 loan, which redeemed 1923 loan. Claims have been heard in courts of various countries with decisions always in favor Austrian Government against bondholders. However, jurisdiction never clear, so matter not settled. Before Anschluss general agreement was that matter be settled by arbitration between countries concerned, but no action taken. British apparently feel that peace treaty should include clause to effect that new Austrian Government assume all rights and obligations of former Austrian state and that under this clause latter will be finally settled in favor of Austrian Government (?) hope for settlement (?) in this manner.

Inform Treasury.

GALLMAN

(?) Unintelligible portion; correction will follow

ECB:ABC

CONFIDENTIAL

207920

Burnett
(11)

Tolkman
(41)

Moore
(11)

Shaw
(11)

DECLASSIFIED

RG

131

Authority AMID 468103

Entry FOREIGN FUNDS COMMISSION

By AI NARA Date 1-18-99

File PEHLE, JOHN W. (MR)

Box

335

(C.I.F.)

DIVISION OF COMMUNICATIONS AND RECORDS TELEGRAPH BRANCH

DEPARTMENT OF STATE

Class for Burnett

207

INFORMATION COPY

JFC

RECEIVED DEPT. OF STATE
OUTGOING TELEGRAM

CONFIDENTIAL

Gold Comm

11 Paraphrase before communicating except to Government Agencies

CONFIDENTIAL O
NIACT
AMEMBASSY,

1946 SEP 25 AM 9 44 Sept. 25, 1946

WARNING
For security reasons the text of this message must be closely guarded.

ORIGIN: ESP B RUSSELLS.
INFO : 1076

DC/L
LIAISON

One. Re Gold Commission release for your info only.

gold now available for gold pot includes about \$263,000,000 worth of gold found in Germany and about \$66,000,000

promised by Swits and Sweden but not recd yet. (ALSO FOR DORR)

(Swiss have offered delivery of their contribution amounting to about \$57,000,000 but were requested additional \$1,000,000 since their offer falls short Allied expectation by that amt.)
UR NIACT 1254 Sep 24.

Two. Dept feels no need disclosure above figures present time; Dept's press release to be published Sep 27 does not provide disclosure any total. However, statement permissible that gold available for distribution includes gold found in Germany and German looted gold recovered from other countries which acquired such gold.

CLAYTON
Acting

Sent Copy to JSP - 9/30/46

ES:OFFletcher:jh

9-25-46

Cleared with FN and CA

DECLASSIFIED

Authority AWND 968103

By AT NARA Date 1-18-09

RG

131

Entry FOREIGN FUNDS CONTROL

File PEITLER, JOHN W. (MR)

Box 335 (C.F.)

FOREIGN FUNDS CONTROL

To:

- (1) ~~Mr. Glasser~~ For Miss Burnett..... (Room) (Bldg.)
- (2) (Room) (Bldg.)
- (3) (Room) (Bldg.)

According to 4817 of September 25 from Paris, the Delegation there doesn't agree with position of U. S. representative at IARA on this.

From: RDuff 9/30/46 (Date)
..... (Room) (Bldg.)

agree letter be sent Poland simultaneously with that to IARA countries. Please instruct immediately what other countries, if any, should receive letter, and indicate any special features required in non IARA letters.

Four. Adler, Austria ACA finance division, raised with us question of five million Austrian gold described our telegram 1107, 31 August, arguing recoveries by IARA countries within own borders of own gold not included in gold pot. Has Department data on such recoveries?

KIRK

cc: 9/26/46 Glasser, Taylor, Miss Masterson (3), Schmidt (3), Polk, Willis, E. Hubbard, Bittermann, Eddy.

hps

John H. Burnett
According to 4817 of Sept 25
Brussels
September 24, 1946
Hoed pot
from Paris, Delegation there doesn't agree with position of U.S. representative at IARA on this.
255
PPS
NYL
BD

ate governments agree Italy, Austria t, subject French reservation on gold letter and questionnaire be Italian Governments not "free and in-dangerous to accept statement of light repudiate. I urged this problem Italy and argued current needs of aid settlement of gold claims.

likely to occur before signature of an Governments would then be required concern over Foreign Office legal point. ates position further to his government.

DECLASSIFIED

RG

131

Authority AIND 468103

Entry FOREIGN FUNDS CONTROL

By AT NARA Date 1-18-94

File PELLE, JOHN W. (MR)

Box

335

CC.F.

~~CONFIDENTIAL~~

EC/L

LIAISON

FOREIGN FUNDS CONTROL

SECSTATE

1247, September 24, 3 p.m.

FOR GA FROM BORN

One. Norton and Spitzmuller state governments agree Italy, Austria share fully (repeat fully) in goldpot, subject French reservation on Swiss gold. Norton, however, urges gold letter and questionnaire be sent two countries only after conclusion peace treaties. Basis is Foreign Office argument present Austrian and Italian Governments not "free and independent", and that it is therefore dangerous to accept statement of claim which a successor government might repudiate. I urged this problem might not be confined to Austria and Italy and argued current needs of these and IARA countries require rapid settlement of gold claims.

Two. Since no distribution is likely to occur before signature of peace treaties and Italian and Austrian Governments would then be required to sign releases, cannot feel such concern over Foreign Office legal point. Norton has agreed to press United States position further to his government.

Three. Norton and Spitzmuller agree letter be sent Poland simultaneously with that to IARA countries. Please instruct immediately what other countries, if any, should receive letter, and indicate any special features required in non IARA letters.

Four. Adler, Austria ACA finance division, raised with me question of five million Austrian gold described our telegram 1107, 31 August, arguing recoveries by IARA countries within own borders of own gold not included in gold pot. Has Department data on such recoveries?

HIRM

cc: 9/26/46 Glasser, Taylor, Miss Macarson (3), Schmidt (3), Polk, Willis, E. Hebbard, Bittermann, Eddy.

lps

file for Burnett
According to
4817 of Sept 25
from Paris, 255
self
PPS
file
 Brussels
 September 24, 1946
Good pol
The delegation
there don't agree
with position of
U.S. representatives
at IARA
on this.
BD

DECLASSIFIED

Authority AWD 468103

By AT NARA Date 1-18-09

RG 131

Entry FOREIGN FUNDS CONTROL

File PEHLE, JOHN W. (MR)

Box 335 (C.F.)

FOREIGN FUNDS CONT.

2608

To:

(1) Sue (Room) (Bldg.)

(2) (Room) (Bldg.)

(3) (Room) (Bldg.)

As per your request.

As per your request - John

From:

(Date)

(Room)

(Bldg.)

DECLASSIFIED	RG	131
Authority <u>AIND 468103</u>	Entry	<u>FOREIGN FUNDS CONTROL</u>
By <u>AT</u> NARA Date <u>1-18-99</u>	File	<u>PETLE, JOHN W. (MR)</u>
	Box	<u>335</u> (C.F.)

Gold

Program Planning Section

September 24, 1946

MEMORANDUM FOR THE FILES

Re: Gold Found at La Fortezza, Italy

In a conversation with Mr. D.W. Curtis of Monetary Research regarding the gold found at La Fortezza (Despatch No. MAT 1039, dated September 4, 1946), it was learned that approximately \$26,000,000 worth of gold was found at La Fortezza. It appears that this is gold which was removed from the Bank of Italy at Milan. Included therein may be Yugoslavian and Albanian gold which was on deposit with the Bank of Italy. However, positive identification of part of this gold as Yugoslavian or Albanian has evidently not been made. The Albanian deposit allegedly was 2.34 million dollars. The gold is presently in the custody of the Allied Financial Agency, possibly on deposit to their account with the Bank of Italy in Rome.

