

DECLASSIFIED

Authority NM87790By WBI NARA Date 4/6/00RG 226Entry 190File 1032 LondonBox 273NOTES

Lorsque j'étais blessé à l'hôpital à Amiens, il y avait avec moi 3 Anglais. La pièce que j'occupais dans le Pavillon des médecins ne contenait que des blessés graves. L'installation était de fortune. Nous étions couchés sur des paillasses d'avoine fraîche.

Un officier anglais venu voir ces pauvres soldats m'a appris l'armistice de la France. Un soldat anglais avec qui je parlais ensuite me dit : " Anglais seuls, dans la bataille - Bénéfice de la victoire, seule pour elle". J'étais furieux et cela m'a très indisposé.

Lorsque je me suis évadé, j'ai quitté l'hôpital en faisant le mur (j'avais été blessé très grièvement, j'avais reçu deux balles dans la poitrine et je reviens de loin), lorsque je me suis évadé donc, je suis allé visiter les rues d'Amiens, en simple soutane noire. Sur tous les murs, il y avait des affiches contre l'Angleterre et l'alliance. A ce moment, j'ai oublié ce que m'avait dit l'Anglais et je me suis dit : " pour que les Allemands attachent une telle importance à cette question, il faut que le salut de la France soit dans cette alliance avec l'Angleterre" et c'est à ce moment que j'ai décidé de tenir ferme à l'alliance anglaise, ce qui m'a coûté pas mal d'ennuis mais, partout et toujours, dans les salons, les conversations, j'ai pris une position très nette malgré la violence de langage de Vichy contre l'Angleterre.

Nous sommes très peu en France qui, dès 1940, aient pris parti pour l'alliance anglaise et je l'ai pris sans condition mais ma position était celle-ci : " Je ne suis pas fidèle à l'Angleterre mais je suis fidèle à la parole qu'elle nous a donnée ".

A ce moment la question était très trouble. On ne savait pas exactement ce qui s'était passé à Dunkerque, Mers-el-Kébir. On n'a pas su mais je me disais : " Nous avons un traité d'alliance avec l'Angleterre, nous sommes partis dans une lutte contre les Allemands " et je n'ai jamais dérivé de cela malgré les moments quelquefois déconcertants.

En Octobre 1940, je me trouvais à Cannes qui était d'une mondanité incroyable, c'était extraordinaire. Je faisais une promenade en barque, il y avait des garçons, des filles, c'était charmant, agréable et on parlait de politique car c'était la seule question qui intéressait la France et avec des amis nous disions : " il n'y a aucun doute, c'est l'Angleterre qui gagnera la guerre " et nous étions très bêtes car depuis, il y a eu la Russie, l'Amérique.

La petite proportion de gens "gaullistes" l'était par fierté, par honneur, d'une façon obscure. Seul, De Gaulle a su ce qu'il faisait, En France, nous ne savions rien sinon que l'armée allemande était là et qu'elle menaçait l'Angleterre.

Je n'ai connu De Gaulle qu'à l'hôpital. Dans la chambre à côté de la mienne, il y avait un amputé du bras qui était dans la division de chars de De Gaulle. Il connaissait De Gaulle pour avoir été sous

DECLASSIFIED

Authority NM87790By WHL NARA Date 4/6/94RG 226Entry 190File 1032 LondonBox 273NOTES

Dans la marine française, les marins qui sont tous, en général, de beaux hommes nous ont dit pendant ces quatre ans : " Nous autres, marins, nous avons une tradition militaire dont nous ne nous écartons jamais : nous sommes pour celui qui nous paie et nous obéissons à celui qui nous paie ". C'est exactement la théorie et les principes d'une putain.

J'avais été très grièvement blessé et laissé sur le carreau. Des Allemands m'ont relevé et conduit à l'hôpital mais dès que j'ai pu marcher, je me suis évadé de l'hôpital en je suis venu en zone libre. Immédiatement j'ai pensé à la revanche.

J'avais fait toute la guerre dans un corps-franc qui était célèbre et commandé par Joseph Darnand, soldat de 1er ordre que nous aimions beaucoup à cause de son courage et je crois que maintenant encore je me ferais crever la peau pour lui parce qu'il se ferait crever la peau pour moi. Il y a une solidarité de soldat à soldat.

En août 1940, je venais de m'évader, ma Mère me soignait chez moi. Je reçu un mot de lui me disant : " Venez me trouver, tout n'est pas perdu, il y a beaucoup à faire ". C'était mon avis, je suis parti pour Nice voir Darnand. C'est comme ça que j'ai participé à une organisation avec De Gaulle.

Mais chaque fois que Pétain venait, il faisait appeler Darnand et il avait de longues conversations avec lui et chaque fois Darnand revenait collaborateur. J'ai toujours cru que Pétain était un imbécile. Je suis un anarchiste, je veux dire par là que l'autorité ne m'en impose pas si elle n'est pas revêtue de justice et de légitimité.

Je voulais faire quelque chose d'éclatant et l'occasion m'a été donnée à une conférence d'Henry Massis sur Charles Péguy tellement gentille, on l'a mis à toutes les sauces. Cette conférence à Nice sur Péguy était présidée par le Préfet et le Maire. J'aime beaucoup Péguy et je connais très bien son œuvre, je suis donc allé à cette conférence. Salle comble, public immense mais public de gens de Vichy. Lorsque la conférence a été terminée, je me suis précipité sur l'estrade, j'étais en blanc, Massis a cru que je venais le féliciter et m'a serré la main et je lui ai dit : " Ecoutez, vous seriez très gentil si vous m'accordiez 2 minutes la parole ". Il a senti le sol trembler sous ses pieds. Alors, je me suis tourné vers la foule et j'ai commencé : " Je voudrais simplement ajouter quelques mots à la conférence entendue. Je voudrais que ces quelques mots soit un hommage à un blessé à un tué ". Immédiatement les gens se sont arrêtés et j'ai dit : " Ce qui nous pousse, nous autres, jeunes, c'est l'angoisse de notre pays vaincu et occupé ". De surprise a étreint tous les coeurs. " Pour que cet hommage à Péguy soit digne de lui, il faut évoquer une phrase de Péguy : " Tout un monde est intéressé à la résistance de la France ". Je regrette qu'ici et aujourd'hui cette phrase n'est pas été prononcée car c'est celle qui nous intéresse le plus. "

Applaudissements, cris. Le Préfet et le maire étaient furieux.

225427

DECLASSIFIED

Authority NM87790By MS11 NARA Date 4/6/94RG 226Entry 190File 1032 LondonBox 273

(2)

et moi très digne, je saute de l'estrade et je m'en vais.

C'était la veille de la fête de Jeanne d'Arc. On la fêtait beaucoup car Jeanne d'Arc était un peu contre l'Angleterre. Je rentre dans mon couvent à Nice. Pas plutôt arrivé, Monseigneur Raymond me téléphone et me dit : " Vous avez pris la parole à Nice " - " Oui " - " Et de quel droit ? ". J'ai répondu : " Monseigneur, j'estime que j'ai fait la guerre d'une certaine manière qui me donne le droit de parler dans mon Pays ". " La question n'est pas là " reprit Monseigneur Raymond. " Monseigneur, je regrette, tout est là, il n'y en a pas d'autre ". Je me suis dit, le coup est gros.

En effet, 5 minutes je suis rappelé par le supérieur. L'évêque m'a ensuite rappelé au téléphone et il m'a interdit de parler en public pratiquement jusqu'à maintenant et j'ai été expulsé de Nice qui était gaulliste. C'était la fête de Jeanne d'Arc, j'étais dans une fureur noire. J'ai envoyé un mot à mon ami et je lui ai dit : " Fête de Jeanne d'Arc ", un Evêque n'a pas tous les jours une Jeanne d'Arc à brûler".

Je suis rentré à Saint Maximin et là j'ai reçu une lettre d'un vieux monsieur qui me dit avec insolence : " Vous comprenez, nous tolérons beaucoup de choses des jeunes gens et vous n'êtes plus un jeune homme, tout de même vous avez fait la guerre et nous sommes tout-à-fait disposés à vous pardonner mais nous n'attendions pas cela de vous ". Je lui ai répondu : " Mon bon vieillards, ce n'est pas vous qui me supportez, mais nous qui vous subissons. Je vous bénis. "

A Saint Maximin, j'ai travaillé, j'ai écrit un livre puis j'ai voulu reprendre mon activité. J'ai fait plusieurs fois le trajet entre Paris et Saint Maximin. Je passais la ligne de démarcation en fraude dans des wagons à bestiaux avec la complicité des agents du chemin de fer qui ont été extraordinaire. Mais un jour, ça s'est cassé. J'ai été pris avec des lettres de bonnes sœurs et dans lesquelles elles disaient à leurs correspondants : " Vous pouvez avoir toute confiance dans le Père car il a l'habitude de passer la ligne. "

J'ai été arrêté, j'ai subi un interrogatoire et je m'en suis tiré avec 5 mois de prison à la prison de Dijon et livré aux autorités françaises qui m'a passé à la prison du droit commun, milieu qui m'a bien déçu. Ce ne sont pas des gens intéressants. La prison des femmes était plus intéressante. Il y avait environ 4 mouchards sur 10 détenus. De temps en temps, les Allemands arrivaient vers 9 heures du matin, on savait qu'il y allait y avoir fusillade et l'on ne savait pas qui. Sur tous les pauvres gens qui étaient là, il y avait une angoisse. Toute la journée une espèce de menace pesait sur chacun. On jouait aux cartes, on parlait peu, on riait peu et vers 15h.30, un garde arrivait avec une liste dans la cour de la prison. Il appelait les numéros matricules car nous étions des numéros. On ne parlait pas de fusillade mais on disait d'un type qu'il allait être "transféré", c'était le mot mais on comprenait. Je me souviens du jour de l'Ascension en 42 car il choisissait toujours les jours de fête, il y avait un type dans la cour, un communiste très gentil qui avait 20 ou 22 ans. Il n'en avait plus que pour 3 semaines. Il est sorti. Il a pris alors un camarade à part et il lui a dit :

225428

DECLASSIFIED

Authority NM87790By WHL NARA Date 4/6/00RG 226
Entry 190
File 1032 London
Box 273

Je vais mourir. Tu lui diras que je suis mort dans la foi communiste et courageusement. Adieu !". Il est parti en nous, faisant signe de la main. Il est passé dans une autre cour avec les autres types. Ils sont partis en chantant tous la Marseillaise. Ils ont été livrés aux Allemands qui les ont emmenés en camion qui s'est éloigné. On entendait au loin la Marseillaise chantée d'une voix forte, d'une façon formidable. On aurait dit un poste de radio.

Arrivés au lieu de l'exécution, on m'a raconté que le lieutenant n'avait pu leur lire l'acte de condamnation tellement ils chantaient fort. Ils ont été mis contre un mur de cimetière et ils ont été fusillés. A ce moment là, ils chantaient encore.

C'est une histoire en partie vécue et tout le monde vous racontera la même.

A la prison, on y mangeait très mal, des carottes à l'eau. La nourriture nous dégoûtait tellement on en avait mangée. Mais il fallait la manger si nous ne voulions pas mourir de faim.

Lorsque je suis sorti de prison, j'ai fait du cinéma mais auparavant il a fallu que je fasse mes 5 mois de prison. Je voulais m'évader mais comme ma peine n'était pas trop longue, on m'en a détourné. A la fin de ma prison, j'ai pu être expédié dans un chantier de terrassier, en plein air. On attendait le débarquement depuis longtemps et je me suis dit : " Si le débarquement me surprend ici, ce sera plus facile pour m'évader "

Nous étions gardés par des douaniers français. C'était dans l'Aube près de Clervaux. Nous avions décrété que le 14 Juillet était férié. Nous avons mobilisé les douaniers avec leurs armes pour faire la garde au drapeau français sur lequel nous avons mis la Croix de Lorraine. Puis tous les autres hommes se sont mis en colonne de 3 et nous sommes partis à travers la forêt en chantant la Marche Lorraine. On s'est arrêtés dans une clairière et j'ai fait une allocution où j'ai dit que c'était un très grand honneur pour nous d'être en prison puisque c'était un avant-poste de la résistance française contre l'Allemagne. Je leur ai fait acclamer Churchill, Roosevelt, Staline, le Négus, De Gaulle. Puis nous avons chanté la Marseillaise puis nous sommes redescendu au pas en chantant la "Madelon". Nous sommes allés dans les environs manger des oeufs et boire du lait.

Parmi nous, il y avait un collaborateur. Pour qu'il se taise, on a fait prendre une photo du groupe avec lui et la Croix de Lorraine.

Lorsque je suis sorti de prison j'ai fait un film parce que j'estimais que c'était important. Il a été fait rien qu'avec des français. Le dialogue était de Jean Giraudoux. Le film est sorti l'an dernier au mois de juin. Durant toutes ces années, le cinéma a fait un grand effort. De tous les films faits c'est les films français qui ont eu le plus d'éclats malgré la médiocrité des moyens.

Je suis rentré dans mon couvent à Saint Maximin et je me suis occupé de résistance. Et puis le débarquement est arrivé.

DECLASSIFIED

Authority NM87-7190

By W511 NARA Date 4/6/91

RG 226

Entry 190

File 1042 London

Box 273

DON - OSS - P-43

ARCHIVE

RG 226 OSS E190
BOX 273
FOLDER 1042

FOLDER 1042
LONDON OSS
OP-43

Occupation
File 210.11

DECLASSIFIED

Authority NM87-7190

By MSH NARA Date 4/6/00

RG 226

Entry 190

File 1052 London

Box 274

PROGRAMMING SUBCOMMITTEE

S ARCHIVES

RG 226 089 E190
BOX 274
FOLDER 1052

FOLDER
LONDON
OP-44

DECLASSIFIED

Authority NM87790

By WH NARA Date 4/6/00

RG 226

Entry 190

File 826 London

Box 260

CHRONO - ROBERT B. MACLEOD

OSS ARCHIVES

RG 226 OSS 2190

BOX 260
FOLDER 825

FOLD

LOAN

OP.

DECLASSIFIED
Authority NND877190
By WHL NARA Date 4/6/00

RG 226
Entry 190
File 826 London
Box 260

CHRONO FILE - ROBERT B. MACLEOD

OSS ARCHIVES

LONDON-OSS-OP-34

RG 226 OSS E190
BOX 260
FOLDER 526

FOLDER
LONDON
OP-34

DECLASSIFIED

Authority NND87990
By EO NARA Date 4/5/00

RG 226
Entry 190
File 834 London
Box 261

ACCESS RESTRICTED

Item No. 11621 Date _____

Now filed in CIA Job No. 79-00332A

has been withdrawn from this file:

Job No. _____

Box No. _____

Folder No. _____

The item has been withdrawn because it contains security classified information or otherwise restricted information.

National Security Act of 1947

Authority

1947

Date

WITHDRAWAL NOTICE

DECLASSIFIED
Authority NND87990
By CO NARA Date 4/5/00

RG 226
Entry 190
File 834 London
Box 261

ACCESS RESTRICTED

Item No. 11622 Date _____

Now filed in CIA Job No. 79-00332A

has been withdrawn from this file:

Job No. _____

Box No. _____

Folder No. _____

The item has been withdrawn because it contains security classified information or otherwise restricted information.

WITHDRAWAL NOTICE

National Security Act of 1947

1947

Authority

Date

DECLASSIFIED
Authority UNDS 8790
By GO NARA Date 4/5/80

RG 226
Entry 190
File 869 London
Box 263

ACCESS RESTRICTED

Item No. 11411 Date _____

Now filed in CIA Job No. 79-00332A

has been withdrawn from this file:

Job No. _____

Box No. _____

Folder No. _____

The item has been withdrawn because it contains security classified information or otherwise restricted information.

WITHDRAWAL NOTICE

National Security Act of 1947

1947

Authority

Date

DECLASSIFIED

Authority **UNDS87990**
By **PO** NARA Date **4/5/00**

RG 226
Entry 190
File 839/London
Box 261

United States

SECRET

HQ AND HQ DETACHMENT
OFFICE OF STRATEGIC SERVICES
European Theatre of Operations
UNITED STATES ARMY
(Main)

Equals British MOST SECRET & SECRET

26 February 1945

TO : Colonel James R. Forgan, General Staff Corps
FROM : Mr. William J. Casey
Chief, SI Branch
ETO
SUBJECT : SI Post Collapse plans

I. Although SI post collapse plans have had to give way to the higher priority for current operations, the plan for SI activities after collapse has been formulated and its implementation is under way. The program visualized divides itself into two phases:

TWILIGHT I -- In the event of a rapid collapse of organized German resistance, agents on hand will be dropped with W/T communications at strategic points in Germany in order to procure and report enemy activities to the advancing armies. This is visualized as an emergency short term job for agents on hand but not yet prepared for dispatch into a Germany which is still able to enforce controls. Under collapse conditions and for a short term mission, it will be possible to dispatch all agents on hand even though they are not completely documented, their cover not completely worked out, etc.

TWILIGHT II -- As soon as possible after collapse, the following steps will be taken:

a) Personnel now earmarked and available will be brought into the portion of Germany occupied by American forces to merge into the population and contact Germans found there to organize them into a functioning intelligence network.

United States

SECRET

Equals British MOST SECRET & SECRET

Very interesting

Must be made meaningless

glw - first

DECLASSIFIED

AUTHORITY

NND87990

BY

NARA Date

4/5/00

RG

226

Entry

190

File

839 London

Box

261

- 2 -

- K-7-F*
- OSS units*
- Will planes
then be available*
- b) Staff officers to go into these regions and contact certain Germans, who are now being listed, for the purpose of obtaining special information from them, to organize them into intelligence chains, and to pick up and operate agents introduced as explained in (a) above.
 - c) Small units will go to Denmark, Norway, Czechoslovakia and possibly Poland to work along lines similar to units presently in Holland, Belgium and France in developing intelligence chains into Germany.
2. Preparation for TWILIGHT I has proceeded to the point of drafting the plans and determining the points to be covered. The basic brief for agents operating under the plan is now being compiled. Agents on hand will always be earmarked for specific points under TWILIGHT I conditions until their dispatch. Pin points will be cleared with the Air Force and the squadron assigned to OSS will be asked to fly these missions as soon as conditions within Germany make them feasible. Plan for TWILIGHT I is attached as Annex A.
 3. Preparations for TWILIGHT II have proceeded to the point where regions of operation have been determined, personnel tentatively earmarked for operation in those regions, and dossiers exist for the use of personnel going into each area. These dossiers are steadily being built up and the next step is to bring the personnel earmarked together for regular skull sessions on the operations contemplated.
 4. Annex B is a statement of plan of TWILIGHT II.
 5. Annex C is a statement of staff personnel tentatively earmarked for operations in the regions contemplated in TWILIGHT II.
 6. Annex D is a breakdown of agent personnel available for operation in areas of Germany indicated.
 7. Annex E is the plan for post occupation operation in Cologne which will probably offer the initial experimentation in post collapse work.

United States

SECRET

Equals British (TOP SECRET & SECRET)

225438

DECLASSIFIED

Authority **NNDS87990**
By **JP** NARA Date **4/5/80**

RG 226
Entry 190
File 839/London
Box 261

- 8. Annex F is a description of the dossiers being compiled for the use and guidance of Twilight units.
- 9. Annex G indicates post collapse plans for Denmark, Norway and Holland.

William J. Casey
 William J. Casey
 Chief, SI Branch

WJC/bes

United States
SECRET
 Equals British MOST S

DECLASSIFIED

Authority NM877190By WJH NARA Date 4/6/4

RG	<u>226</u>
Entry	<u>190</u>
File	<u>826 London</u>
Box	<u>260</u>

MEMORANDUM

12 February 1945.

TO: Mr. W. J. Casey
 FROM: Robert B. MacLeod
 SUBJECT: SI Recruiting Directive No. 1 (Draft)

I suggest that the Directive be altered as follows:

Delete the material in the section entitled, "Requirements: Areas" and substitute the following:

a. Observation Points for O.B. Observers, Organizers, and Pathfinders.

The following points have been selected in terms of the lists submitted by SHAEF, 12th A.G. and 6th A.G.:

(Insert attached set of four priority lists).

b. Observation Points for Technical and Industrial Specialists

All German industrial centers.

c. Observation Points for Political Observers

Same as "b".

d. Observation Points for Post-Collapse Personnel

Same as "b"

Attachment

225440

DECLASSIFIED

Authority NM 877190
By W311 NARA Date 4/6/00

RG

226

Entry

190

File

1612 OSS MISSION
Germany - Plans -
Personnel

Box

269

3370

CONFIDENTIAL

Col. Jackson

HQ & HQ DETACHMENT
OFFICE OF STRATEGIC SERVICES
European Theater of Operations
United States Army
(Main)

Col. Jackson:

Please discuss with me. Situation at moment is different from date of report. Also question advisability of publishing functions. There is merit from here in of having staff conducted on as a unit or team - functional responsibilities to be assigned within staff. 26 January 1945

SUBJECT: Reorganization of Plans and Operations Staff.

TC : Colonel James R. Forgan

1. The Staff, as originally organized, provided an emergency agency to coordinate the activities of OSS on various problems which seemed, at the time, to be critical. Many activities of the various Branches did not come under any Staff supervision. With a view to providing coverage for all OSS activities in order to serve best the Commanding Officer, the Staff is reorganized with functions as listed below:

- (a) Capt. Will will be responsible for the OSS T-Force program and the coordination of those Branch activities which bear upon the establishment in Norway and Denmark of OSS missions to those countries when liberated. Since Capt. Will's status on the Staff is temporary and since the above problems need immediate solution and will then be terminated as far as the Staff is concerned, this allocation seems desirable.
- (b) Lt. Bastedo will continue to be responsible for the organization of all OSS activities in Germany in the post-hostilities era (as set forth in Director's Order of 6 October 1944).
- (c) Lt. Dickinson will be responsible for counter-measures, sabotage and subversion. He is thus responsible for activities affecting X-2, SO and MO.

CONFIDENTIAL

see
27 Jan

225441

DECLASSIFIED

Authority NM 877190By WJH NARA Date 4/6/00

RG

226

Entry

190

File

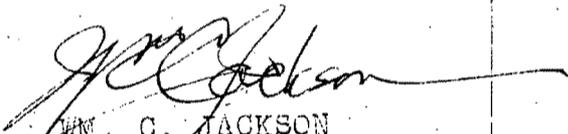
1612 OSS MISSION
GERMANY - PLANS -
PERSONNEL

Box

269

- (d) Major Peters, in addition to his responsibilities attendant upon his chairmanship of the Program Determination Board, will continue to be responsible for agent penetration and liaison with the OSS missions in MEDTO, Bern, Stockholm, Brussels and Eindhoven.
- (e) The responsibilities of Major Peters, Lt. Bastedo, Lt. Dickinson, and Lt. Shaughnessy are such that each has an interest in OSS missions both within and without ETO.
- (f) Lt. Shaughnessy, as heretofore, will continue to be Staff secretary and in addition thereto will have the responsibility for coordinating OSS/ETO activities which bear upon the Far East.

2. If you approve this assignment of responsibilities within the Staff, I suggest that a memorandum be prepared covering this material and distributed to all Branches for their information.



WM. C. JACKSON

Colonel, FA

Chief, Plans & Operations

CONFIDENTIAL

DECLASSIFIED

Authority NM877190By WHH NARA Date 4/6/00

RG

Entry

File

Box

2261901612 OSS MISSIONGermany Plans -Personnel3/27/46
United States**SECRET**

Equals British MOST SECRET & SECRET

HQ & HQ DETACHMENT
OFFICE OF STRATEGIC SERVICES
European Theater of Operations
U.S. Army
(MAIN)

22 January 1946

MEMORANDUM

Program Reorganization
SUBJECT: Establishment of ~~Intelligence Policy~~ Committee
and Reorganization of functions of the Plans
and Operations Staff

TO : Colonel Forgan

1. The Staff has given extended consideration to the problems involved in the coordination of OSS/ETO intelligence objectives and operations. It is clear that the three major intelligence branches of OSS/ETO should direct their respective programs in such manner as will avoid unnecessary duplication and make the most of present and prospective resources.

In analyzing the purpose of an Intelligence Objectives Unit the Staff believes there are two separate missions involved:

- a) The detailed research and collection of material to brief properly agents who will be assigned specific objectives. This function is now performed by Dr. MacLeod's Division of Intelligence Direction in the SI Branch.
- b) The determination of broad intelligence and operational priorities and the relative importance of military, political, economic, or counter-intelligence. In a sense, this function relates to the determination along broad lines of all OSS operations.

The Staff believes this function is essentially a Staff problem and must be closely related to the Staff.

Therefore in order to determine the proper position of bodies to handle the above functions it becomes equally clear that the Plans and Operations Staff must recommend a procedure adequate to accomplish such inter-Branch coordination and, in addition, continue to discharge its own overall responsibilities to the Commanding Officer.

SECRET

Equals British MOST SECRET & SECRET

225443

DECLASSIFIED

Authority NM87790By MSH NARA Date 4/6/00

RG

226

Entry

190

File

1612 OSS MISSION
Germany Plans-
Personnel

Box

269

United States

SECRETEquals British **MOST SECRET & SECRET**

- 2 -

2. In the light of this analysis, the Staff recommends a functional reorganization as follows:

(a) that there be established a Program Determination Committee as a subcommittee of the Staff. This committee will review and coordinate all objectives in the fields of military, economic and political intelligence and counter-intelligence. It will determine the major objectives upon which OSS/ETO will concentrate and review the methods adopted by the branches to attain these objectives by way of agent penetration, research projects, maintenance of files and indices or other means. This committee will make recommendations to the Commanding Officer through the Staff from time to time respecting the progress of the activities of OSS/ETO and the way in which these activities should, as a matter of policy, be organized or reorganized so as to bring them into the sharpest possible focus on those matters which are indicated to be of greatest value. The Staff recommends that Major Peters act both as a member of the Staff and as Chairman of the Program Determination Committee and that Dr. Callisen be appointed Executive Secretary, representing SI. The committee must include, in addition, representatives of the R&A and X-2 Branches. It should be emphasized that this Committee will be separate from the Division of Intelligence Direction of the SI Branch, which is concerned chiefly with the preparation of briefing material for agents and the breakdown of broad gauge objectives into specific mission objectives. The determinations reached by the Committee will, when approved by the Commanding Officer, be appropriately transmitted to the Division of Intelligence Direction through the Chief, SI Branch, to guide the briefing activities of this Division.

(b) that the functions of the various Staff members be reorganized in order to serve the Commanding Officer more effectively. In particular:

(1) Captain Will should be charged with responsibility for the T Force Program. In the discharge of this functions, Captain Will will maintain liaison with SHAEP and with the various T Force commanders, prepare tables of organization, for OSS representation on the T Forces, and provide information to the branches respecting the proper channels to be followed in connection with applications for positions on T Forces;

(11) Captain Will should also be responsible for the coordination of the activities of the SI and SO Branches directed towards or within occupied Norway and Denmark, and with the planning of joint OSS/ETO missions to these countries when liberated;

SECRETEquals British **MOST SECRET & SECRET**

225444

DECLASSIFIED

Authority NND877191By MSH NARA Date 4/6/01

RG

Entry

File

Box

2261901612 OSS MISSION
Germany - Plans -Personnel269

United States

SECRET

Equals British MOST SECRET & SECRET

- 3 -

(iii) Lt. Bastedo should continue to have charge of all activities of OSS/ETO connected with planning for the period of occupation following hostilities;

(iv) Lt. Dickinson should have charge of all programs for counter-measures against German underground movements and of programs of the SO and MO Branches for subversion of elements of the German population as presently constituted (including foreign workers) and for the review of such plans for sabotage activities as may be submitted by the SO Branch;

(v) Responsibility for coordination of relations with the OSS missions to Bern and Stockholm and Missions Espinette and Melanie should be vested in Major Peters as Chairman of the Program Determination Committee since relations with these Missions will involve operations primarily;

(vi) Relations with MEDTO should continue to be the responsibility of Major Peters, but specific problems that may arise in connection with MEDTO's relations to post-hostilities planning, collection of intelligence through capital city teams and the like, may be referred to Lt. Bastedo and Lt. Shaughnessy.

(vii) Staff members may also be assigned to other or additional duties when directed by the Chief, Plans & Operations.

3. It will be seen from the foregoing analysis that the allocation of functions to the members of the Staff is not in any one case absolutely exclusive of functions performed or performable by other members. Any problems of conflict, however, will be resolved between the respective members and by the Staff, acting as a Staff, in regular Staff meetings.

cc: Lt. Col. Bross
Major Peters
Captain Will
Lt. Bastedo
Major David
Lt. Shaughnessy

Sect. Files

WILLIAM C. JACKSON
Colonel, FA
Chief, Plans & Operations

United States

SECRET

Equals British MOST SECRET & SECRET

225445

RG 226
 Entry 190
 File 466 970
 Box 268

DECLASSIFIED
 Authority NM87790
 By MBH NARA Date 4/6/01

marked T. FORD

MINUTES OF THE MEETING
 of
 THE PLANS AND OPERATIONS STAFF
 3 JANUARY 1945

PRESENT: Colonel Jackson Captain Carleton
 Lt. Col. Colby Captain Gilpatric
 Lt. Col. Alcorn Mr. Lord
 Major Peters Lt. Shaughnessy

The meeting convened at the call of the Chief of Plans and Operations at 1615 hours.

The following matters were taken up.

1. Colonel Jackson referred to Lt. Col. Canfield's memorandum of 23 December 1944, which stated that 21st AG and 12th AG have replied favorably to the proposal made by SHAEF in its cable of 7 December 1944 which suggested the use of small parachute teams (of approximately 12 men each) to seize and hold specific targets of T Force interest under collapse conditions. Comments had been received from Staff members on Lt. Col. Canfield's paper which indicated the opinion of the Staff that this was not an appropriate OSS objective. Moreover, Lt. Col. Brebner of the SO Branch had stated that no personnel would be available. No formal request has as yet been made by SHAEF to OSS for personnel. The Secretary was directed to prepare a memorandum to Lt. Col. Canfield setting forth the position of the Staff respecting this project for his information in connection with any definite proposal that might later be made by SHAEF.