Mr. Pollack of Monetary Research has stated that prior to receipt of despatch No. MAT 1039 he had prepared a memorandum, which was forwarded to Mr. Glasser, on this question in which he had suggested the possibility of giving the gold treatment similar to that given the Hungarian gold, i.e., returning the gold to Italy. Mr. Pollack expressed the view that disposition of this gold was a treaty question and came more within the State Department's purview than Treasury's. No decision on the gold's disposition has been made to his knowledge.

The disposition of the La Fortezza gold will no doubt depend on whether it is interpreted as Italian gold or gold looted by Germany. If the decision is the latter, then the disposition will hinge on the question of whether or not Italy is entitled to participate in the distribution of Germany monetary gold being pooled for restitution purposes, which question was left undecided at the Paris Reparations Conference; and also, whether or not claims will be permitted against Italy.

207925

DECLASSIFIED

Authority AND 968103
By AT NARA Date 1-18-01

RG 131
Entry FOREIGN FUNDS CONTROL
File PEHLE, JOHN W. (MR)
Box 335 (C.F.)

FOREIGN FUNDS CONTROL

To: Mrs. Shwartz 2222 M. Treas.
 (1) (Room) (Bldg.)
 (Foreign Funds Control)
 (2) (Room) (Bldg.)
 (3) (Room) (Bldg.)

U.S. DEPARTMENT OF STATE
INFORMATION COPY

D. Wilson 9/11/46 711 DNB
 From: (Date)
 (Room) (Bldg.)

DECLASSIFIED

Authority: *AIND 468103*

By: *AT* NARA Date: *1-18-00*

RG 131

Entry *FOR GICOR FUNDOS CONTRAL*

File *PEHLE, JOHN W. (MR)*

Box 335 *(C.I.F.)*

TELEGRAPH BRANCH

DEPARTMENT OF STATE

INFORMATION COPY

Red

OUTGOING TELEGRAM

Paraphrase before communicating except to Government Agencies.

DEPARTMENT OF STATE

1946 SEP 10 PM 12 30 WARNING 1669

For security reasons the
September 9, 1946
DC/L
LIAISON 6 p.m.

SECRET 0

13-X

AMBASSY

Origin: ESP
Info: *3ND 05213*
EUR 1001
DC/L For Dorr
OFD
OCD
CY

His report status inclusion Italian, Austrian claims for restitution of monetary gold. Dept considers this matter very important owing to extremely difficult economic situation confronting Austria and Italy particularly after termination UNRAA. Pls urge on your Brit and Fr colleagues Austria and Italy claims be accepted and acted upon by Gold Commission on basis equality with other claims except for gold uncovered from Switzerland.

CLAYTON
ACTING

GA: JATodd:as ES CE FN 8/27/46

Shantz
Glasco
Morland

DECLASSIFIED

Authority AND 968103

By AT NARA Date 1-18-00

RG

131

Entry FOREIGN FUNDS CONTROL

File PEHLE, JOHN W. (MR)

Box 335 (C.I.F.)

FOREIGN FUNDS CONTROL

To: ~~Mr. [unclear]~~ For Burnett (Room) (Bldg.)

(1) (Room) (Bldg.)

(2) (Room) (Bldg.)

(3) (Room) (Bldg.)

Re gold business.

From: RR Schwartz 9/18/46
 (Room) (Date) (Bldg.)

*Summary
 RR
 Gold Business
 Burnett
 RR*

DECLASSIFIED
Authority AWAD 468103
By AT NARA Date 1-18-00

RG 131
Entry FOREIGN FUNDS CONTROL
File PEHLE, JOHN W. (MR)
Box 335 (C.F.)

DEPARTMENT OF STATE
INCOMING TELEGRAM

Handwritten: Ted Schmitt 247
Handwritten: [unclear] [unclear]

Brussels

Dated August 31, 1946

CONFIDENTIAL O

SECSTATE

1107, August 31, 9 a.m.

FOR SECDEL FROM DORR

Re restitution gold to Italy, Austria, Poland.

Handwritten: Rella
Handwritten: action
Handwritten: Rella
Handwritten: JSR

One. Announcement establishment Tripartite Commission for restitution monetary gold probable next week on arrival Morton, Rueff Brussels. Thereafter, Commission will address questionnaire on losses and recoveries to IARA countries through delegates IARA. Procedure for similar letters to be addressed to Italy, Austria and Poland not yet agreed. Your views, particularly on relation work of Commission to treaty desired. Text of Italian treaty draft on gold restitution required here.

Two. What is appropriate procedure for addressing letters to Italy, Austria and Poland? View here has been letter-drafted by Gold Commission would be presented by British, French or US mission in Rome, Vienna and Warsaw with reply requested direct to Gold Commission, care SECGEN IARA who is designated for this purpose in letters to IARA delegates. Do Allied Control Commissions Italy and Austria affect appropriateness this procedure?

Three. Part III, Paris Act on reparations reserved question of eventual participation of countries not represented at Reparation Conference to Allied Govts concerned. Are these (A) US, British, French?, (B) 18 signatories to Paris Act?. (C) countries signing peace treaties? Note implicit distinction between "Allied Govts concerned" (Paragraph D) and "occupying powers concerned" (Paragraph E). If interpretation (C) is appropriate for Italy and Austria, what basis should be chosen for including Poland? I favor interpretation (A), despite implicit distinction above, if you feel position can be maintained.

RECEIVED
FOREIGN FUNDS CONTROL
OFFICE OF THE
DIRECTOR

SEP 6 1946
AM 7 8 9 10 11 12 1 2 3 4 5 6 PM

DECLASSIFIED

RG

131

Authority AAND 468103Entry FOREIGN FUNDS CONTROLBy AT NARA Date 1-18-01File PEHLE, JOHN W. (MR)

Box

335(C.F.)

- 2 -

Four; While it is virtually certain from intelligence that Germany looted no gold from Rumania, Bulgaria, Finland, and none from Hungary other than national bank gold already restored, should Tripartite Commission address letters and questionnaires to these countries? I assume not, but am not sure basis for exclusion, given inclusion Italy and Austria.

Five. Rumania, of course, was recipient of gold looted by Germany from others. Portion of questionnaire related to receipts of gold from Germany might bring this out, if reply were forthcoming. Are these receipts covered in treaty? Is any other procedure contemplated for recovery for gold pot?

Six. Kindleberger was informed in Vienna that \$5,000,000 gold found in Austria (beyond Hungarian gold) was originally owned by Austrian Nation Bank, acquired by Reichsbank, and left by latter in Vienna to credit of German FONOFF for political operations in Balkans. Manner of recovery by Austria and transport from Vienna to Salzburg not entirely clear here. If this history is accurate, can gold be treated by analogy of Forteza \$27,000,000 and regarded as recovered from German proprietorship before being "found in Germany" or "wrongfully removed into Germany"?