2. Major Peters briefly summarized the status of negotiations with SHAEF respecting participation in the Berlin T Force. It was developed in the course of the discussion that these negotiations were along the same lines as those previously considered, i. e., that OSS would be permitted to attach 7 properly briefed persons to the T Force, provide 2 officers for the G-2 Section, 30 guides for Berlin and a Microfilm Unit. Major Peters also pointed out that Colonel Knight, Chief of the T Force Sub-section of G-2 SHAEF, would cut orders for the personnel involved, when and if appropriate advice was received from OSS. The discussion developed that most of the personnel commitments embodied in this plan would have to be met by the SI Branch. Captain Gilpatric raised the question as to whether the furnishing of the Microfilm Unit had not been disapproved by Colonel Bruce. Colonel Jackson stated that he was uncertain whether Colonel Bruce's position extended to this small Microfilm Unit even though Colonel Bruce had undoubtedly disapproved the assumption by OSS/ETO of all T Force microfilming responsibilities. Major Peters undertook to prepare a memorandum for the signature of the Chief of Plans and Operations and the Executive Officer for transmission to the Chief, SI Branch, to determine the extent to which that branch has made plans to meet possible T Force commitments.

225446

RG 226
 Entry 190
 File 966 970
 Box 268

DECLASSIFIED
 Authority NM87790
 By WJH NARA Date 4/6/00

- 2 -

S E C R E T

3. The Secretary advised the Staff that only the R&A Branch has replied to the letter of the Chief of Plans and Operations of 18 December 1944 requesting the branches to indicate the position that they would be in and the action that they wished the Field Detachments to take in the event of a sudden collapse of the enemy. The Secretary was directed to prepare a follow up letter to the SI, SO, X-2 and MO Branches for the approval of the Chief of Plans and Operations and the Executive Officer.

4. Lt. Bastedo reported that a meeting had been held with the SI and X-2 Branches respecting the counter-measures program, that the SI program had not yet been fully developed but was progressing but that the X-2 Branch would have to expand its facilities and personnel in order to cover a wider field than it had in the past. He stated that Major Lee and Mr. Hubert Will would discuss with Mr. James Murphy in Paris the extent to which X-2 was prepared to make an additional contribution. Lt. Bastedo stated that the work of the R&A Branch was progressing favorably, particularly insofar as it involved the assembly and indexing of biographical records.

5. Colonel Jackson pointed out that he had asked Lt. Col. Alcorn to attend the meeting because many of the problems before the Staff involved possible allocation of special funds. He referred particularly to developments in connection with the OSS Detachment at the First Allied Airborne Army. Certain of the airborne units which had been held in reserve for Plan Naples 2 are now committed on the ground and the question has been presented as to whether Plan Carmen should be revised so as to arrange for the infiltration of some agents and use of some of the detachment's personnel at this time. Captain Vinciguerra is now with the army in the field developing agent plans. The issue at the moment is somewhat confused since the Commanding General of the First Army has just turned down another project for OSS agent infiltration. Lt. Col. Colby stated that he would integrate all agent activities in the First Army area through Captain Wainwright and was informing Captain Wainwright respecting Captain Vinciguerra's work as well as the recruiting work being done by the Espinette and MO Units.

The meeting adjourned at 1730 hours.

225447

DECLASSIFIED

Authority

UNDS 1990

By

NARA Date

4/5/0

RG

226

Entry

190

File

869 London

Box

263

SECRETMEMORANDUM FOR FILES

6 November 1944

SUBJECT: Photographic Teams for "T" Forces, Meeting on:

At the meeting held in this office between 1100 and 1200, this date, and attended by Major Magnus, RCA, Executive Officer, "T" Forces, Major Nielson, SFHQ, Assistant C-3, "T" Forces, Lt. Commander Spenser, USNR, Chief, Field Photographic, OSS, 1st Lt. Edwin Brush, SI/OSS, the following was agreed upon:

1. That OSS would endeavor to provide four microfilming teams with all necessary equipment to the "T" Forces, to be employed as subsequently will be worked out in consultation between "T" Forces and OSS. Shaef feels presently that the greatest emphasis should be placed upon the Berlin "T" Force, and that it is probable that it will wish to employ all four teams simultaneously on the Berlin job.

2. "T" Forces wish also to have one still and one 16 mm. motion picture photographer attached to the Berlin "T" Force from Field Photographic. Commander Spenser indicated his readiness to provide these facilities to "T" Forces.

3. Lt. Brush would draw up a list of all equipment which he believes is necessary for the proper functioning of four microfilming teams. He will also, in consultation with Captain Peters, investigate the size of these teams, what equipment already is available, what must be gathered from within the Theater, and what must be requisitioned from Washington.

4. At the conclusion of the meeting, Lt. Brush took Majors Magnus and Nielson to view the equipment already available.

5. Major Magnus wishes to take Lt. Brush with him to Shaef Versailles, probably next week, for purposes of consultation with the "T" Force Subdivision there. Captain Peters indicated there would be no objection thereto.

* * * * *

Major Magnus telephoned at 1400, this date. He had just spoken to Lt. Colonel Boyle at Shaef in Versailles. The latter said the decision definitely had been reached at Versailles to employ the microfilming equipment and teams offered by OSS. He said also that as the result of the apparent efficiency of the

SECRET

225448

DECLASSIFIED

Authority

NND 87970

By

NARA Date

4/5/0

RG

226

Entry

190

File

869 London

Box

263

SECRET

- 2 -

type equipment which OSS offered, "T" Forces had decided to change their operational plans and to photograph all documents before they are screened. For this purpose, they will require four teams for Berlin, A T/O and an S/OE for these teams is in the process of being prepared by Lt. Brush of OSS.

C. Brooks Peters

C. BROOKS PETERS
Captain, USMCR
Plans & Operations Staff

SECRET

225449

RG 226
 Entry 190
 File 966 070
 Box 268

DECLASSIFIED
 Authority NM 87790
 By WHL NARA Date 4/6/00

SECRET

Submitted by Lt. Col. A. M. SCAIFE
 on 4 November 1944

3 November 1944

Exhibit "A"

ORGANIZATION OF SI/ETO

The accompanying chart dated 3 November 1944 (Exhibit 1) indicates suggested Plan of Organization for the SI Branch Main, London. A somewhat similar type of organization will be adopted covering Paris operations.

Reporting directly to the Chief of Branch will be an Intelligence Officer. Job description is attached herewith as Exhibit 2.

The War Diary Section, under Mr. Ernest Brooks, also reports directly to the Chief of Branch. At the present time, there are a total of seven persons in this Section. It is believed that it will have to be enlarged to handle the work of preparing a War Diary within the time limit specified by Washington.

There will be a Deputy Chief of Branch for both London and Paris. He will act for an in the name of the Chief during absence of the latter.

The Executive Officer will be in charge of the functioning of the Administrative Staff which will include functions indicated on the chart. In addition, at a later date, there will be created a Headquarters Staff Section to deal with USGCC.

Under the new Plan of Organization, an innovation has been adopted in that one officer will be placed in what is now termed a "Production Division". He will be responsible for coordinating the operations of the various geographic sections and the Labor Section. It is these desks which develop plans for the use of agents, recruit proper personnel, and in cooperations with the Operations Section, prepare them for their field missions.

The Reports Section is responsible for the proper functioning of the SIPA Board. It will also be charged with the responsibility for proper dissemination of cables and for the operation of the Registry.

A Technical Section of the Reports Division has been established recently under Mr. Marsching. This unit concerns itself primarily with dissemination of intelligence concerning chemical warfare, bacteriological warfare, secret weapons, etc., and also with maintaining adequate liaison in these fields.

PROJECTS AND PLANS

LABOR SECTION

The most ambitious program within the Branch looking toward the

225450

RG 226
 Entry 190
 File 966 970
 Box 268

DECLASSIFIED
 Authority NM877190
 By MSH NARA Date 4/6/88

SECRET

- 2 -

collection of secret intelligence has been undertaken by the Labor Section. Herewith are listed various projects in which this Section is immediately concerned.

DOWNEND PROJECT. On 1 September an agent was dropped blind into Germany. Recently, through a courier who returned through Switzerland, reports were received from this agent. At the same time, he provided several safe addresses which will be used at later dates by other agents to be infiltrated. At present, the only means of communication which this agent has is by courier, a long and rather tedious process. However, plans are under way to dispatch a W/T operator to him.

RAGWEED PROJECT. This ties in with the Downend Project spoken of immediately above. Today (3 November 1944) two agents are leaving for Switzerland. They are in possession of the safe addresses furnished by the agent presently in Germany. They will be infiltrated from across the Swiss border into Germany. At a later date, it is planned to furnish them with Joan Eleanor equipment.

A courier is being dispatched from Switzerland to Germany immediately to select/pinpoint for the W/T operator who is to be sent to the Downend agent. The first pinpoint furnished by the Downend agent was unsatisfactory in view of a heavy concentration of flak.

Ultimately, it is planned to tie up communications between the Downend agent and the Ragweed Project operators.

MARGUERITE PROJECT. Two trained women agents are now in Switzerland from whence they will be dispatched into Germany for courier service. One is to leave next week and one the following week.

MARTHA PROJECT. Two trained agents are standing by until the Neubeginnen Group, which is led by Paul Haggens, a left-wing Socialist, is able to get across the border into Germany. If this group is unable to enter Germany, the trained agents will be used elsewhere.

TYL PROJECT. A Dutchman has been recruited and offered to make a blind drop into Germany or elsewhere. Attempts are being made at this time to clear this operation with the Melanie Group which has not been able to arrange for a reception committee without which it seems inadvisable to dispatch the agent in spite of his willingness to proceed.

CARMEN PROJECTS. These projects called for the infiltration of two teams (W/T man and observer) at the time of the FAAA operation sometime next month. Men had been assigned to the FAAA-SI Detachment for this purpose but have been withdrawn in view of the postponement of the operation. They will be furnished later when needed.

An unnamed project has been started to recruit men from the Free German Committee -- a Communist Group. Lt. Gould is in charge of the

225451

RG 226
 Entry 190
 File 966-970
 Box 768

DECLASSIFIED
 Authority NND877190
 By MS11 NARA Date 4/6/01

SECRET

- 3 -

recruiting of this personnel. Several political complications have been encountered due to the varying political beliefs of groups with which it has been necessary for the Labor Section to deal. In all cases, security of the man has been or is being cleared.

The Labor Section has interested itself in working with a man named Jahn who is one of the leaders of the German Railway Union. Attempts will be made to send him to Luxembourg and later to Switzerland to recruit men who will be trained as agents.

BACH PROJECT. This is an important research project at present housed in 70 Governor Street. About ten men are involved. Careful studies are made concerning proper cover documents, etc. for agents to be sent to Germany. Constant research concerning changing regulations, etc. is carried out. After determination has been made concerning proper types of clothing, documents, etc., they are furnished by the appropriate branch of OSS.

MILWAUKEE FORWARD. In Tirlemont, Belgium, the Labor Section conducts a training school for agents who have been recruited on the Continent or sent from England.

In addition to the agents for whom specific missions have been indicated, there is a reserve of about 5 agents and 5 W/T operators which the Labor Section is holding in Milwaukee, London.

One other project is being sponsored by the Labor Section in that transportation for Eichler, a militant Socialist, has been arranged to permit him to go to Switzerland to talk to a British courier there and to lay plans for the use of other couriers who are now in training in the U.K.

DUTCH SECTION

In cooperation with the British SOE and the Exiled Netherlands Government, a joint Mission is being established to travel in France, Belgium and Holland with the purpose of recruiting Dutch subjects to be used jointly in the Far East by the Dutch, British and American Services.

MELANIE Mission has sent five Dutchmen who are now in training in Milwaukee. They will be sent to parachute school and will later be used by Melanie.

OPERATIONS SECTION - FRANCE

Under the direction of Lt. Col. Lada-Mocarski, 13 agents have been recruited, screened and assigned to teams. Official clearance has been provided for five only, the balance are awaiting X-2 clearance.

Of these 13 agents, four are at present in England and nine

225452

RG 226
 Entry 190
 File 966 970
 Box 268

DECLASSIFIED
 Authority NM 877190
 By MSH NARA Date 4/6/00

SECRET

- 4 -

on the Continent. Three are trained parachutists, four will be sent to parachute school. The remaining six will be infiltrated over land.

CHEERFUL PROJECT. This consists of a W/T operator and observer to be sent to Austria to a point North of Vienna or in the Tyrol. They will be dropped to a pinpoint. Their training will begin in two weeks and they should be ready for dispatch about the first week in December.

NONAME PROJECT. This provides for the infiltration over land into the Strassbourg territory of two men without radio. Communications will be by chain or by Joan Eleanor. These men will be ready two weeks after clearance by X-2.

BACON PROJECT. In July, this Project was approved for infiltration of W/T man and observer into South Central Germany. The approximate date for starting the project is 15 December.

BREWER'S PROJECT. Original plan for dispatching two agents into Southern Bavaria and Austria. The new plan is to send them through Switzerland. They will be ready for departure about 1 January.

CZECH SECTION

FALCON PROJECT. This project has been handled largely from Italy although it has been necessary for Captain Katek to visit Medto to coordinate activity between ETO and MEDTO. Project concerned dropping supplies to Czech Maquis, also several SI-SO agents who were placed in the Maquis and provided with means of communication. Funds for the Project are provided by MEDTO.

NEMO PROJECT. This Project deals with the introduction into Czechoslovakia of OWI films to be shown to Resistance Groups. In addition, film taking equipment has been provided. Agent selected for this Project is now in Italy awaiting opportunity to go into Czechoslovakia.

JONQUIL PROJECT. Czech-German Project to operate in Western Bohemia. In training now two agents now attached to Czech Section, one in process of transfer.

DOBLE or HUB PROJECT. The organization of the Czech chains in France has been modified since occupation of France as a source of agents to operate in Germany. It is planned to send Hub to France with Henry Hyde to recruit agents needed for Hyde's work.

Due to his close association with Czech personalities in London, Captain Katek has also been handling SO interests vis-a-vis the Czechs. There have been several operations of an SO nature in Czechoslovakia

225453

RG 226
 Entry 190
 File 966 970
 Box 268

DECLASSIFIED
 Authority NM 87790
 By MB11 NARA Date 4/6/00

SECRET

- 5 -

and at the present time, we are organizing pinpoints and reception at 35 places in the Protectorate. As soon as air lift is obtained, which as of the last several days is rather likely, we shall begin dropping supplies to the Czech Underground along with 30 personnel to train the Underground in special operations.

Three delegates from the Slovakia Resistance Movement were brought out of Slovakia on the last OSS supply trip and are reporting to us in London. They brought very valuable information on Central Europe. It is contemplated at present to take them for report to Political and Military Authorities in the United States.

SCANDINAVIAN SECTION

GRIEG PROJECT. One mission has been sent to Sweden and it will be ready to move towards its target at the proper time. Budget for this project has been approved and Capt. Peters is cognizant of the details.

Apart from that, the Scandinavian Section is participating in Broadway operations in Norway involving between 15 and 20 agent teams stationed along the coasts of Norway for the greater part but also operating to some extent in the interior. The OSS delivers substantial quantities of supplies to these missions and has access to all intelligence obtained.

The Norwegian High Command and the Norwegian Information Service maintain a number of independent operations in Norway primarily via the Swedish frontier and the Scandinavian Section has recently concluded negotiations with these agencies according to which fairly large deliveries of arms, ammunition and other operational equipment will be delivered at regular intervals in the near future.

An unnamed Scandinavian Section Project consists of the training of a 2nd Lieutenant who is being sent to SOE-SIS Schools for basic training. Later, he will be sent to parachute school. He will be prepared for departure in mid-December at which time it is expected he will be dropped in Denmark. Later Captain Tofte may be dropped to prepare the ground in Denmark previous to the arrival of a Danish Mission, similar to "Melanie".

Two joint SI/SIS Missions in Northern Norway were responsible for successfully reporting information on the battleship TIRPITZ when she was stationed in Altenfjord and data concerning the Russian attack on Kirkenes. Subsequently, at the instigation of the British, these Missions have been scrubbed.

225454

DECLASSIFIED

Authority NM87790
By WJH NARA Date 4/6/00RG 226
Entry 190
File 970
Box 268**SECRET**

- 6 -

POLISH SECTION

EAGLE PROJECT. This Project concerns the training of 40 Polish agents who were formerly in German labor battalions. A school has been provided for the training of these agents and is now operating in Bryanston Square. Funds and equipment are being provided by OSS sources. The agents will be ready for dispatch approximately 1 March 1945.

THE EMERGENCY OR TWILIGHT PLAN

This was a plan to employ all of the agent resources of the SI Branch in the event of the sudden collapse of Germany. Plan is now dormant in that objectives which it sought to accomplish would be accomplished through OSS-SI participation in T-Forces.

T-FORCES

It is planned to have one SI officer, six agents and approximately 20 guides attached to each of three T-Forces. Two of the three necessary SI officers have been selected for this assignment. Some of the agents have been chosen, and some guides have also been picked. SI should be given a directive by the OSS Combined Plans and Operations Staff concerning the nature and duties expected of the SI T-Forces Detachments.

OTHER ACTIVITIES OF SI

In Paris, Major O'Brien is charged with responsibility of liquidating the Sussex and Prouse projects. It is necessary to assist the recovered agents to discharge their financial obligations, regain their proper military status, in some cases rejoin their families, etc.

In Paris also Comdr. Cassidy, who is in charge of the Operations Division, is establishing intelligence chains operating toward Germany. At the same time, he has been instrumental in assisting in the liquidation of chains which formerly operated from Spain and Algiers into Southern France.

In London, Mr. Curtis is in charge of the Rear Echelon of the French Section. This is charged with the responsibility of taking care of problems concerning Sussex and Proust agents who have returned to England. He is also charged with Rear Echelon responsibilities toward Belgians and Dutch in the absence of the regular liaison officers, Major Van der Graecht and Captain Brittenham.

FIELD DETACHMENTS

Lt. Col. Verrill is C.O. of the SI Detachment with the FAAA. He maintains liaison with Headquarters of A/B Army, Corps and Divisions.

225455

DECLASSIFIED

Authority NM87790
By MSH NARA Date 4/6/94RG 226
Entry 190
File 970
Box 268

SECRET

- 7 -

evaluates and furnishes secret intelligence, special maps and terrain-models, prepares special studies, keeps in touch with military plans and operations so as to assist and advise on OSS participation; procures, briefs and furnishes trained OSS personnel for airborne missions and distributes to OSS any pertinent information received through FAAA sources.

In addition to the above functions, personnel are provided to establish and maintain two-way wireless communications with Station Victor, assist in the interrogation of prisoners of war, informers and civilians, examine captured documents.

X-2 and SO personnel are also included in this Detachment.

OSS/SI maintains field Detachments with the 12th Army Group, and 3rd, 7th and 9th Armies. These Detachments have been communicating directly with the Paris Branch.

MISSIONS

The MELANIE Mission in Holland was the first OSS representation in that country. Under Major Van der Graecht, it has been well established as a tri-partite mission for collecting intelligence and other operational purposes.

The ESPINETTE Mission in Belgium was the first OSS representation to operate in that country. It has been successful in collecting valuable intelligence.

The MARCEL Mission. Lt. Col. Booth has established a Mission which at the present time is operating largely as an advance patrol. It is suggested that this Mission has completed its purpose and that it be withdrawn.

TRAINING SCHOOLS

At St. Germain a holding area has been established for overrun Sussex and Proust agents. Until such time as these men can be transferred out of the organization, it is necessary to house them. French-speaking German agents are also being trained in this establishment.

At Epernay, German-speaking agents for operations within Germany are being trained.

As mentioned previously, there is a Labor Section Holding Area and Training School at Tirlemont, Belgium.

225456

KEEP ITEMS TOGETHER
all from same box!
- all written only on top

R6260
Files of the office
The Control Office
Historical Division
Directives + Regulations,
1945
Box 268

1073 HEADQUARTERS SEVENTH ARMY
WESTERN MILITARY DISTRICT
APO)&? US ARMY

SS/bds
Files: "Admin of
MG in Germany"
1. - "Property Control"
2. - "Finance"

AG 386 CA

SUBJECT: Internal Restitution

TO : Director
Office of Mil Govt for Baden Württemberg
APO 758, US Army
ATTENTION: Property Control Officer

(2 files) -

1. Reference is made to letter your headquarters, dated 21 November 1945, subject as above, no file number.

2. This headquarters concurs that ultimate solution of all the problems cited must await the expected program for adjudication of restitution claims over confiscated and aryanized properties. The reference letter is being forwarded to Office of Military Government for Germany (U.S.) for consideration and as evidence of need for early establishment of such a program.

3. With reference to the last sentence of your letter regarding the effect on public relations and the problems of public finance arising from these matters it is recommended that:

a. In cases of existing real property where victimization by Nazi discriminatory laws is clear, the previous owner may be given custodianship and use under property control procedures without effecting transfer of title.

N.B.
Should be?
will be?
(?)

b. In cases of distress and rehabilitation, coordination be effected with Public Welfare Officer to effect aid, beyond the simple relief grants, from the local burgermeister.

BY COMMAND OF LIEUTENANT GENERAL KEYS:

Telephone SEVENTH ARMY 5835

/s/Frank N. Spacek
/t/Frank N. Spacek
Captain, AGD
Asst AG

This is a true copy
and is reproduced for
Prop Con Section JFC

1070

HEADQUARTERS
OFFICE OF MILITARY GOVERNMENT
FOR
BADEN/WÜRTTEMBERG

PropCon
JFC/nbs

Stuttgart
APO 758
21 Nov 1945

SUBJECT : Internal Restitution

TO : CG., Seventh Army/Western Military District, APO 758, U.S. Army
(Attention: (1) Property Control Officer
(2) Financial Officer)

1. Attention is invited to the following problems involving internal restitution while it is the opinion of this Section that such matters should be left for ultimate adjudication by the German judicial system, your opinion and advice is requested:

a. A Jewish couple whose property was confiscated by the Nazi government has returned without means of support. Their former house was confiscated and after costs of administration have been deducted a small surplus of cash is on hand. Couple demands payment of this sum which was paid into account of Reich.

b. A Jew who was sent to Theresienstadt and who has now returned to former home-town has been provided with a flat by the Bürgermeister and has ordered furniture for such from a factory. The Jew claims that some must be paid for by the local Finanzamt as part of a restitution claim.

c. A Jew recently returned to Germany claims the return of that money which was levied on his race by the former Reich government on 12 Nov 1938.

d. The property of a religious order was confiscated by the former German government for allegedly treasonable activities. This property is, for the greater part, still in existence and has been administered for the benefit of the country by a custodian. The religious order demands the return of entire property.

2. Confiscated Jewish property consisting of real estate and formerly administered by Finanzmts has been taken under property control. Prior to assumption of such control, the Finanzmts in some cases has recognized the validity of claims of the former Jewish owners to the extent of paying over to said owners the surplus earnings of the property. In keeping with the principle of not deciding at this time problems of restitution, the practice of the Finanzmts has been discontinued by the Property Control Officers. However, in view of the obvious

1070

(Internal Restitution ctd)

effect on public relations and the problems of public finance arising therefrom, a review of the matter is considered desirable.

For the Commanding Officer:

This is a true copy
and is reproduced for
Prop Con Section JFC

/s/ M W Brooks
/t/ M W BROOKS
1st Lt, Inf.
Adm. Mgr.

Tel.:
Freelance 93221, Ext. 532

225459

~~CONFIDENTIAL~~000820 *24*HEADQUARTERS SIXTH ARMY GROUP
G-5 SECTION
APO 23, U S ARMY

558

JC/hs

20 December 1944

TO:
C. O. FIEVCHECK LIST FOR FINANCIAL OFFICERS
DURING MOBILE PHASE OF MILITARY GOVERNMENTINTRODUCTION

1. The general objective of FO's in the Mobile Phase is to lay the ground work for operations in the Static Period. In order that this may be accomplished the following check list has been prepared for your guidance.

2. All matters relating to Finance which require submission to higher echelon will be referred through channels to the CFA, G-5 Section, Sixth Army Group, until such time as the Chief Financial Officer assumes control at Regional level. Thereafter channels of technical communications will be maintained as set forth in G-5 Financial Instructions No. 1, this Headquarters, dated 20 November 1944.

RESPONSIBILITIES

1. Insure the following laws have been posted in each Gemeinde within your area:

- a. Law No. 51.
- b. Law No. 52.
- c. Law No. 53.
- d. General Order No. 1.
- e. General Licenses Nos. 1 - 5.

2. Insure that the following instructions and forms have been delivered to the Reichsbank (or other bank as directed in par. 4, G-5 Financial Instructions No. 4, this Headquarters, dated 7 December 1944).

- a. Instructions to Reichsbank No. 1.
- b. Instructions to Reichsbank No. 2.
- c. Instructions to Financial Institutions No. 1.
- d. Instructions to Financial Institutions No. 2.
- e. Instructions to Financial Institutions No. 3.
- f. Instructions to Stock and Commodity Exchanges No. 1.
- g. Forms MGAF (2) Series A; MGAF (3); MGAF-A (1); MGAX (1); MGAX (2).
- h. Fragebogen.

*See 6th Army Gp
5 Nov 44*

~~RESTRICTED~~
CONFIDENTIAL 7

225460

C O N F I D E N T I A L

Check list for FO's during Mobile Phase - 20 Dec 44 (Cont'd)

3. Ensure that "Instructions to German Officials on Revenues and Expenditures", and a supply of Fragebogen, have been delivered to proper public officials.

4. Consult with MGO's in your area; advise and instruct them; assume supervision of their activities, and, when directed by higher authority, take over their financial responsibilities.

5. If banks are closed ensure that necessary steps are being taken to effect their reopening.

6. Effect arrest of violators of Laws Nos. 51, 52, and 53, and make a report of these violations to higher authorities.

7. Observe and report to higher authority violations of "Instructions to German Officials on Revenue and Expenditures", taking steps meanwhile to avoid repetitions.

8. Make spot checks to ensure that property of the following persons and organizations has been blocked:

a. Those listed in Law No. 52, and General Order No. 1.

b. Those suspended or removed from office.

c. Those taken under arrest by the Army or by Military Government.

d. Those appearing on blacklists.

9. Withhold privileges of General Licenses Nos. 1 - 4 issued under Military Government Law No. 52. when deemed necessary by you. In the case of General License No. 5, however, take no action except on the advice of Education and Religious Affairs Officers. Report immediately to CFA any steps taken in these respects.

10. Take action with respect to removal, suspension and "vetting" of all persons employed by financial institutions listed in:

a. Instructions to Financial Institutions No. 3.

b. Blacklists.

c. Those arrested by the Army or Military Government.

11. Block property when:

a. Holder of property fails to do so.

b. It belongs to no one specifically covered in any laws, orders or blacklists, but in your opinion should nevertheless be blocked.

Make an immediate report to the CFA of any such actions taken and notify appropriate PCO.

C O N F I D E N T I A L

225461

REPRODUCED AT THE NATIONAL ARCHIVES

C O N F I D E N T I A L

Check list for FO's during Mobile Phase - 20 Dec 44. (Cont'd)

12. Ensure safeguarding of all records pertaining to financial matters.
13. DO NOT: Close any bank without authority from higher headquarters.
DO NOT: Take any action with respect to insurance companies in the absence of specific instructions.
DO NOT: Deal with post office officials concerning their financial activities, ~~but only~~ through PTT officers.
EXCEPT
DO NOT: Allow extensions of time limits for the filing of reports required from financial institutions without authority from higher headquarters.
14. Submit through channels the following reports:
 - a. First financial report within 7 days of arrival, and monthly thereafter. These reports should present information as fully as possible. (See technical manual.) Include financial statements wherever possible.
 - b. Interim and special reports, as circumstances require.

CONFIDENTIAL

HEADQUARTERS SIXTH ARMY GROUP
APO 23

554

FI/121

HP/JC/hs
20 November 1944

G-5 FINANCIAL INSTRUCTIONS)

NUMBER 1)

FINANCIAL AND PROPERTY CONTROL RESPONSIBILITIES
OF MGO'S IN THE MOBILE PERIOD OF
MILITARY GOVERNMENT

1. OBJECT.

The object of this instruction is to outline the duties of Financial and Property Control Officers and of other Military Government Officers with financial and property control responsibilities within the sphere of command of Sixth Army Group during the mobile phase of Military Government and to insure understanding of the respective tasks to be performed at all levels.

2. DEFINITIONS.

- a. CFA (Controller of Finance and Accounts). He is the senior Military Government Financial and property control officer at Army Group level.
- b. DCFA (Deputy Controller of Finance and Accounts). He is the Military Government financial and property control officer at Army level.
- c. The Regional Financial Officer and the Regional Property Control Officer (DCPCO). They are the senior financial and property control officers of a regional detachment.
- d. Financial and Property Control Officers are the specialists on Detachments and on the staff of G-5 Section, Sixth Army Group.
- e. MGO (Military Government Officer). As used in this instruction an MGO is any other Military Government Officer to whom financial and property control duties have been assigned by the C.O. of his detachment.

3. GENERAL.

All MGO's will be guided in the discharge of their financial and property control responsibilities by the pertinent chapters of the German Handbook and by the consolidated Financial and Property Control Technical Manual, which will be issued by SHAHF. A wide distribution of this manual will be made in the near future.

CONFIDENTIAL

- 1 -

225463

REPRODUCED AT THE NATIONAL ARCHIVES

CONFIDENTIAL

G-5 Financial Instructions No. 1 (Cont'd)
Hq. Sixth Army Group, dtd 20 Nov. 1944

This manual and the supplements which will be prepared from time to time will furnish detailed and comprehensive instructions on all financial and property control ACTION to be taken by MGO's at all levels. It is essential that officers who will be called upon to perform financial and property control duties obtain, as quickly as possible, a thorough knowledge of the contents of the manual and become familiar with the forms to be used in connection therewith.

4. CHANNELS OF COMMAND AND COMMUNICATION.a. Channels of Command.

The usual channels of command will be adhered to.

b. Channels of Technical Communication.