Seven. SECDEL and Dept will note that intelligence shows Polish loss as \$12,000,000 and Danzig loss as \$4,000,000. I assume that letter to Poland should not specifically ask for information on Danzig loss, and that distribution of gold pot would not cede Danzig share to Poland, if latter claimed it. Further assume that Danzig share should be provided on basis intelligence, even if Poland failed to claim, and would be set aside for disposition in German peace treaty. Does this procedure accord your views?

Eight. If Govts concerned are those signatory to treaties for Italian and Austrian shares, distribution of shares previously set aside will presumably await going into effect of these treaties. I am cognizant, however, fact that both countries are counting on some share of gold for early use. Will it be possible, on analogy of return of Hungarian gold, for US, Britain and

207930

DECLASSIFIED

Authority AIND 468103

By AT NARA Date 1-18-07

RG

131

Entry Foreign Funds Control

File PELLE, JOHN W. (MR)

Box 335 (C.F.)

247

- 3 -

France to make distribution of Austrian, Italian shares along with distribution to IARA countries possibly prior to going into effect of treaty, against undertaking specified in receipts to make adjustments at later date if required?

Sent Paris 120, Vienna, Rome, Warsaw.

KIRK

RB:GWP

CONFIDENTIAL O

DECLASSIFIED

RG

131

Authority AWND 968103Entry FOREIGN FUNDS CONTROLBy AT NARA Date 1-18-04File PELLE, JOHN W. (MR)

Box

335(C.F.)**CONFIDENTIAL**CONFIDENTIAL

23 July 1946

SUBJECT: Gold Received by the National Bank of Rumania, Bucarest, from the Reichsbank, Berlin during the War.

TO: Director, Finance Div., COMUS, APO 742, US ARMY

1. In compliance with your letter of 15 July 1946 we have reviewed the records of the Reichsbank at this office pertaining to the above subject. Enclosed is a columnar statement of our findings which is further explained as follows:

- (a) The statement by the Governor of the National Bank of Rumania in his letter of 23 March 1946, as to the amount of gold shipped direct to Bucarest, from Germany, namely 47,774. Fkg. agrees with Reichsbank records.
- (b) Of this total (47,774. Fkg), the amount 29, 998.7 Fkg was originally acquired by the Reichsbank from the Banque de France in Paris, which latter institution was holding this gold for the account of the Banque Nationale de Belgique. As regards the balance, or 17,775.3 Fkg, it is indicated from the bank number sequence of the Reichsbank and in the absence of contrary evidence, that this portion was the property of the Reichsbank.
- (c) The records of the Reichsbank also reflect a delivery of 2 gold bars to the National Bank of Rumania, of which the Governor makes no mention. The records at the depository do not establish the identity of the agency that accepted delivery for the Rumanian Bank. This gold was originally received from the Banque de France where it appears to have been held on behalf of

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DECLASSIFIED

RG

131

Authority AND 468103Entry FOREIGN FUNDS CONTROLBy AT NARA Date: 1-18-04File PEHLE, JOHN W. (MR)

Box

335(C.I.F.)**CONFIDENTIAL**

the Iron Gate Administration, Craiova-Romania, and, when received by the Reichsbank, was taken up in the account of the National Bank of Rumania to whom it was subsequently delivered.

2. We were unable to identify as individual shipments the total of 10,395.7 Fkg claimed to have been deposited with the Union des Banques Suisses for the account of the Rumanian bank in accordance with the Protocol of February 9, 1944. The records indicate that the Reichsbank during the war period made substantial gold shipments to the Swiss bank for its (Reichsbank's) own account. This suggests the possibility that the amount claimed by the Rumanian bank may have been acquired by it by a book entry transfer on the books of the Swiss bank. In any event the Governor states he has instituted steps to obtain further particulars direct from Switzerland and this additional information may enable us to effect identification.

3. On page 3, second paragraph, the Governor writes: "Upon receipt of each shipment of gold, the National Bank of Rumania checked the ingots received and found that they all bore the mark of the Reichsbank." This is inconsistent with our records which indicate that all gold of Banque de Belgique origin was remelted by the Prussian Mint after being received by the Reichsbank. In this connection reference is made to a report dated 15 August 1945 on the subject of Belgian gold and signed by Colonel Bernstein, which states (paragraph 11, page 2): "But at a later date, all the bars and some of the coin were sent to the Prussian Mint for remelting. The obvious purpose seems to have been to destroy its identity as gold belonging to the Belgians, the new bars appearing of course, with new serial numbers, no longer traceable - except in the Mint's or Reichsbank's own records - to their Belgian origin."

4. Returned herewith is the file which accompanied your letter of 15 July 1946.

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

WNB/CL - R
Tel: Frankf. 24585

1 Encl:

No. 1 Gold Movements from Reichsbank, Berlin,
to National Bank of Rumania, Bucarest,
since September 1939 to Date.

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DECLASSIFIED

Authority AND 968103By A-T NARA Date 1-18-01

RG

131Entry FOREIGN FUNDS CONTROLFile PEHLE, JOHN W. (MR)Box 335 (C.F.)*Miss Wilson
Gold*

From: American Legation, Bern
 To: Secretary of State, Washington
 Dated: August 12, 1946
 Number: 1386

SECRET

US URGENT

Rushin

The following is in reference to cable of July 30, Number 1332, from Legation, repeated as Number 163 to London, to Brussels for Dorr, as Number 86 to Berlin, and as Number 138 to Paris:

In answer to my letter dated July 31, EFD (Zehnder) has transmitted copy of a communication addressed to the French Ambassador. A translation of this communication is given below:

Receipt is acknowledged of your letter dated July 25, in which you requested that I provide supplementary details as to disposal effected during the war by the Reichsbank from its depot of gold of Belgian origin, especially sales made abroad, notably to the National Banks of Spain and Portugal.

In regard to sales of gold to Portugal, direct transfers by the Reichsbank from its depot in Switzerland, reported to be of Belgian origin, amounted to 98.4 million Swiss francs, as you are aware. Before providing anyone with information as to gold purchases effected by Banco de Portugal, it is necessary for the Swiss National Bank to consult Banco de Portugal, as a result of a request by that institution. Because of the obligation assumed by the Swiss National Bank, it is impossible for me to provide the details which are of interest to you, even upon confidential basis. Banco de Portugal, on the other hand, is as well qualified as the Swiss National Bank, (and is certainly more justified than the latter) to provide the French Government with information as to details of gold operations transacted by Portugal during the recent conflict.

With regard to sales of gold to Spain between September first, 1939 and the end of November, 1945, total direct purchases by Spain (from the Reichsbank depot account in Switzerland), and total indirect purchases (from the Swiss National Bank) only amounted to 40,000 kilograms, and did not reach the amount of 74,000 kilograms which your letter indicated. These operations with Spain did not involve gold of Belgian origin, as you have yourself remarked.

8/14/46 pmp Glasser, Miss Masterson(3), Schmidt(2), Miss Wilson, Curtis, Willis, E. Hebbard, Bittermann,

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Authority AIND 968103

By AT NARA Date 1-18-00

RG 131

Entry FOREIGN FUNDS CONTROL

File PEHLE, JOHN W. (MR)

Box 335 CCIF

The above message has been repeated as Number 173 to London, to Brussels for Dore, as Number 36 to Berlin, as Number 36 to Madrid for Rubin, as Number 12 to Lisbon, and as Number 148 to Paris.