- (1) Kreis Detachments operating in areas of Divisional or Corps responsibility, where no higher territorial Detachment as such has been deployed, will maintain technical contact on financial and property control matters with the DCFA at Army level, through regular channels.
- (2) Whenever the C.G. directs the deployment of higher territorial detachments, normal technical contact (MGO to financial and property control specialists at Regierungsbezirk level, to financial and property control specialists at Regional level, to CFA) will be maintained through C.O.'s of detachments concerned.
- (3) Direct communication is authorized between Sub-Accountants and the CFA.

5. DUTIES.a. Kreis Detachments.

Detachment MGO's will execute in the field the instructions contained in the German Handbook and the Financial and Property Control Technical Manual.

b. Regierungsbezirk Detachments.

If deployed as a Kreis Detachment, Financial and Property Control functions will be in accordance with sub-par. a. Upon assumption of territorial jurisdiction, Financial and Property Control specialists will be responsible for the proper discharge of duties by all subordinate detachments operating in their area. This responsibility will be exercised through their C.O.'s.

CONFIDENTIAL

CONFIDENTIAL

G-5 Financial Instructions No. 1 (Cont'd)
Hq. Sixth Army Group, dtd 20 Nov. 1944

c. Regional Detachments.

As Detachments pass under regional control, the Regional Financial Officer and the Regional Property Control Officer (DCPCO) will assume, respectively, the functions previously carried out in the area by the DCFA, unless otherwise directed by the Commanding General, Sixth Army Group.

d. G-5 Army.

The DCFA will be responsible to AC of S, G-5 at Army for the proper execution by Detachments of their financial and property control functions in all areas in which the Army Commander is responsible for Military Government.

The DCFA will:

- (1) Issue on behalf of AC of S, G-5, all necessary instructions to implement directives and instructions from higher Headquarters.
- (2) Insure a proper flow of technical reports from the field to G-5 Army.
- (3) Prepare such periodic and special reports as are required by higher Headquarters.
- (4) Supervise and assure accurate and prompt accounting by Sub-Accountants in Detachments and compliance with the requirement of monthly abstracts to be forwarded direct to the CFA.
- (5) Assist Detachments in the handling of important problems, especially those relating to blocking, foreign exchange and property control.

In case of need the DCFA will be assisted by Regional or Regierungsbezirk Financial and Property Control Officers before such time as they acquire territorial responsibility.

e. G-5 Sixth Army Group.

The CFA will be assisted by specialists in accounting, property control and financial intelligence.

The CFA will:

- (1) Issue on behalf of AC of S, G-5, necessary technical instructions concerning finance and property control.

CONFIDENTIAL

CONFIDENTIAL

G-5 Financial Instructions No. 1 (Cont'd)
Hq. Sixth Army Group, dtd 20 Nov. 1944

- (2) Advise AC of S, G-5, on the control of Military Government expenditures and on financial and property control matters affecting Military Government.
- (3) Issue on behalf of AC of S, G-5, all appointments of Sub-Accountants and all authorizations for Military Government expenditures.

Through the Financial and Property Control Division the CFA will:

- (1) Carry out all central accounting functions.
- (2) Furnish all funds and stamps required by Military Government and make arrangements for the provision of funds to the Armies.
- (3) Make such periodic or special reports as are required by SHAEF.
- (4) Assist and supervise MGO's at all levels of command in the carrying out of their financial and property control responsibilities.

Prior to entry into enemy territory the CFA will:

- (1) Make arrangements for and supervise the technical training of MGO's who will be called upon to perform financial and property functions.
- (2) Supervise the distribution of financial and property control manuals, forms and other technical documents in these fields.

Henry Parkman Jr.
HENRY PARKMAN JR.
Colonel, GSC
AC of S, G-5

DISTRIBUTION:

- 5 - SHAEF G-5 Financial
- 2 - AFHQ, G-5
- 3 - Twelfth Army Group G-5
- 2 - 21st Army Group C.A.
- 10 - G-5 Seventh Army
- 10 - Sixth Army Group, G-5 Mission
- 100 - C. O. Det. ELE2
- 2 - French Mission
- 20 - G-5
- 2 - AG Records
- 2 - SGS

CONFIDENTIAL

225466

FILE

960

1097

HEADQUARTERS
OFFICE OF MILITARY GOVERNMENT
WUERTTEMBERG/BADENJFC/nbx
Prop Con

660

STUTTGART
19 Dec 1945

PROPERTY CONTROL)

MEMORANDUM No. 9)

Properties subject to control pursuant to paragraph 2, Law No. 52 and paragraph 1, b, Section AVII, Administration of Military Government in U.S. Zone.

1. Reference above quoted directives, confiscated or aryanized Jewish properties administered by the Finanzamt will be taken under formal property control.

2. Where the officials of the Finanzamt have been vetted, the properties may be left under the administration of the Finanzamt with the official in charge appointed as custodian by means of an appropriate custodianship contract. However, each property will be picked up on a MG/PC2 Form, with all usual and necessary supporting property file papers appended. This will provide an expeditious and financially beneficial method of administering such properties. Financial statements and reports will be obtained periodically in accordance with existing directives, PCOs will check over these reports to see that no abnormal expenditures are made and that the property is properly administered.

3.a. No action will be taken with regard to said properties which constitutes an adjudication of title, nor any monies paid over to former owners, without the specific written authority of the Land Property Control Officer. However, any material evidence concerning former ownership will be compiled and submitted with an appropriate referring entry on MG/PC3 Form. (See data cited in par. 3 b hereof.)

b. Use by former owner. - See letter of this Headquarters dated 19 December 1945, transmitting letters of 7th Army dated 12 December and of this Headquarters dated 21 November 1945, subject: "Internal Restitution", all annexed hereto.

c. Real estate mortgages contracted by the former owner may be paid off in accordance with the contract as the funds derived from the property permit.

4. The Land Ministry of Finance has a department which supervises the administration of such properties by the local Finanzamt. In the event of any conflict of instructions coming thru German channels, the Property Control Officer at this Headquarters will be contacted.

By order of Colonel Dawson:

*Robert A. Mc Fetter*ROBERT A. MC FETTER
Captain CE
Adm. Mgr.Distribution "A"
all detachments
Wuerttemberg/BadenTel: Stuttgart 93221
Ext. 532

225467

F152

Attention

Law 52
in effect Dec 14/44

Sub-Account
December 1944

WV

File 125

CON

In order to facilitate operations in the field, the following packaging of financial printed material is recommended.

PARCEL "A" - For Posting.

- ✓ Laws Nos. 51, 52, 53
- ✓ General Order No. 1.
- ✓ General Licenses Nos. 1 - 5. (Forms MGAF-L (1-5))
- ✓ Notice of Custody (Forms MG/PC 1) - to be posted only on such properties as are taken under control.
- ✓ Property Control Letter of Instruction No. 1 (Form MG/PCO/IBE/1) - to be posted in all cases where notice of custody is used. 8

PARCEL "B" - For Delivery to Reichsbank. (or Stadt, Bezirk Sparkasse, or other bank selected by Mil. Gov.)

- ✓ Instructions to Reichsbank and its Offices No. 1 (Form MGAX-I(1))
- ✓ Instructions to Reichsbank and its Offices No. 2 (Form MGAF-I(1)) 3
- ✓ Instructions to Financial Institutions No. 1 (MGAB-I(1)) 2
- ✓ Instructions to Financial Institutions No. 2 (MGAF-I(2)) 2
- ✓ Instructions to Financial Institutions No. 3 (Personnel)
- ✓ Instructions to Stock and Commodity Exchanges (Form MGAB-I(2)) 1
- ✓ Report of Property Blocked Pursuant to Mil. Gov. Law No. 52 (Form MGAF (2) Series A) 8
- ✓ Report of Credit Balances in Excess of Certain Amounts (Form MGAF (3)) 3
- ✓ Application for Special Transaction (Form MGAF-A (1)) 2
- ✓ Declaration of Assets (Form MGAX (1)) 8
- ✓ Receipt for Property Delivered to Reichsbank (Form MGAX (2)) 8
- ✓ Six copies of Fragebogen for each bank in the district. 40

PARCEL "C" - For Delivery to German Public Officials at the Highest Level in Your Area.

- ✓ Fragebogen
- ✓ Instructions to German Officials on Revenues and Expenditures (Form MGAP-I (1)) (copy)
- Instructions to Financial Institutions No. 3 (Personnel) 24

PARCEL "D" - For Use at Military Government Headquarters.

- Forms MG/PC 2, 3, 4, 5, 6, 7, 8, 9
- Forms CA/f 1, 2, 7, 8, 9, 10, 11, 12, 13
- Forms CA/Gf 3, 4, 5, 6, 41

copy

WV
128

- Tab

~~RESTRICTED~~
~~CONFIDENTIAL~~

MW
557

MBO Det FIE2 HEADQUARTERS SIXTH ARMY GROUP
APO 23, U. S. ARMY

FI/121

HP/JC/tjs
7 December 1944

G-5 FINANCIAL INSTRUCTIONS)

NUMBER 4)

Superseded
31 Jan 45

INSTRUCTIONS TO OCS OF KREIS
DETACHMENTS

The following instructions represent a digest of policies and procedures laid down by SHAEF, the Handbook for Military Government in Germany, and the Financial and Property Control Technical Manual. They are issued for the convenience of OCS detachments in order to provide a short, concise statement of the minimum Financial and Property Control responsibilities of MGOs in the initial period of the mobile phase.

In cases where there appears to be a contradiction, actual or implied, between these instructions and the Handbook for Military Government in Germany or the Financial and Property Control Technical Manual, the following instructions, based on more recent directives, will prevail. The order of priority is indicated by the number of the paragraph.

1. Ensure Posting of Military Government Laws:
 - a. Law No. 51 - Currency.
 - b. Law No. 52 - Blocking and Property Control.
 - c. Law No. 53 - Foreign Exchange Control.
 - d. General Order No. 1.
 - e. General Licenses Nos. 1-5 - Forms MGAF-L (1-5).

Laws should be posted in at least one prominent place in each Gemeinde.

General Order No. 1 and General Licenses Nos. 1-5 must be posted together with and at the same time as Law 52.

2. Take immediate control of the following properties by posting Notice of Custody - Form MG/PC 1.
 - a. Nazi Headquarters and party property (See Mil Gov Law No. 5) - co-ordinating with CIC.

Stu
6th Army Gp
man file

- 1 -
~~RESTRICTED~~
~~CONFIDENTIAL~~

183

225469

REPRODUCED AT THE NATIONAL ARCHIVES

C O N F I D E N T I A L

G-5 Financial Instructions
No. 4, dtd 7 Dec 44. (Cont'd)

- b. Prima facie loot from outside Germany.
- c. Abandoned property of sufficient importance to the Allied Forces and Military Government to warrant control - give priority to property of United Nations Nationals.
- d. All other property specifically ordered taken under control.

- 3. Arrange immediately any necessary protection for:
 - a. Official funds and records.
 - b. The Grundbuch (Register of Title).
 - c. The Handelsregister (Register of Commercial Enterprises).
 - d. Other basic records concerning property.
 - e. The offices and records of the Commissioner of Enemy Property, (Verwaltung für Behandlung Feindlichen Vermögens), or his local representative.
 - f. Other property taken under control.

Co-ordinate with Military Government Public Safety Officer and Provost Marshal any necessary protective measures.

4. Ensure delivery of the following forms to the branch of the Reichsbank in your area:

- a. "Instructions to the Reichsbank and its Offices No. 1" - Form MGAX-I(1).
- b. "Instructions to the Reichsbank and its Offices No. 2" - Form MGAF-I(2).
- c. "Instructions to Financial Institutions No. 1" - Form MGAB-I(1).
- d. "Instructions to Financial Institutions No. 2" - Form MGAF-I(2).
- e. "Instructions to Financial Institutions No. 3" - (Personnel).

- 2 -

C O N F I D E N T I A L

225470

C O N F I D E N T I A L

G-5 Financial Instructions
No. 4, dtd 7 Dec 44. (Cont'd)

f. Six copies of the Fragebogen for each bank in your area.

g. Forms MGAF(2) Series A; MGAF(3); MGAF-A(1); MGAX(1); MGAX(2).

If the Reichsbank is non-existent, or inoperative in your area, deliver these forms to the Stadt or Bezirk Sparkasse; and, in the event none of these are available, to the largest bank in operation.

Place upon the institution to which Instructions, Orders, and Forms are delivered the responsibility for any redistribution to all other financial institutions and post offices. Such responsibility will include any necessary printing of additional copies.

5. Ensure delivery to German public officials at the highest level in your area of:

a. Fragebogen.

b. "Instructions to German Officials on Revenue and Expenditures No. 1" - Form MGAP-I(1).

c. "Instructions to Financial Institutions No. 3" (Personnel).

Place upon them the responsibility of delivering these instructions to officials at lower levels, as well as local post offices.

6. Include under "Finance" in an early Field Report, answers to the following questions:

a. In general, are Allied Military Marks accepted

Answer: 1) Willingly
2) Unwillingly

b. Can local administration meet its financial requirements through cash on hand or readily available, for

Answer: 1) Less than 1 week
2) 1 Month
3) 3 Months

- 3 -

C O N F I D E N T I A L

225471

REPRODUCED AT THE NATIONAL ARCHIVES

C O N F I D E N T I A L

G-5 Financial Instructions
No. 4, dtd 7 Dec 44. (Cont'd)

c. Name of bank to which forms referred to in paragraph 4 were delivered.

d. Names of properties taken under control.

(If none, so state)

Henry Parkman Jr
HENRY PARKMAN, JR
Colonel, G. S. C. 16
AC of S, G-5

DISTRIBUTION:

- 5 - SHAEF G-5 Financial Branch
- 2 - AFHQ, G-5
- 3 - Twelfth Army Group, G-5
- 2 - 21st Army Group, G-5
- 10 - Sixth Army Group, G-5 Mission
- 5 - Seventh Army, G-5
- 3 - ea. Corps G-5
- 2 - ea. Div. CA Section
- 20 - C. O. Det. E1 E2
- 2 - ea. Mil Gov Detachment
- 1 - ea. Financial and Property Control Officer
- 20 - G-5
- 2 - AG Records
- 2 - SGS

- 4 -

C O N F I D E N T I A L

225472

~~RESTRICTED~~
~~CONFIDENTIAL~~

002038

File

HEADQUARTERS 6TH ARMY GROUP
APO 23, U.S. ARMY557
HP/JC/rld
31 January 1945

FI/121

G-5 FINANCIAL INSTRUCTIONS)

NUMBER

4)

INSTRUCTIONS TO OCs OF KREIS
DETACHMENTS

The following instructions represent a digest of policies and procedures laid down by SHAEF, the Handbook for Military Government in Germany, and the Financial and Property Control Technical Manual. They are issued for the convenience of OCs detachments in order to provide a short, concise statement of the minimum Financial and Property Control responsibilities of MGOs in the initial period of the mobile phase.

In cases where there appears to be a contradiction, actual or implied, between these instructions and the Handbook for Military Government in Germany or the Financial and Property Control Technical Manual, the following instructions, based on more recent directives, will prevail. The order of priority is indicated by the number of the paragraph.