It is requested by Kaman that the foregoing information be transmitted to the Treasury Department.

PLTT

DECLASSIFIED

Authority AVAD 468103

By AT NARA Date 11-18-04

RG

131

Entry FOREIGN FUNDS CONTROL

File PEHLE, JOHN W. (MR)

Box 335 (C.I.F.)

PARAPHRASE OF TELEGRAM SENT

Port. gold

FROM: Secretary of State, Washington

TO: American Embassy, Lisbon

DATED: May 24, 1946

NUMBER: 525

SECRET

Reference your cable of April 16, No. 336.

In view of pending Safehaven negotiations, which will include gold transactions between the Government of Portugal and the former German Government, the Department has recommended to Treasury Department that it deny license application for export gold. Applicant for license will not be advised of reason why license application is denied.

BYRNES

ES:GWBaker:bbw

Paraphrased:

DC/L:AN

5-25-46

*Banning
Gold
file*

DECLASSIFIED

Authority AWAD 968103By AT NARA Date 11-18-09

RG

131Entry FOREIGN FUNDS CONTROLFile PEHLE, JOHN W. (MR)Box 335 (C.F.)Treasury Department
Division of Monetary ResearchDate March 24, 1945To: Mr. Coe - For Your InformationFrom: Mr. Delaney *JD*Subject: Lisbon Safehaven Work

The attached despatch contains a rather detailed description of the Safehaven work in progress in our Lisbon Embassy. If carried out as planned, it appears to be a fairly thorough method of approaching the problem of investigating Axis interests.

The Embassy people are working with Wood. Enclosure # 2 mentions Wood several times, in connection with the investigation of real property transfers, gold transfers, clearing data, and the obtainment of company balance sheets from banks.

(Despatch 1468, Lisbon, February 16, 1945)

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131

Authority AND 968103Entry FOREIGN FUNDS CONTROLBy AT NARA Date 1-18-04File PEHLE, JOHN W. (MR)Box 335 CC.F.

RECEIVED

sure No. 1 to SH Despatch No. 1568, dated March 19, 1945,
From Embassy at Lisbon.

COPY OF MEMORANDUM

March 7, 1945.

To: J. Daniel Hanley, Attache
From: Dr. James E. Wood, Financial Attache

Subject: Financial Relations between the Portuguese
Government and the Germans.

Evidence, in the form of photostats and others yet to come, has reached this office that money transactions from the Portuguese Government to German firms have in the past been, and continue to be, a matter deserving of minute examination. As late as January 17, 1945 the Government issued two orders of payment to the value of thirteen thousand contos to the firm of Otto Wolf, of Cologne, as advance payments on two contracts calling for delivery of steel products: the first contract (#18) is for 2,967,847,850 escudos, equivalent to 297,702 Reichsmarks, as thirty percent advance payment for apparatus for the construction of harbors; the second contract (#19) is for 9,902,000,000 escudos, equivalent to 1,000,000 Reichsmarks, as twenty-five percent advance payment for 15,000 tons of laminated and pressed steel.

The Portuguese Government is obviously aware (1) that because of interrupted land and sea communications Germany cannot possibly make delivery of this material; (2) that, even if transportation were still open, the shortage of rolling stock (some fifteen hundred cars would be necessary to make this shipment) is extremely acute in Germany; and (3) the shortage of steel itself is so acute in Germany that synthetic industries have been developing substitutes for military materials for which steel has always been used. It is therefore reasonable to infer that the Portuguese Government does not expect these shipments to be made. Further evidence will be brought to show that in the past similar contracts, on which no delivery has been made, have been signed and in each case the Portuguese Government has made a cash advance of thirty or thirty-five per cent of the total amount.

The causes for such a procedure on the part of the Portuguese Government are open to speculation. It may be an attempt to offset previous German credits, but it is reasonable to believe that any previous German credits existing in Portugal already would have been transferred. The payments may represent the purchase of German assets inside or outside Portugal, the acquisition of which the Government prefers to keep hidden. A third possibility may be that the Portuguese Government has undertaken to finance the German services in Portugal, and has chosen this manner of doing so.

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DECLASSIFIED

Authority AWAD 968103By AT NARA Date 1-18-00

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131Entry FORGIGN FUNDS CONTRAFile PEHLE, JOHN W. (MR)

Box

335(C.I.F.)

- 2 -

Support for the latter view is gained from a conversation overheard between Jose Frederico Ulrich, the Under Secretary of Public Works, and Major Carlos Augusto Arrochala Lobo, the Government's representative at the Ministry. Arrochala Lobo was heard to say that it was absolutely necessary to arrange some way to open more credit for the Germans since the Americans and the British were bandits with whom there could be no dealing.

So that Portugal should not lose by this indirect method of financing the Germans, an agreement between the two governments can readily be imagined. By such an agreement the German Government would undertake to pay in full all amounts advanced by the Portuguese; whereas, if Germany were defeated, Portugal, as Britain's ally, would claim first right to receive the materials called for in contracts made up to the end of the war, on which Portugal had already made partial payment; then, if the material were received, Portugal would pay the rest of the amount of the contract, to the value of many millions, which would revert to the Germans who happened to have taken refuge in Portugal.

There is little likelihood that the Allies would allow the defeated Germans to try to fulfill these contracts, if for no other reason because the materials called for are just what the Allies themselves will need in their rehabilitation programs; cranes, excavators, harbor equipment, iron and steel, etc.

So far as can be estimated at the present time, contracts of this type, dating back two years at least, on which no delivery has been made, amount to some two hundred thousand contos (roughly, the equivalent of twenty million Reichsmarks) on which the Portuguese Government has already paid over forty thousand contos, approximately four million Reichsmarks.

Among others, contracts were made on which the Portuguese Government has already paid over thirty percent, but on which the Germans have sent absolutely nothing; the following numbers refer to them:

Contract #5 - road building equipment.

Contract #13 - 30 large cranes. This contract, never fulfilled, was afterwards increased by two others, even after the Allied landing in France. On the first, for 15, the Government paid 30% more; on the second, for 15 more, the Government paid 35%. None of this material was delivered.

At this point, the Portuguese Government agreed with the German Legation that the contracts should be in the name of the firm Demag Aktiengesellschaft. By request of the Germans the

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DECLASSIFIED

Authority AND 968103By AT NARA Date 1-18-01

RG

131Entry FOREIGN FUNDS CONTRAFile PEHLE, JOHN W. (MR)

Box

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- 3 -

amount was paid in advance by the Portuguese Government through clearing from the Banco de Portugal to the Banco Portugues do Continente e Ilhas, where it has remained in the name of the Germans.

Contract #15 - Excavators. Despite non-delivery of the goods called for in previous contracts, the Government paid 35% of the amount of this one.

Contract #17 - (Contains a copy of letter stating payment has been authorized). Made after the Allied landings, but at a meeting of the Council of Ministers it was decided to antedate it; thus, a contract made in January 1945 was dated May 31, 1944. Orders 120 railroad cars and 3 electric cranes; total cost 1,246,850 Reichsmarks, of which 374,055 Reichsmarks (about 3500 contos) was paid.

Contract #18 - (Is copy of the contract and order of payment authorized by the Portuguese Government). This contract calls for apparatus for the construction of harbors, to the value of 992,340 Reichsmarks, on which the Portuguese Government paid on January 17, 1945 thirty percent, or about three thousand contos.

Contract #19 - (Is a copy of all the parts of this contract). This calls for the delivery of 15,000 tons of laminated and pressed steel, to the amount of four million Reichsmarks, some forty thousand contos.

Photostatic copies of Contracts #5, 13, 15, 17 will be furnished, along with the other official documents. From time to time, more evidence of this type will be available and it may be that the correct solution of the problem will become more apparent with the additional information at hand.

RECAPITULATION OF REFERENCES

1. Department's Instruction 494, Jan. 15, 1945.
2. Embassy's Despatch 1468, February 16, 1945.
3. Embassy's Despatch 1544, March 6, 1945.
4. Embassy's Telegram 547, March 13.
5. London's Telegram 2721, March 16, repeated to Lisbon as No. 72.
6. Embassy's Telegram 600, March 18.
7. Department's Telegram 435, March 16.

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DECLASSIFIED

Authority AND 968103By AT NARA Date 1-18-00

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Entry FOREIGN FUNDS CONTROLFile PEHLE, JOHN W. (MR)

Box

335

(C.F.)

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Enclosure No. 2 to SH Despatch No. 1568, dated March 19, 1945,
From Embassy at Lisbon.

Draft of Note Verbale to Portuguese Ministry of Foreign Affairs.

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs and has the honor to invite the attention of the Ministry to the official statement which was issued at the close of the recent Crimea Conference.

The Embassy desires to inform the Ministry of Foreign Affairs that the Government of the United States, having in view the future conduct of the war and the period which will follow its termination, wishes to suggest for the serious consideration of the Portuguese Government the desirability of the enacting and implementation of legislation which will:

1. Recognize the authority of the United Nations within the jurisdiction of Portugal over all German assets;
2. Render null and void any German-Portuguese contract, when there is evidence that the transaction constituted a contribution to the German war effort or was entered into in contemplation of defeat and designed to circumvent or frustrate the authority and jurisdiction of the United Nations;
3. Assist the United Nations in resolving the confusion of property relationships arising from German occupation of various allied countries and Germany's attempt to cloak dealings through neutral agents.

The Government of the United States believes that the Portuguese authorities will wish to adopt measures similar to those which have been applied by certain other nations, designed to insure the ultimate equitable liquidation of post-war problems. In this connection the attention of the Ministry is once more invited to The Declaration of London of January 5, 1943, which pertained to looted property. The Declaration of February 22, 1944, concerning Gold, and Resolution No. VI of the United Nations Monetary and Financial Conference which was the subject of the Embassy's Note No. 573 of September 30, 1944.

JDB/ew

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Authority AND 468103

Entry FOREIGN FUNDS CONTROL

By AT NARA Date 1-18-91

File PELLE, JOHN W. (MR)

Box 335 (C.F.)

FOREIGN FUNDS CONTROL

To: Mr. Glazer

(1) (Room) (Bldg.)

(2) (Room) (Bldg.)

(3) (Room) (Bldg.)

Embassy, Lisbon

of State, Washington

6

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Glazer

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SECRET

Do we know anything about direct shipments from Germany to Portugal. Check with Curtis - if Swiss would be likely to know.

to the inquiry contained in the , dated April 12, Number 376, - mation obtainable from ast at the present time.

ally advised by an authority hat between April, 1938, and was ever shipped to Portugal e states further that any ived in Portugal came ther country, and that all e accounted for in the tabulations February 13, from the Embassy, to the Embassy's cable of February 14, on concerning the German gold secret.

From: RRShwartz 5/15/46. (Date)

..... (Room) (Bldg.)

It is doubtful that Portugal would submit Treasury interrogation. The tabulation submitted in the above-mentioned despatch, Number 729, is believed by the Portuguese authorities to be complete. (In this connection, see message Number 344 of April 4, from the Department.) Those authorities do not believe the work that would be involved in an attempt to secure the information requested in the interrogatory would be warranted. It is claimed by the Bank of Portugal that there is insufficient trained personnel available. Their reply was not made in the form of a refusal to comply with the request, however. With a view toward convincing the authorities that interrogatory should be submitted, further attempts will be made.

BARUCH

RECEIVED
FOREIGN FUNDS CONTROL
OFFICE OF THE
DIRECTOR

5/9/46

Glasser, Miss Masterson (3), Schmidt (2), Wood, Kamarck, Willis, E. Hebbard, ~~Spanish~~ Curtis, Ullmans.

MAY 9 1946

AM

7 8 9 10 11 12 1 2 3 4 5 6 PM

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DECLASSIFIED

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Authority: AWD 968103

Entry FOREIGN FUNDS CONTROL

By AI NARA Date: 1-18-99

File PELLE, JOHN W. (MR)

Box

335

(C.F.)

Check to see if any info from the source.

FROM: American Embassy, Lisbon
TO: (Room) Secretary of State, Washington
DATED: (Room) May 4, 1946
NUMBER: (Room) 390 (Slide)

SECRET

*Portugal - Glasser - (C.F.)
ms
Glasser
at 7m in case
any thing about
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With reference to the inquiry contained in the cable from the Department, dated April 12, Number 376, there is no further information obtainable from unofficial sources, at least at the present time.

We are unofficially advised by an authority of the Bank of Portugal that between April, 1938, and May, 1945, no gold at all was ever shipped to Portugal from Germany. This source states further that any German gold which was received in Portugal came indirectly through some other country, and that all receipts for such gold are accounted for in the tabulations given in despatch, dated February 13, from the Embassy, Number 729. Kindly refer to the Embassy's cable of February 14, Number 735, for information concerning the German gold delivered to Portugal in secret.

It is doubtful that Portugal would submit Treasury interrogation. The tabulation submitted in the above-mentioned despatch, Number 729, is believed by the Portuguese authorities to be complete. (In this connection, see message Number 344 of April 4, from the Department.) Those authorities do not believe the work that would be involved in an attempt to secure the information requested in the interrogatory would be warranted. It is claimed by the Bank of Portugal that there is insufficient trained personnel available. Their reply was not made in the form of a refusal to comply with the request, however. With a view toward convincing the authorities that interrogatory should be submitted, further attempts will be made.

BARUCH

RECEIVED
FOREIGN FUNDS CONTROL
OFFICE OF THE
DIRECTOR

5/9/46

Glasser, Miss Masterson (3), Schmidt (2), Wood, Kamarck, Willis, E. Hebbard, ~~Spencer~~ Curtis, Ullmann.

MAY 9 1946

AM 7 8 9 10 11 12 1 2 3 4 5 6 PM

207943

DECLASSIFIED

Authority AND 785008By SR NASA Date 10-21-99RG 260Entry USACA - Files of the DirectorFile Decimal Files 1945-51Box 15

2 February 1950

Tripartite Commission for
Restitution of Monetary Gold
155, Rue De La Loi
Brussels, Belgium

Gentlemen:

In acknowledgment of your letter dated 10 January 1950, I wish to inform you that the arrangements proposed by you for the receipt of the gold consignment in London appear to be satisfactory, and my staff has been instructed to make the necessary arrangements for the shipment.

It is, however, noted from the contents of your letter that there is a misunderstanding in regard to the number of gold bars, weight of the coins, and the total fine gold content of the consignment. In order that the matter may be clarified, a detailed inventory of the consignment is attached hereto.