1. Ensure Posting of Military Government Laws:

- a. Law No. 51 - Currency.
- b. Law No. 52 - Blocking and Property Control.
- c. Law No. 53 - Foreign Exchange Control.
- d. General Order No. 1 - MGAFF-GO(1).
- e. General Licenses Nos. 1-5 - MGAFF-L(1-5).

Laws should be posted in at least one prominent place in each Gemeinde.

General Order No. 1 and General Licenses Nos. 1-5 must be posted together with and at the same time as Law 52.

2. Take immediate control of the following properties by posting Notice of Custody - Form MG/PC 1.

- a. Nazi Headquarters and party property (See Mil Gov Law No. 5) - co-ordinating with CIC.
- b. Prima facie loot from outside Germany.
- c. Abandoned property of sufficient importance to the Allied Forces and Military Government to warrant control - give priority to property of United Nations Nationals.

~~RESTRICTED~~
~~CONFIDENTIAL~~

11

225473

C O N F I D E N T I A L

G-5 Financial Instructions
No. 4, dtd 31 Jan 45. (Cont'd)

- d. All other property specifically ordered taken under control.
3. Arrange immediately any necessary protection for:
- Official funds and records.
 - The Grundbuch (Register of Title).
 - The Handelsregister (Register of Commercial Enterprises).
 - Other basic records concerning property.
 - The offices and records of the Commissioner of Enemy Property (Verwaltung für Behandlung Feindlichen Vermögens), or his local representative.
 - Other property taken under control.

Co-ordinate with Military Government Public Safety Officer and Provost Marshal any necessary protective measures.

4. Ensure delivery of the following forms to the branch of the Reichsbank in your area:

MGAX-I(1)	Instructions to Reichsbank and its Offices No. 1
MGAF-I(1)	Instructions to Reichsbank and its Offices No. 2
MGAB-I(1)	Instructions to Financial Institutions No. 1
MGAF-I(2)	Instructions to Financial Institutions No. 2
MGAB-I(3)	Instructions to Financial Institutions No. 3
MGAF(2) Series A	Report of Property Blocked Pursuant to Mil Gov Law No. 52
MGAF(2) Series B	Report of Blocked Property to be Used by Insurance Co's.
MGAF(3)	Report of Credit Balances in Excess of Certain Amounts
MGAF-A(1)	Application for Special License
MGAX(1)	Declaration of Assets
MGAX(2)	Receipt for Property Delivered to Reichsbank
MGAF(1)	Report of Blocked Property to be Used by All Owners and Some Others Holding Property of Third Persons
MG/PS/G/9	Fragebogen

If the Reichsbank is non-existent, or inoperative in your area, deliver these forms to the Stadt or Bezirk Sparkasse; and, in the event none of these are available, to the largest bank in operation.

Place upon the institution to which Instructions, Orders, and Forms are delivered, the responsibility for any redistribution to all other financial institutions, insurance companies and post-offices. Such responsibility will include any necessary printing of additional copies.

In the case of insurance companies, only the following forms will be delivered:

MGAB-I(1)	Instructions to Financial Institutions No. 1
MGAB-I(3)	Instructions to Financial Institutions No. 3

- 2 -

C O N F I D E N T I A L

*
NO
DURESS
PROP

225474

G-5 Financial Institutions
No. 4, dtd 31 Jan 43. (Cont'd)

MCAF(2) Series B Report of Blocked Property to be Used by Insurance Co's,
MCAF(1) Report of Blocked Property to be Used by All Owners
and some Others Holding Property of Third Persons
MG/PS/G/9 Fragebogen

5. Ensure delivery to German public officials at the highest level in your area of:

MCAF-I(1) Instructions to German Officials on Revenues and Ex-
penditures
MGAB-I(3) Instructions to Financial Institutions No. 3.
MG/PS/G/9 Fragebogen

Place upon them the responsibility of delivering these instructions to officials at lower levels, as well as local post-offices.

6. Include under "Finance" in an early Field Report, answers to the following questions:

a. In general, are Allied Military Marks accepted

Answer: 1) Willingly
2) Unwillingly

b. Can local administration meet its financial requirements through cash on hand or readily available, for

Answer: 1) Less than 1 week
2) 1 Month
3) 3 Months

c. Name of bank to which forms referred to in paragraph 4 were delivered.

d. Names of properties taken under control.

(If none, so state).

Henry Parkman
HENRY PARKMAN, JR
Colonel, GSC
AC of S, G-5

C O N F I D E N T I A L

G-5 Financial Instructions
No. 4, dtd 31 January 1945 (Cont'd).

DISTRIBUTION:

- 5 - SHAEF G-5, Financial Branch
- 2 - AFHQ, G-5
- 3 - Twelfth Army Group, G-5
- 2 - 21st Army Group, G-5
- 10 - 6th Army Group, G-5 Mission
- 5 - Seventh Army, G-5
- 3 - ea. Corps, G-5
- 2 - ea. Div. CAQ
- 20 - C.O. Det. E1 E2
- 20 - C.O. Det. E1 F3
- 2 - ea. Mil Gov Detachment
- 1 - ea. Financial and Property Control Officer
- 20 - G-5
- 2 - AG Records
- 2 - SGS

~~TOP SECRET~~

TOP SECRET

DECLASSIFIED

E.O. 11652, Sec. 3(E) and 9(D) or (E)

By _____ NARS, Date _____

SUPREME HEADQUARTERS
ALLIED EXPEDITIONARY FORCE
G-5 Division

MEMORANDUM NO. 13

DIGEST OF MILITARY GOVERNMENT CONSIDERATIONS
FOR GERMANY

CLASSIFICATION CHANGED

TO ConfidentialIn compliance with
provisions of AR 200-5AUTHORITY LetterSCAEF, File # 330-D-1INITIALS LPDATE 27/6/45DEFINITIONS

1. a. G-5 Staffs - The G-5/Military Government Staffs on the HQs of Formations/Units.
- b. MG Detachments - Military Government organizations located at the HQs of German administrative centres at any level below Ministerial (Berlin).
- c. Control Commission (British) - The British planning element of the future tripartite Control Commission.
- d. United States Control Group - The US planning element of the future tripartite Control Commission.

OBJECTIVES

2. The primary objectives of Military Government are:
 - a. Enforcement of terms of surrender.
 - b. Restoration and maintenance of law and order in so far as the security of the Allied Forces and accomplishment of their objectives and Military Government require.
 - c. Care, control and repatriation of displaced Allied Nationals and minimum necessary control of enemy refugees and displaced persons.
 - d. Protection of Allied Property.
 - e. Apprehension of War Criminals.
 - f. Elimination of Nazism, Fascism and the Nazi Hierarchy.
 - g. Establishment and preservation of suitable civil administration.

RESPONSIBILITIES

3. SCAEF is initially responsible for the establishment of Military Government in areas of Germany occupied by forces under his command. At some time following the occupation, a tripartite Control Commission will assume responsibility for the Military Government of Germany. Until that time SCAEF will be fully responsible for establishing and maintaining complete Military Government of the British - US zones; he will delegate this responsibility to Army Group Commanders except where policy Directives of Supreme Headquarters specify otherwise, or where it is necessary for him to initiate action in which coordination between the British and US zones is necessary.

4. a. SCAEF will be responsible under the directions of the CCS and in accordance with such policies as are agreed on a tripartite basis, for the initial imposition of Military Government in Western Germany. He will also be responsible for the provision and training of personnel for MG Detachments and other specialists required to strengthen existing CA/G-5 staffs or to create new ones.

DECLASSIFIED
E.O. 11652, Sec. 3(E) and 9(D) or (E)
By SP-5
NARS, Date 1/11/78

June 27,
1945

~~TOP SECRET~~

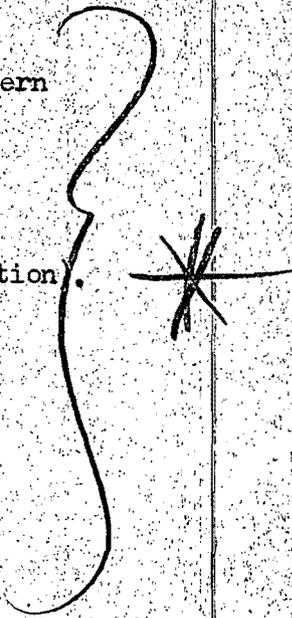
225477

TOP SECRET

30. Allied Displaced persons will not, without the consent of Military Government, be triable in German Courts for offences committed in Germany. They will be triable in Military Government Courts in accordance with applicable German laws, which have not been invalidated by Military Government, or with laws established by Military Government.

RELATIVE DOCUMENTS

31. The following official documents issued by SHAEF will govern Military Government operations in Germany:

- a. Directive to Army Group Commanders.
 - b. "Standard Policy and Procedure for Combined Civil Operations in North West Europe." (August 1944 edition).
 - c. Military Government Handbook for Germany.
 - d. The Post Hostilities Handbook - where applicable.
 - e. Outline Plan for Refugees and Displaced Persons.
- 

RG 131

FFC Investigative
Files

Box 4

PRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED

Authority NND968103

By J. F. WARA Date 2/25/88

MEMO FOR THE FILES

July 17, 1942

RE: S. A. de Gerances et de Depots, Geneva ("Saged")

Saged was originally the Swiss subsidiary of the National City Company, before the latter was dissolved in 1934. Subsequently, the interests of Saged were said to be bought out by influential Swiss nationals such as Jean E. Bonna (brother of Pierre Bonna, high ranking official of the Swiss Ministry of Foreign Affairs), Richard Pictet, and Raymond Barbey, (in some way related to the Iselins of New York). Saged's objective is "the administration of funds invested in any financial, real estate, industrial or commercial undertaking or operation". No documentary evidence has been discovered to show who the stockholders actually are or who the beneficiaries are of the funds administered by Saged. Mr. Harry Mann, a one-time director of Saged has indicated that the deposits with Saged represented Italian, Swiss, French and Belgian interests and that no German interests were involved. Mr. Mann further indicated that the following had, at one time or another, made deposits with Saged:

- King Alfonso of Spain
- Basil Zaharoff, Noted Munitions dealer
- The Herrera Family of Guatemala
- The Pictet Family of Geneva
- The Solvay Family of Belgium
- Some members of the Vichy Cabinet

It is believed that, at the end of 1940, Saged merged with the well-known Swiss banking house of Lombard Odier & Cie. Also, although it is in the process of liquidation, Saged still has properties the world over. Currently, Saged owns or controls several corporations, involving assets ranging from ten to fifty million dollars.* Two of its largest subsidiaries, incorporated under the laws of Panama, are the Security and Financial Service Corp. (S.F.S.) and the Overseas Trade and Finance Corp. (O.T.F.). The origin and ownership of these Panamanian firms are very obscure.

The Cravenacht Commercial Corp. (CCC), incorporated in New York in September 24, 1940, and the Carbie Trading Corp. (Carbie)

* According to available TFR-300's, such assets as of June 14, 1941 amounted exceeded \$27,000,000

225479

RG 131

FFC Investigative
Files

Box 4

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority NND968103
By: [Signature] Date 2/25/88

- 2 -

incorporated in New York on March 31, 1941, appeared to have been organized with funds provided by SFS. These firms effect investments in commodities.

Fretza S. A., a Swiss Corporation, is also tied up with the Saged group, but the relationship is likewise very obscure. There is an indication, moreover, that Saged may have another subsidiary, The transatlantic Investment and Finance Corporation, Panama, but no accounts have as yet been found for this firm. (For the names of the officers and directors of the Saged units, see the attached list.)

It is believed that all American accounts of the Saged group are blocked.

Raoul Kraft appears to be manager of Saged's activities in Switzerland; Roger de Candolle is the American representative of Saged. De Candolle denied knowing the identity of the beneficiaries of the funds entrusted to Saged and added that, even if he did know, Swiss laws prohibit him from revealing such information.

225480

RG 131

FFC Investigative
Files

Box 4

DECLASSIFIED
Authority NND 968103
By E. W. HARA Date 2/25/98

CONFIDENTIAL REPORT

FOREIGN FUNDS CONTROL
INVESTIGATIVE SECTION

fi 3/9/43

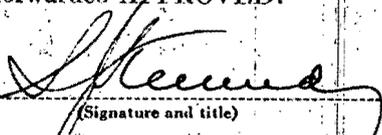
Field Office at New York, N. Y.

Date JUN 2 1942

Report of Agent Elwood Wiendieck

Report No. NY-3-53E

Respectfully forwarded APPROVED:



(Signature and title)

S. J. KENNEDY, Treasury Representative, Acting in Charge

SUBJECT: S. A. GERANCES ET DE DEPOTS, Geneva, Switzerland and others.

REFERENCE: A memorandum from the undersigned dated May 4, 1942, suggesting that an investigation be conducted for the purpose of determining the identity of the beneficiaries of companies wholly-owned or controlled by the subject, based on information furnished by a confidential informer. This information supplements a series of reports on the subject.

Reference is also made to the following reports:

- NY-3-53 of August 6, 1941
- NY-3-53A of August 21, 1941
- NY-3-53B of February 7, 1942
- NY-3-53C of February 7, 1942
- NY-3-53D of February 7, 1942

SYNOPSIS: It has been determined that the safe-deposit box which was said to contain the names of the beneficiaries of the subject companies, was surrendered on June 6, 1941, by RAOUL KRAFT, American representative of S. A. GERANCES ET DE DEPOTS at the time, who has since returned to Switzerland and is believed still to be there.

The assets of the subject firm and its wholly-owned or controlled subsidiaries are blocked.

RG 131

FFC Investigative
Files

Box 4

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED	
Authority	NND968103
By	F. W. WARA Date 2/25/88

SUPPLEMENTARY INFORMATION

On May 8, 1942, the undersigned interviewed a confidential informer who stated that there was a safe-deposit box in the name of JEAN E. BONNA in one of the branches of the National City Safe Deposit Company, New York, which was supposed to contain the names of the beneficiaries of the following companies which are wholly-owned or controlled by S. A. Gerances et de Depots, Geneva, Switzerland:

Cravenacht Commercial Corp.
Carbie Trading Company
Fretza S. A.
Overseas Trade and Finance Corp.
Security and Financial Service Corp.

These companies are treated at greater length in earlier reports. However, at the time the investigations covered by the afore-mentioned reports were conducted it was possible only to trace the source of the assets of the subject's firms to the S. A. Gerances et de Depots, Geneva, Switzerland.

Our informer mentioned that deposits with S. A. GERANCES ET DE DEPOTS represented Italian, Swiss, French and Belgian interests but to his best knowledge and belief did not represent German interests. Among the depositors at one time or another were the following:

King Alfonso of Spain
Basil Zaharoff, noted munitions dealer
The Herrera Family of Guatemala
The Pictet Family of Geneva, and the
Solvay Family of Belgium

He further stated that there was no doubt in his mind that S. A. GERANCES ET DE DEPOTS holds deposits for French politicians among whom, in all probability, are members of the present Vichy Cabinet. Whether or not the assets held in the United States belong to the last-mentioned group is a matter of conjecture.

On May 8, 1942, Mr. Regan, Vice-President of the National City Safe Deposit Company, New York City, was interviewed, at which time it was learned that a safe-deposit box was rented with its branch at 52 Wall Street, New York City on May 12, 1939, in the name of JEAN E. BONNA. The following were deputies for this box appointed on the dates indicated:

RG 131
FFC Investigation
Files
Box 4

REPRODUCED AT THE NATIONAL ARCHIVES
DECLASSIFIED
Authority NND968103
By E. WARA Date 2/25/98

Richard Pictet	May 12, 1939
Andre Aubert	May 12, 1939
Raymond Barbey	May 12, 1939
Henry Mann	February 8, 1940
Gordon M. Morier	February 8, 1940
Raoul Kraft	July 13, 1940

On June 6, 1941, RAOUL KRAFT who is known to have been the American representative of S. A. GERANCES ET DE DEPOTS, discontinued the safe-deposit box and is presumed to have removed its contents. Kraft is known to have returned to Switzerland is believed to be there at the present time.

ROGER DE CANDOLLE, who has an office with Harris, Upham and Company, New York City, is now the American representative of S. A. Gerances et de Depots. However, when interviewed during previous investigations he denied that he knew the identity of the beneficiaries of the funds and pointed out that according to Swiss law he would be prohibited from revealing this information even if he did know.

The writer also interviewed Mr. Henry Mann at his office at 63 Wall Street, New York City, who stated that he had never been to the safe-deposit box in question, and further that he would have served as an American director of S. A. GERANCES ET DE DEPOTS only if Switzerland had been invaded. It was the latter's opinion that if anyone in the United States knew the true ownership of the subject companies, it would be ROGER DE CANDOLLE. Henry Mann and de Candolle are the only persons associated with S. A. Gerances et de Depots who are known to be in the United States.

Elwood Wiendieck
ELWOOD WIENDIECK, Investigator

Distribution:

- Orig. and 3 copies, F. F. C., Washington
- 1 copy Federal Reserve Bank, N. Y. (Caveat Section)
- 1 copy Cable Censor (Lt. Bound)

RG 131
FFC Investigative
Files
Box 4

DECLASSIFIED
Authority NND968103
By E. J. WARA Date 2/25/85

Report cross-indexed under:

MANN, Henry, 63 Wall Street, New York City
FRETZA S. A., Switzerland
CRAVENACHT COMMERCIAL CORP., 63 Wall Street, New York City
SECURITY AND FINANCIAL SERVICE CORP., Panama City, Panama
OVERSEAS TRADE AND FINANCE CORP., Panama City, Panama
de CANDOLLE, ROGER, C/o Harris Upham and Co., 14 Wall Street,
New York City
BONNA, Jean E., Switzerland
KRAFT, Raoul, Geneva, Switzerland

RG 131
FFC Investigations
Files
Box 4

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority NND968103
By [Signature] Date 2/25/88

MEMORANDUM FOR THE FILES

AD HOC UNIT

May 27, 1942.

Re: NY 380624 - involving possible acquisition of Swiss Francs.

This application, filed by J. P. Morgan Company, Inc. and received by Foreign Funds Control March 13, 1942 requests authorization to transfer \$300,000 from the blocked account of the SECURITY AND FINANCIAL SERVICE CORPORATION (S. and F.), Panama City, Panama with J. P. Morgan and Company to the blocked account of the S. A. DE GERANCES ET DE DEPOTS (G. and D.), Geneva, Switzerland with J. P. Morgan and Company.

S. and F. was blocked by a Treasury wire dispatched December 16, 1941. No nationality was specified. On December 23, 1941 the New York Federal advised that S. and F.'s account with the National City Bank, New York City had been duly blocked. Balance was about \$1,475,000. New York Federal's letter made no reference to S. and F.'s account with J. P. Morgan and Company, which seemingly was already frozen. Pending application, although not specifying present balance, refers to deposits made in favor of S. and F., during the last quarter of 1939, in the sum of about \$1,500,000. An intercept dated April 18th, 1941 shows an S. and F. balance with J. P. Morgan of \$1,898,000 as of February 28th, 1941. In connection with the requested transfer, J. P. Morgan and Company submits the copy of a cable which S. and F., Panama City, had received from Richard Pictet, a Swiss banker residing in Geneva and seemingly an officer of both S. and F. and G. and D. Text of this cable was doubtless submitted to explain the significance of the underlying transaction. It reads as follows:

"FUNDS ARE PART OF ORIGINAL DEPOSITS MADE REFER FOR INSTANCE COMPANY ACCOUNT WITH MORGAN ENTRIES FIRST TWELFTH SEPTEMBER TWENTYFIRST DECEMBER 1939 STOP TRANSFERS WERE EFFECTED AS PRECAUTIONARY MEASURE AGAINST POSSIBLE DEVELOPMENTS AND REPRESENTED SUBSTANTIAL PROPORTION LOCAL TREASURY MEANS PART OF WHICH NOW FIND NECESSARY HAVE AVAILABLE AGAIN STOP WE GUARANTEE FUNDS WILL BE USED EXCLUSIVELY FAVOUR SWISS INTERESTS

(signed) RICHARD PICTET"

Dated: March 4, 1942.

In other words S. and F., Panama, when the War broke out, served as 'storm cellar' for certain G. and D., Geneva, monies. Part of these funds, now allegedly needed as working capital, are to be recalled to Switzerland from this shelter. S. and F., Panama is seemingly only a holding company which banks in New York. G. and D., New York is apparently only a bank account. (They are not business enterprises and no TFBE-1's were filed for either of these names.) G. and D., Switzerland appears to be an investment trust or holding company. Intercept already quoted above carries a note indicating S. and F., Switzerland is suspected of hiding foreign assets of British subjects through Panamanian holding companies. It is to be noted that J. P. Morgan's application

225485

RG 131

FFC Investigative
Files

Box 4

DECLASSIFIED
Authority NND968103
By E. WARA Date 2/25/98

calls only for transfer from the blocked account in New York of S. and F. to the blocked account in New York of G. and D., although the implication of the cable is that G. and D., Switzerland needs these monies for working capital, indicating an ultimate foreign exchange transaction.

Subject application was green slipped by Foreign Funds Control and S. and F. were requested to report:-

- (1) Circumstances of S. and F's. incorporation.
- (2) Names and nationalities of stockholders.
- (3) Names and nationalities of creditors.
- (4) Its function and purpose.
- (5) Its assets and liabilities.
- (6) Its relationship to Pictet and Company, a Swiss Bank in which Richard Pictet is interested.

To satisfy this inquiry Mr. de Candolle (an officer of S. and F. in New York City) dispatched on April 7, 1942 a wire to Mr. Richard Pictet in Geneva (an officer of G. and D. over there) reciting the questions submitted by the Treasury Department. On April 7 and again as a repeat on April 30, 1942, Mr. Pictet from Geneva replied to Mr. de Candolle. Because this answering wire was not readily intelligible, the Office of Censorship did not deliver it to Mr. de Candolle. However, he was seemingly apprized of its receipt and when he explained to the Office of Censorship that it related to information required by the Treasury Department in connection with an S. and F. application, the Office of Censorship offered to make this dispatch directly available to Foreign Funds Control without showing it apparently to Mr. de Candolle. This has now been done. Interpreted in the light of the Foreign Funds Control Green Slip, there is nothing markedly unintelligible in Mr. Pictet's answer, although admittedly it is incomplete from a Foreign Funds Control angle. Reply to Foreign Funds Control Green Slip, as presented in Mr. Pictet's cable of April 7 to G. and D., New York is set forth hereunder:-

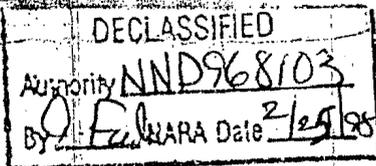
- (1) No specific answer.
- (2)
- (3) S. A. de Gerances et de Depots, Geneva, Switzerland.
- (4)
- (5) Refer to sense and indications of first cable of March 4, 1942 quoted verbatim above.
- (6) No relationship.

It is to be noted that this reply is only a cable and has not been submitted in affidavit form. Further, while the cable specifies that the stockholders and creditors of S. and F., Panama are G. and D., Geneva, Switzerland, actual nationality of G. and D., Switzerland is not spelled out.

RG 131

FFC investigation
Files

Box 4



- 3 -

Although filling in the background of a case on which Foreign Funds Control files are thin was a general consideration, the chief object of the Green Slip was to determine whether any other nationality, above and beyond that of Swiss and which would have excluded availability of G. L. 50, entered into the S. and F. picture. While this question has not been answered categorically, it is answered by indirection. If a transfer from S. and F., New York to G. and D., New York has been conceived to allow certification under G. L. 50, then a proper assumption would be that G. and D., Geneva is only Swiss. If such is the case, S. and F., Panama, owned by G. and D., Geneva, is likewise only Swiss. Albeit, Mr. Pictet in his cabled reply to the Foreign Funds Control Green Slip, addressed to S. and F., New York, indicates a sharp interest in prompt favorable action on pending application calling for the transfer from S. and F., New York to G. and D., New York of \$300,000. As subject application is seemingly only the first step in a transaction which ultimately will lead to the remittance of funds to Switzerland, it is not on the face of it apparent why a transfer from S. and F., New York to G. and D., New York is necessary. As the Order reads, this is the only phase in this contemplated transaction which would inevitably necessitate a Treasury license. Surely S. and F. could remit directly to Switzerland under G. L. 50, supported by a Banque Nationale Suisse certification. If the Banque is no longer making such certifications readily available and if the Swiss interests felt that a Treasury license would therefore be unavoidable, there is no particular reason why they should feel that authorization to remit to Switzerland would be granted more easily to G. and D. than to S. and F. It might be added that it is just conceivable, for reasons not off hand apparent, that the Banque Nationale Suisse could be more readily induced to authenticate a sale of dollars and purchase of Swiss Francs if so requested by G. and D. rather than by S. and F. This might explain the purpose of the application under review but is only surmise.

These questions are raised for the record and to assist in disposition. It is felt that, before taking action, the issue should be further discussed. This covering memorandum has been prepared because NY 380264 seemingly involves eventual acquisition of Swiss Francs and relates therefore to a type of transaction now under special scrutiny.

CC: Mr. Fox
Mr. Day

Addendum: The Ad Hoc Unit is denying subject application NY 380624.

FDR
FDRosebery:ga 5/29/42

225487

RG 131
FFC Investigation
Files
Box 4

REPRODUCED AT THE NATIONAL ARCHIVES
DECLASSIFIED
Authority NND 968103
By Q. F. ... NARA Date 2/25/95

March 5, 1942

MEMORANDUM FOR THE FILES:

Re: Synthetic Nitrogen Products Corp.
and
Henry Mann.

As previously arranged, at the request of Mr. Henry Mann, he conferred at Mr. Pehle's office today with Mr. Pehle and Mr. Sherbondy.

Mr. Mann outlined, as he had in the past to Mr. Sherbondy, the manner in which he got into the Synthetic Nitrogen Products Corporation picture by purchasing certain of its stock as a part of the consent decree recently entered in the anti-trust proceedings. He indicated vehemently, as he had in the past, that he had been treated most unjustly by the Government through the Department of Justice. He said that the Department of Justice had, in effect, invited him to purchase the stock of Synthetic Nitrogen Products Corporation with the understanding that the corporation was clean and in good shape. He said that his understanding from talking with the Department of Justice officials, naming specifically Mr. Fowler Hamilton and Mr. Levi of the Anti-Trust Division, was that the Department of Justice would take the matter up with other interested departments and see that there was no objection to his purchase of the stock in the corporation. Upon being questioned Mr. Mann admitted that he had not specifically mentioned any clearance of the matter with the Treasury Department and, furthermore, he admitted that the Department of Justice had not stated that they had cleared the matter with the Treasury Department or that they could give any assurance that the accounts of the corporation would not be blocked if Mr. Mann purchased the stock. Upon being pressed to state who had brought him into the picture for the purchase of stock Mr. Mann was most reluctant but finally admitted that he had been approached on the subject by a confidential representative of the Department of Justice in New York City, a Dr. Muhle, who, he stated, has offices at the Rockefeller Center. Mr. Mann said that he had at some time in the past done Dr. Muhle a service by assisting him in getting out of Germany.

In response to Mr. Mann's repeated statements that a great injustice had been done him by the Treasury Department and the Department of Justice, Mr. Pehle and Mr. Sherbondy pointed out that the Department of Justice, so far as they were advised, had never advised the Treasury Department that in their opinion the accounts of the Synthetic Nitrogen Products Corporation should be unblocked. This appeared to be news to Mr. Mann. Mr. Pehle stated that if Mr. Mann had any criticism of the Department of Justice and the manner in which they had treated him he should take that matter up with the

cc: 3/17/42

- Mr. Pehle
- Mr. Towson ✓
- Mr. Timmons
- Mr. Schmidt
- Mr. Fox
- e Mr. Hoffman

- Mr. E.M. Bernstein
- ~~Mr. Valentine~~
- ~~Mr. Klets~~
- ~~Mr. Coggeshall~~
- ~~Mr. Reid~~

RG 131

FFC Investigative
Files

Box 4

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED

Authority NND 968103

By J. F. WARA Date 2/25/88

- 2 -

Department of Justice and not with the Treasury Department. Mr. Pehle pointed out that the Department of Justice had their own laws to administer and the Treasury Department was not in a position to make any remarks with respect to the manner in which they administer such laws. Mr. Mann was also advised that whether or not he had purchased stock in the Synthetic Nitrogen Products Corporation, its accounts undoubtedly would still have been blocked.

(Initialed) DJS

Donald J. Sherbondy.

Copies to:

Mr. Bernstein
Mr. Pehle

DJS:lh

225489

RG 131

FFC Investigative
Files

Box 4

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority NND968103
By: E. WARA Date 2/25/88

MEMORANDUM

Re: Henry Mann

From various bits of information which have passed over my desk at one time or another I have gained the impression that Henry Mann may be representing I. G. Farben interest in this country. This impression is based on the following:

- 1) Henry Mann was an important figure as an employee of National City in the under-writing of General Aniline and Film bonds in 1928.
- 2) As a representative of the investment house which was the offshoot of National City resulting from the 1934 Banking Act, Henry Mann left England for the Netherlands about two or three days prior to the invasion where he met with several of the I. G. Farben men. Because of his inability to leave the Netherlands in any other way he is reported to have passed through Germany where he spent considerable time before leaving for the United States. As a result of leaving England at the time he did, I understand that Henry Mann was asked to resign which he refused because he felt that he had been acting in the best interests of this Company by so doing. Resignation he felt might give the impression of disloyalty. He was eventually dismissed (presumably in the early part of 1941).

(Point two is based on informal discussions with Erwin May of our Investigative Staff who has known Henry Mann personally for many years.)
- 3) Henry Mann is both a member of the negotiating group for the sale of, and a prospective purchaser of an invention for the more economical production of high octane gas. The seller is one von Becker, presently residing in Switzerland, and the interested repurchaser is Standard Oil Company of New Jersey. (See NY 253683) It strikes me that the real parties involved in this deal may well be I. G. Farben and Standard Oil Company of New Jersey both of whom could not negotiate directly for obvious reasons.
- 4) Henry Mann is the recent purchaser of the stock in Synthetic Nitrogen Products from Advance Solvents and Chemical Company both of which Companies' past associations strongly indicate an I. G. Farben background.

CC - Messrs. Pehle, Towson, Lawler, Day, and Sherbondy, Reid.