In connection with the insurance, the proposed arrangement to insure the shipment jointly in your and my name is also satisfactory. The total value of the consignment had been estimated in 1947 at 98,287 U.S. Dollars. However, it is believed that the amount of insurance to be obtained should be left to your discretion.

A military escort will be provided for the direct transfer of the consignment from the vaults of the Austrian National Bank in Salzburg to the airfield at Salzburg, which is some four kilometers from the bank. A B-17 will be employed for the shipment and a representative of my Headquarters, Mr. James A. Garrison, acting as courier for the consignment, will receive the temporary receipt for the consignment from the carrier firm in London.

On completion of the arrangements here, the schedule of flight will be communicated to you at least ten days prior to the tentative departure date.

Sincerely,

GEOFFREY KEYES
Lieutenant General, USA
Commanding

SECRET

207944

RETURN TO USACA FILE

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DECLASSIFIED	RG 260
Authority <u>NND 785068</u>	Entry <u>USACA - Files of the Director</u>
By <u>SR</u> NARA Date <u>10-21-99</u>	File <u>Decimal Files 1945-51</u>
	Box <u>15</u>

5-87

25 April 1950

Mr. J. A. Watson, Secretary General
Tripartite Commission for the
Restitution of Monetary Gold
155, Rue de la Loi
Brussels, Belgium

Dear Mr. Watson:

I acknowledge your letter G/Aus 1094, dated 4 April 1950, and its attached certified extract from the letter addressed to you by the Bank of England.

This is to confirm that the fine ounce content of the gold bar, as established by the Bank of England, is acceptable to this Headquarters. The fine gold content of the coins was not established here; nevertheless, it may be assumed that the weight established by the Bank of England is correct.

Sincerely,

GEOFFREY KEYES
Lieutenant General, USA
High Commissioner

LF to c/USACA

207945

DECLASSIFIED

RG 260

Authority UND 785008

Entry USACA - Files of the Director

By SR NARA Date 10-21-99

File Decimal Files 1945-51

Box 15

R
21

DISPOSITION FORM

(18 Apr 50)

SUBJECT: Confirmation of Fine Ounce Gold Content of Gold Transferred to Tripartite Gold Commission

TO: A/DC

FROM: C/USACA

DATE: 21 April 1950

COMMENT NO. 3

Mr Whiting/cap/B-47394

1. Comment No. 2 is self-explanatory, and refers to Tab A, which is a letter addressed to General Keyes by the Tripartite Gold Commission, concerning the content of the gold shipment recently forwarded by USFA to the Commission.

2. Tab B is reply thereto.

3. Recommend approval of the letter at Tab B for signature of the High Commissioner and dispatch.

FOR THE CHIEF, USACA SECTION:

Incls

1-Basic Ltr w/Incl

2-Reply a/s

J. H. WHITING

Deputy Chief

207946

GES

RS TO BE COPIED

DECLASSIFIED

RG 260

Authority AND 785008Entry USACA - Files of the DirectorBy SR NAPA Date 10-21-99File Decimal Files 1943-51Box 15

Confirmation of Fine Ounce Gold Content of Gold
Transferred to Tripartite Gold Commission.

C/USACA

R D & R Division

18 April 1950

X 2

JAG/JMDEAN/B-48423/hh

1. Reference is made to Comment #1 concerning reply to Tab A.
2. Tab B is proposed reply for the signature of the Commanding General.
3. The fine ounce gold content of the gold bars, as established by the Bank of England, is considered correct on the following basis:
 - a. Our receipt shows that we delivered to the Bank of England 90282.836 grams fine gold.
 - b. The conversion figure from grams into ounces using the Troy Weight of 1 ounce = 31.1035 grams shows that the fine ounce weight of the gold as established by the Bank of England is 0.405 ounces more than shown on our inventory. The slight difference can be explained by the fact that the fine gold content of each bar shown on our inventory was not carried beyond 1/1000th of a gram.
4. Since the fine ounce content of the gold coins had not been established here, the weight of the coins as established by the Bank of England could not be confirmed. However, it is believed that the statement from the Bank of England as to the weight of the gold coins is reliable.
5. It is recommended that subject to concurrence of your Accounting Branch, the attached draft letter be approved by you and submitted to the Commanding General for signature.

JAMES A. GARRISON
Chief, R D & R Division

Incls:

- 1-Ltr fr Tripartite Comm. with
Incl. dtd 4 Apr 50 (Tab A)
- 2-Draft Reply (Tab B)

207947

TOTAL PAGES

PAGE NUMBERS

DECLASSIFIED

RG 260

Authority UND 785008Entry USACA - Files of the DirectorBy SR NARA Date: 10-21-99File Decimal Files 1945-51Box 15COMMISSION TRIPARTITE
POUR LA RESTITUTION DE L'OR MONETAIRETRIPARTITE COMMISSION
FOR THE RESTITUTION OF MONETARY GOLD155, Rue de la Loi
B r u x e l l e s

G/AUS 1094

4th April, 1950

Lieutenant General Geoffrey Keyes,
Commanding General,
Headquarters United States Forces in Austria,
Office of the Commanding General,
A.P.O. No. 777, U. S. Army.

Sir,

I have the honour to refer to the letter reference G/AUS-1011 which was addressed to you by the Tripartite Commission for the Restitution of Monetary Gold on 10th January, 1950, to your reply thereto, dated 2nd February, 1950, and to the Commission's cable addressed to you through the office of the Commissioner of the United States on the Commission, on 16th March, 1950, informing you of the safe arrival, at the Bank of England, of the five boxes containing gold bars and coins, despatched on your instructions pursuant to the agreement entered into between yourself and the Commission for delivery to the gold pool, and announcing that formal confirmation of the fine gold content of the bars and coins in question would be sent to you as soon as the requisite information had been received from the Bank of England.

I have been directed by the Commission to forward to you the enclosed relevant extract, duly certified, from the Bank of England's advice of credit, dated 20th March, 1950, which shows that the fine ounce content of the bar gold has been established as 2,903.063 fine ounces and of the gold coin as 61.842 fine ounces, which have been set aside for the account of the Governments of the United States, the United Kingdom and France.

The Commission would appreciate receiving a formal confirmation of your agreement with the above.

I have the honour to be,
Sir,
Your obedient servant,

/s/ J. A. Watson
/t/ J. A. WATSON,
Secretary General

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TOTAL PAGES

PAGE NUMBERS TO B

DECLASSIFIED

Authority NND 785068
By SR NARA Date 10-21-99

RG 260
Entry USACA Files of the Director
File Decimal Files 1945-51
Box 15

COPY

COPY

EXTRACT

PRIVATE & CONFIDENTIAL

Any reply to be addressed to
The Chief Cashier
and to bear the reference
F.E.13.25/DA.4
Telegraphic address:
"INGOTISM.LONDON".

BANK OF ENGLAND, LONDON, E. C. 2.

20th March, 1950

The Tripartite Commission for the Restitution
of Monetary Gold,
155, Rue de la Loi,
Brussels.

Gentlemen,

I have the refer to the consignment of bar gold and gold
coin consigned from the American Zone of Austria to the Bank of
England to be set aside for account of H.M. Treasury o/a the
Governments of the United States, the United Kingdom and France.

I have now to inform you that, after remelting 67 of the
bars into "good delivery" form, the fine ounce content of the bar
gold has been established as 2,903.063 fine ounces and that of the
gold coin as 61.842 fine ounces, which amounts have accordingly been
set aside to-day for the above-mentioned account.

.....
(Sgd) for CHIEF CASHIER.

Certified true copy of the relevant
portion of the Bank of England's
advice of credit, reference F.E.13.25/DA.4,
dated 20th March, 1950.

/s/ J. A. Watson
/t/ J. A. WATSON
Secretary General

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TOTAL PAGES

RG 260
 Entry PROPERTY
 File Sem-monthly Reports
 Box 28

DECLASSIFIED
 Authority WMDT 15119
 By TJ NARA Date 4/24/99

*J. de
 Keyserlingk
 60/6*

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (US)
 Property Division
 Restitution Branch
 APO 403

Karlsruhe, Germany
 23 November 1948

MR. de KEYSERLINGK

Mr. N. H. Collison,
 ECA Commission,
 I. G. Farben Building
 Frankfurt a. M.,
 APO 757, U. S. Army

Dear Mr. Collison,

With reference to our recent conversation, I summarize the non-cultural restitution shipments in round figures from the U. S. Zone of Occupation in Germany as follows:

Shipments as of 31 October 1948		RM 293,500,000
Estimated shipments to 31 Dec. 1948		6,500,000
Total restitution shipments		300,000,000
Hungarian gold	RM 100,000,000	
Other Hungarian property (Not integrated in German economy)	25,500,000	
French horses	2,500,000	
Dutch diamonds	7,500,000	
I.W.T. craft	9,500,000	145,000,000

The balance of RM 155,000,000 comprises mainly industrial equipment and raw materials but also such items as railroad equipment, automobiles, horses, jewelry, furniture and household goods.

The values, prior to the currency reform, were computed on the basis of a 1938 Reichmark applied to the article in its present condition. After the currency reform, the Deutsche Mark was used.

Sincerely,

K. A. de KEYSERLINGK
 Deputy Chief
 for Industrial Restitution

Telephone KARLSRUHE 617/240

207950

AG 260
 FED
 Box 464
 File: ANACRISOL COINS & CURRENCY

arranged in general files

TREASURY DEPARTMENT
 Washington

Foreign Funds Control

Dear Jack:

A day or so ago I was talking with Doc Howard of the Bureau of the Mint who you will recall headed up the American part of the group which last summer weighed and examined the gold stored in the vaults of the Reichsbank in Frankfurt. He asked that I pass on to appropriate persons the fact that there are in the vaults in Frankfurt about 21 bags of very rare coins. Howard said that these coins were apparently taken from a museum, possibly in Holland, and that their numismatic value is far in excess of their value as gold coin. Howard felt that these coins should be given special treatment and not by accident be passed out along with all of the ordinary gold coin in the vaults. He said that the group that had done the weighing and examining of the gold last summer had specially labeled these 21 bags and had segregated them from the rest of the gold coin, but he wanted to be sure that their special status was not overlooked.

It seemed to me that the best way to accomplish this result was for me to pass the substance of his remarks along to you.

Sincerely yours,

Orvis A. Schmidt
 Director

Mr. Andrew Jackson Bennett
 Office of Military Government for Germany (U.S.)
 Finance Division - U.S.F.E.T.
 A.P.O. 742
 c/o Postmaster
 New York, N.Y.

207951

RG 260
 Entry Kennel
 File HUNGARY - BANK
 Box 284

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Authority NND775059
 By YBD NARA Date 10/20/77

C O P Y.

MILITARY GOVERNMENT - AUSTRIA
 Area of Control, Supreme Commander, AEF

14 May 1945.

Mr. Torzsay-Biber, Managing Director
 Mr. Cottely, Inspector
 National Bank of Hungary
 Spital am Pyhrn.

Your attention is directed to Article III, Decree No. 4, Military Government - Austria, which requires in part that the owner, holder or other person in possession, custody or control of certain foreign exchange assets shall deliver these assets within fifteen /15/ days to the nearest branch of the Reichsbank, or as otherwise directed.

You are hereby directed and ordered to deliver to the undersigned as a representative of Military Government - Austria certain foreign exchange assets presently under your control and subject to Decree No. 4, Military Government - Austria. Cases purporting to contain foreign exchange assets to be delivered are listed from attached schedules, made a part hereof, prepared by you under dates 3 May 1945, and 7 May 1945.

1. Six hundred and thirty two cases purporting to contain gold bullion and coin of a net weight of 29,855.0465 kg.
2. Two cases said to contain foreign bank notes and coin /excluding German Reichsmarks 1,295.391,50/.
3. Twenty cases of safe-keeping deposits marked E IX, Nr. 1, II, III, IV, V, E III, E IV, E V, E VI, E VII, E VIII, Nr. 4, E XI, E XII, E XIII, E XIV, E XV, E X, and Nr. 8. lep. The last named case, lep Nr. 8. is said to contain Czecho-Slovakian currency. lep.
4. Three cases, Nr. I-3048, Nr. II-3048, Nr. III-3049.
5. One package, net weight 3.315 kg, said to belong to the Hungarian Military Police.
6. Twenty seven cases said to have been deposited by the Trust Company for Orphans of Budapest.
7. One case said to contain sealed envelopes regarding Jewish properties.
8. One package said to belong to Ministerpresident Ferenc Szalasi.
9. One case said to have been deposited by the Commercial Bank of Budapest.

Such other property which remains in your possession, custody or control is subject to the terms of Decree No. 4 and all other enactments or direction of Military Government - Austria.

BY ORDER OF MILITARY GOVERNMENT - AUSTRIA.

Major LIONEL C. PERRERA, s.k.
 Chief Mil. Govt. Finance Off.

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National Bank of Hungary.

Spital am Pyhrn, 20 July 1945.

Owners of the National Bank of Hungary.

The National Bank of Hungary is a joint stock company limited and according to Commercial Law a private company. The Bank has been invested by special law /: 1924:V :/ with the right of issuing bank notes and the Statutes of the Bank have been determined by the same law. The obligations resulting to the Bank against the privilege of issuing bank notes and the ways of proceeding in case of a liquidation - if needed - are determined by the Statutes.

The Bank's share capital was subscribed by private persons, commercial and industrial concerns in 1924. The capital could be subscribed in gold or in Hungarian currency. For the proceeds in Pengoe the Bank gradually purchased convertible foreign exchange amounts, this being made possible by increased exportation of commodities into countries with convertible currency. The gold reserve was purchased of these amounts and of the Bank's profits. The gold reserve is in custody of U.S.A. authorities in Frankfurt a/Main.

The Bank's whole property /: gold reserve and foreign exchange included :/ belong to the shareholders on basis of the ownership of the shares. /: in conformity also with American and British law :/ and consequently the yearly dividend is due to shareholders.

The amount of the dividend is fixed by the representation of shareholders that is the General Assembly, having also to decide about the most important problems of the Bank. The Bank is an institution absolutely independent from the government. The government has no claim to direct the Bank's policy and business activity. The government is only entitled to control whether the Bank is strictly observing the legal enactments concerning the Bank's activity. It is just for the sake of independence /: similar to the Bank of England :/ that the Bank was established as a private company limited and this independence enabled the Bank to maintain free business connection with other issue banks and the most important private banks of the world. The Bank has never financed either directly or indirectly any political movement and has never given to the government or anybody else foreign exchange or gold for such purposes. Since the Bank is independent from the Hungarian State and the Hungarian government of any time, having most distinguished international business relations, it can be resolutely asserted that the National Bank of Hungary is an unpolitical organisation of international character.

58 per cent of the Bank's shares are in deposit with the Bank itself. Same were deposited by the shareholders in order to secure their right of taking part in the General Assembly and voting. The shareholders being known to the Bank in that way are all Hungarians, with the exception of the following three foreign ones: Union Européenne Industrielle & Financière, Paris, Jacques Kanitz, Zürich and Credito Italiano, Milano. 42 per cent of the shareholders are unknown to the Bank since these have not deposited their shares with the Bank and the shares being issued "on bearer". The unknown shareholders are presumably Hungarian private persons, since the general public used to buy the Bank's shares at the Stock Exchange by way of investment.

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K. A. 116

Hungary - Bank

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By: [redacted] NARA Date 10/20/99

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We are in a position to declare that Germans have and had no interest whatsoever in the Bank. German, that is "nazi" influence in the Bank could be realized in the second half of 1944 only, however, this influence was based entirely on the power and violence of the neighbour state much stronger than Hungary. The Bank always followed with particular attention the purchases of its own shares at the Stock Exchange and there never was a clue indicating that same were purchased by Germans. In fact such attempts were never made by Germans; they preferred to conquer Hungarian industry.

Origin and character of the Bank are expounded in the "Note" dated 29 May 1945 as well as in the "Memorandum" dated 16 June 1945, copies of which have been handed over to Lt. Col. Rogers, Lt. Col. Marget, Capt. Catozella and Mr. Kamarck /SHAEP/ respectively.

List of shareholders enclosed.

1 enclosure.

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 By WBD NARA Date 10/20/77

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NATIONAL BANK OF HUNGARY.

Spital am Pyhrn, July 20th, 1945.

Requests, complaints, proposals.

The following introductory remarks have to be made :

1/ Lt.Col.Rogers /: Mil.Govt.Linz :/ as well as Lt.Col. Marget /: Regional Mil.Govt. Team Austria :/ have determined that the personnel of the National Bank of Hungary should not be considered as ordinary Displaced Persons. The Bank has been translocated from Hungary in order to save it from the actions of war.

2/ The Bank having rescued the gold reserve from Germans and effects of war, Lt. Col.Marget has expressed in his letter addressed to Officers of Mil.Govt.Linz and Kirchdorf that the Bank's officials have performed valuable service by delivering gold and other assets of the Hungarian National Bank into American hands. In addition Lt.Col. Marget has written a letter of recommendation to Mil.Govt. Officer in Spital am Pyhrn asking him to give whatever assistance is feasible to the officials of the Bank in order to facilitate the Bank's work and to maintain the existence of its staff and their families in Spital am Pyhrn. In spite of these letters of recommendation - confirming the correct and loyal conduct of the Bank towards American authorities - and in spite of our fair behaviour in front of Austrian authorities and population we realize that the situation has not ameliorated at all. From this way of treatment we have the impression of being considered as sinners, whereas we do not know what kind of sin we committed.

3/ Lt.Col.Rogers declared to us that the Bank is a blocked institute, which is obliged to perform all the work ordered by U.S.A.Military Authorities

Complaints and requests :

4/ On 14 May 1945 U.S.A. authorities /a Major Lionel C.Perera, Chief Mil.Govt. Finance Off. :/ have transported the Bank's gold reserve to Frankfurt a/Main together with 800 liter gasoline, which was hidden together with the gold in order to prevent its confiscation by Germans. We have pointed out that the same was the Bank's legal property brought from Hungary. We did not get a receipt although requested. On this occasion the Bank was assured that the gasoline needed for its official travels would be supplied by U.S.Authorities. Sometimes we have received small quantities of gasoline exhausted since long and we could not obtain more. The Bank requests for 100 gallons of gasoline for moving its vehicles on official trips /: Salzburg, Linz, etc. :/ as well as for transportation of food for the staff and families /: total over 700 persons :/.

5/ Together with the gasoline also 200 liter of pure alcohol have been carried off, without receipt. Nothing of this quantity has been restituted so far. We have urgent need of alcohol, since our stock is completely exhausted and our physicians are unable to work without it. We requested Lt.Col.Tobin /: Mil.

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Finance

HUNGARIAN BANK

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Govt.Linz :/ for 50 liter of pure alcohol , but so far without success. This alcohol would be urgently needed.

6/ Our greatest trouble is the problem of office rooms and lodgings. We have already mentioned elsewhere that 3 of our 7 office rooms have been laid under requisition by American troops and Bank's employees are sleeping also in 2 of the remaining 4 office rooms, since their lodgings have been also occupied by troops. These circumstances are rendering more and more difficult the Bank's work and no assistance was given by local Military Government and local Austrian authorities either, in spite of the fact that - as we believe - there is no shortness of accomodation in Spital am Pyhrn to such an extent that would exclude the solution of this problem. Consequently we can hardly accomplish the works ordered by SHAEF Finance Detachment in Frankfurt a/Main and also our present work is deprived of that banking exactness which could be expected from an issue bank.

We request for your effective assistance on this subject so that the 3 office rooms might be given free and no more lodgings might be taken from our employees. We feel our position here very hard, as we have to perform certain works by order of higher U.S.A. Authorities and at the same time local authorities are making nearly impossible the accomplishment of our duty.

7/ Orders received.

We have to compose for SHAEF in Frankfurt a/Main a most detailed inventory of securities packed in 124 wooden cases. For this work 2-3 months will be needed. The definite balance sheet for 1944 has to be prepared, a rough draft of same being only on hand. This work will also require at least two months supposed we shall get again our office rooms. In this respect it would be necessary of course to be permitted to look into our books transported to Frankfurt a/Main, and to have back the records remained in Reichenau. We have to suppose that our work handed over at present will need further complements. We believe that respective orders will be given by Mil.Govt. , the execution of which will require a further period of time. We are informed by our officials working in Frankfurt a/Main that their work might require several months more. It can be taken for sure that the Bank will need 3 months at least to accomplish its work in course.

8/ Our plans.

The Bank is considering it its duty to perform all the banker's tasks which might be necessary in connection with the treaty of peace or even previous to it, according to any decision of Allied Powers. The Bank is enabled to do so not only by the fact that its whole gold reserve and stock of foreign currency is in custody of U.S.Authority, but also by the fact that the Bank's efficient organisation together with books and office equipments is staying on territory under U.S.A. sovereignty.

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We think that in any case we have to wait as long as the question of the property and personnel of the National Bank of Hungary will be resolved by international contract.

As to the future fate of the personnel the manager has inquired the employees in regard of their intentions. The inquiry resulted as follows : In case Hungary should be placed under mutual control of Allied Powers, 608 persons /: 239 employees and 369 members of families :/ wish to repatriate, that is the great majority. Even in the case this favourable turn of affairs would not take place 204 persons /: 89 employees and 115 members of family :/ intend to return home, on the other hand 404 persons /: 150 employees and 254 members of family :/ would like to emigrate. Such desire of the personnel in form of a request will of course be presented to U.S. authorities at a date only when the Bank will have accomplished its duties here and the respective international contract will be achieved.