IAS:mfa 11/4/41.

225490

RG 131

FFC Investigation
Files

Box 4

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority NND968103
By E. WARA Date 2/29/98

143

File Copy for
Investigative Section
Washington, D. C.

FOREIGN FUNDS CONTROL
INVESTIGATION UNIT
CASE N. Y. 3-53-E

May 4, 1942.

MEMORANDUM FOR INVESTIGATION

Re: Pretza S.A., Switzerland
Cravenacht Commercial Corp.,
63 Wall St., New York City
Security & Financial Service Corp.,
Panama City, Panama
Overseas Trade & Finance Corp.,
Panama City, Panama
S.A. Gerances et de Depots,
Geneva, Switzerland

Reference is made to report NY 3-53 and supplementary reports A, B, C, and D relative to the source and ownership of the funds of the first four of the five above-mentioned corporations.

While investigations revealed that the funds originated with S.A. Gerances et de Depots or its wholly owned or controlled subsidiaries, Mr. Henry Mann, 63 Wall Street, New York City volunteered to furnish a clue as to where and how this office might be able to learn the identity of the beneficiaries of these assets who, it appears, are or were depositors with S.A. Gerances et de Depots in Geneva, Switzerland. Mr. Mann requested that under no circumstances was this office to reveal his name in this connection.

Elwood Wiandack,
Investigator.

WASHINGTON, D. C.
INVESTIGATIVE SECTION

RECEIVED
FOREIGN FUNDS CONTROL

(4 copies sent to Mr. May)

225491

RG 111
FFC Investigat
Files
Box 4

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority NND968103
By: [Signature] Date 2/25/95

SJK:LCO



NY 3-53
01-3-00053

TREASURY DEPARTMENT

WASHINGTON

fr 3/9/43

FOREIGN FUNDS CONTROL
95 Maiden Lane
New York, Rector 2-5700

AUG 6 1941

John W. Pehle, Esquire,
Assistant to the Secretary,
Treasury Department,
Washington, D. C.

Sir:

M-500
Re: HENRY MANN et al, New York City 1-120
G652 S.A. de GERANCES et de DEPOTS, Geneva 3-421
S263 SECURITY & FINANCIAL SERVICE CORP., Panama 3-298
0162 OVERSEAS TRADE & FINANCE CORP., Panama 3-298

Reference is made to your memorandum of May 23, 1941, forwarding a copy of Despatch No. 3071, wherein mention is made of the above Swiss and Panamanian corporations and of Jean E. Bonna of Geneva. You called attention in this connection to a letter written to this office by the Commissioner of Customs on May 6, 1941, forwarding data concerning Henry Mann and others, including one "Bona", who were suspected of smuggling securities of frozen countries into the United States.

The several persons mentioned in the above correspondence have now been identified, as follows:

HENRY MANN has been for over 20 years connected with the National City Company and with its British successor, Brown, Harriman & Company, Ltd., which is affiliated with Harriman, Ripley & Company, Inc., of New York. Mann was the head of the European organization of these companies and, in his employers' interest more than in his own, he became director of several German corporations. He was also a director of S.A. de GERANCES et de DEPOTS (SAGED), a Swiss holding company, which held a good part of his personal fortune.

With the outbreak of the war, the European activities of his employers came practically to a standstill, and Mann finally returned to the United States in September, 1940, resigning his position as vice-president of Brown, Harriman and also resigning from most of his European directorates. He established himself as an over-the-counter securities dealer in New York and, as such, was engaged in the repatriation of certain German bonds up to the time German funds were blocked. ✓

RG 131

FFC Investigation
Files

Box 4

DECLASSIFIED
Authority: NND 968103
By: E. J. WARA Date: 2/25/98

Coincident with his resigning from Brown, Harriman and his resettlement in the United States, Mann had his personal securities transferred from the account of SAGED in the National City Bank, New York, to his own account in Brown Brothers, Harriman & Company. These securities, of a total face value of \$61,000, included some which bore stamps of foreign countries, and these were cleared through the Federal Reserve Bank, by attachment of Form TFEEL-2, on evidence that they had been held by the National City Bank in the SAGED account since December, 1939.

JEAN E. BONNA is a director and one of the active managers of SAGED. On his last arrival in the United States, August 24, 1940, he acted as diplomatic courier for the Swiss Government, carrying a sealed pouch addressed to the Swiss Legation in Washington, which was not examined by the Customs authorities. His brother, PIERRE BONNA, is the ranking permanent official of the Swiss Ministry of Foreign Affairs. Jean Bonna has since returned to Switzerland.

EDWARD VAN DYKE WIGHT, JR., was for some years with Brown, Harriman & Company, Ltd., in Berlin. He resigned and returned to the United States in late 1940, and had office space for a while with Henry Mann. He is now in Switzerland, representing Mann in a proposition to sell certain American properties in Germany.

CHARLES WARREN, formerly named VOINOFF, was employed by HARRIS UPHAM & COMPANY, large investment brokers of New York. He was a dummy director in two SAGED Panamanian subsidiaries and kept their books as a spare-time job. The present whereabouts of these books is unknown. Warren died April 16, 1941.

(The Department's informant mentioned GEORGE WHITE, but it is believed that Edward Van Dyke Wight, Jr., was meant. The only person named George White who was in any way connected with the above persons was a public utilities man for Harriman, Ripley & Company and died about three years ago.)

Other persons and firms, associated with those named above, will be mentioned later in this report. It may be explained at this point, however, that many of these persons have been more or less connected with one another for many years and originally became acquainted through employment by or association with the National City Company, former securities affiliate of the National City Bank of New York. As a result of the Banking Act of 1934,

RG 131

FFC Investigation
Files

Box 4

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED

Authority: NND 968103
By: F. J. WARA Date: 2/25/88

- 3 -

3-53

this company was reorganized as Brown, Harriman & Company, Inc., with a British affiliate, Brown, Harriman & Company, Ltd. The American company was again reorganized as Harriman, Ripley & Company, Inc., in 1937, and is still operating under this name. As a result of the war, the activities of Brown, Harriman & Company, Ltd., practically ceased and its officials had to find other work. None of the persons concerned in this investigation have any longer any connection with the Brown, Harriman & Company, Ltd., or Harriman, Ripley & Company, Inc., and it does not appear that either of these companies has any interest in the present activities of these persons. A related company, Brown Brothers, Harriman & Company, enter the picture solely as bankers.

This investigation, so far as it has gone, discloses that HENRY MANN is well-known in the financial world and enjoys an excellent reputation. His dealings in German bonds, of which full details are given hereinafter, were entirely legal and were of the same nature as those of other prominent brokers in New York who were selected by the German Golddiskont Bank to carry out its repatriation plans. Despite the fact that Mann was German-born and lived many years in Germany, his Americanism is unquestioned by his business associates and friends.

The investigation has also disclosed considerable information regarding SAGED. This company, and its active heads, are highly regarded by the New York banks and brokers with whom they have dealt. It is admitted, however, that SAGED's activities are surrounded by so much secrecy that these banks and brokers really know little about them, but it is also realized the principal raison d'etre for the existence of a Swiss holding company of this kind is its ability to maintain such secrecy and to conceal the identities of the true owners of the property which it controls. SAGED and its two Panamanian subsidiaries, Security & Financial Service Corporation, and Overseas Trade & Finance Corporation, are said to control funds and securities valued at from \$10,000,000 to \$50,000,000. The checking and custody accounts of these three companies in New York banks have been blocked as Swiss, but there is some evidence of the existence of a third Panamanian company, Transatlantic Investment & Finance Corporation, for which no accounts have yet been found. The known accounts are so large that a complete check of the origin of every security in them would require considerable personnel and time. "Spot checks" have been made which indicate that most of the securities were in the United States prior to the issuance of Executive Order 8389 or have been since acquired by transfer from Canada or by open market purchases through reputable New York brokers; it is

3

225494

RG-131

FFC Investigation
Files

Box 4

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED

Authority NND 968103

By E. W. WARA Date 2/25/88

DEPARTMENT OF JUSTICE
3-60053

- 4 -

3-53

worthy of note that the majority of purchases and sales were made through Harris, Upham & Company, and that the accounts show the free receipt of a considerable number of securities from that firm.

The foregoing summary of the information thus far obtained is sufficient to indicate the possibility that the Department's information is correct. Two factors are essential to the successful smuggling and disposal of frozen securities in this country, and both exist in this case: (1) a means of getting the securities through the Customs without detection, e.g., the Swiss diplomatic pouch, and (2) a means of getting a reputable broker to put the securities into circulation or into a bank account, e.g., Charles Warren in Harris, Upham's office. Against the probability of the commission of such a crime, weight must be given to the high reputations of the principal persons concerned, the care with which banks and brokers examine all securities for compliance with the blocking regulations, and the measures of control which the Swiss Government undoubtedly exercises over the use of its pouches. Another fact to consider in this regard is the very meagerness of the information on which this investigation is based; it can be fairly stated, without any intention to criticize, that this information could well be the product of the imagination of any office-boy who had a bare knowledge of the personalities concerned and of the fact that they were handling foreign securities. For these reasons, the writer has thought it best to present to the Department the facts thus far adduced before proceeding further with this case.

The next routine step in this investigation would be to ascertain the origin of all securities which are in, or have passed through any of the accounts in question, and it is believed that Harris, Upham & Company would cooperate to this end were our suspicions frankly put before them; this is one of the largest wire houses in the country, and its partners would be interested in protecting its good name. It is almost a foregone conclusion, however, that persons of the intelligence and experience of Mann or Bonna would not do anything illegal by obvious methods, and further investigation, on the basis of the meager information now on hand, must necessarily be a tedious and time-consuming search in the dark, with little probability of positive results.

It is therefore suggested that, if this case is to be carried further, the Department's informant be interviewed for the purpose of ascertaining what detailed knowledge he possesses of the alleged illegal operations or on what specific facts he bases

225495

DECLASSIFIED

Authority NND 968103
By: E. W. NARA Date 2/25/88RG 131
FFC Investigative
Files
Box 4

- 5 -

3-53

his suspicions of such operations. If the informant possesses any real knowledge, the scope of the investigation can be considerably narrowed; on the other hand, if it is found that the informant's suspicions are only inferences erroneously drawn from an incomplete knowledge of the legal operations described hereinafter, further investigation would appear unnecessary.

The remainder of this report contains a detailed statement of the information thus far obtained in the course of this investigation, under the following captions:

Henry Mann: Personal history.
Repatriation of German bonds.
Dealings with SAGED.
Associates.

Societe Anonyme de Gerances et de Depots.
Security and Financial Service Corporation.
Overseas Trade and Finance Corporation.
Cravenacht Commercial Corporation.
Frank C. Tenzer.

Sources of information.
Index of names.

HENRY MANN

Henry Mann was born in Germany in 1890 and emigrated to the United States in 1913, becoming a naturalized American citizen in 1920.

He worked in New York at odd jobs for several months, having arrived here without friends or money. He finally secured work as a bookkeeper and, in the course of time, qualified as a cost accountant. He was employed in 1915 by the Crown Cork and Seal Company of Baltimore in the latter capacity, and remained there ten years, rising to the position of comptroller of the company in 1921. In that year, Crown Cork and Seal floated a bond issue through the National City Company and Mann formed friendships with officials of the latter company, which led to his appointment as its resident vice-president in Berlin in 1925. When the National City Company was dissolved in 1934, Mann became vice-president and director of its British successor, Brown, Harriman & Company, Ltd., of London. From then on he divided his time between Germany and England, looking after various German as well as British interests of the company, and he also made numerous

225496

RG 131
FFC Investigative
Files
Box 4

DECLASSIFIED
Authority NND 968103
By *F. W. A. R. A.* Date 2/25/98

3
00053
3/9/43

WASHINGTON

trips to the United States for consultation with Harriman, Ripley. As the war brought the business of Brown, Harriman & Company, Ltd., practically to a standstill, he resigned his position with that company in September, 1940, and went into business for himself as an over-the-counter securities dealer at 63 Wall Street, New York City. He is sole proprietor of this business and is registered with the Securities Exchange Commission.

In the course of his work with the national City Company and its successor, he became a director in the following foreign concerns:

Standard Elektrizitats Gessellschaft, Berlin,
an International Telephone and Telegraph
subsidiary; since resigned.

Ilseder Hutte, Hanover, Germany; since resigned.

National-Krupp Registrier Kassen G.m.b.H., Berlin,
controlled by National Cash Register Company
of Dayton, Ohio; no longer chairman but still
a director.

Aktiengesellschaft Sachsische Werke, Dresden;
since resigned.

S.A. de Gerances et de Depots, Geneva; since
resigned.

He is also a director and owner of the controlling interest in the Northern Beverage Company, Ltd., Glasgow, which holds the Coca-Cola franchise for Scotland. In his other foreign directorships, however, he says he represented the interests of his employers rather than his own, so that his connection with most of these companies ended when he left Brown, Harriman.

Mann's present business was based on an arrangement which he made to buy certain German bonds in the American market and to resell them at a profit to the Deutsche Golddiskontbank, this being part of the German scheme of repatriation with which Mann became familiar through his work with Brown, Harriman. However, he has built up a considerable trading business through his wide acquaintances in the financial world, and the German bond transactions represent but a minor part of his total turnovers in recent months. Most of his buying is done with his own money and with credit advanced by his bankers, Brown Brothers, Harriman & Company and the National City Bank.

RG 131

FFC Investigative
Files

Box 4

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority NND968103
By J. F. WARA Date 2/25/85

NY 3-53
01-3-00053
MENT

Repatriation of German Bonds.

The only German bonds which Mann has been buying are those of four issues of the German Central Bank for Agriculture (Deutsche Rentenbank-Kreditanstalt, Landwirtschaftliche Zentralbank). On deciding to go into business for himself, Mann asked Edward Van Dyke Wight, Jr., to make representations to the Reichsbank to see if Mann could be given some of the repatriation business. Wight arranged that Mann would be given the exclusive buying of the Central Bank for Agriculture bonds, payment to be made on delivery of the bonds to the Deutsche Golddiskontbank in Berlin. Mann objected because of danger of loss or seizure of the bonds en route to Berlin, and Wight then arranged that the bonds would be paid for by the Golddiskontbank on cancelation by the National City Bank in New York. Mann was advised of this by a cablegram dated January 9, 1941, reading as follows:

Have obtained through support of President P resumption of bond purchases in Citibank issues for future with us stop For start Director E instructs us buy Rentenbank bonds New York Usance with all coupons 6s up to 26 7s to 27 bonds to be delivered for cancelation to Citibank New York City stop As soon as Citibank acknowledges receipt by cable to Rentenbank Dego immediately will pay you stop Advise your bank stop Also price and nominal amount stop Suggest careful handling order.

Pete

(President P. is Vice-President Puhl, active head of the Reichsbank. Director E. is Erbstoesser of the Golddiskontbank. Dego is the Golddiskontbank. Pete is Claus Peterson, then Mann's clerk at 28 Unter den Linden, Berlin.)

Mann proceeded under these instructions to buy the bonds in the New York market with his own funds and to deliver them to the National City Bank, the trustee for these issues. The bank would cancel the bonds and cable the Rentenbank, and the Golddiskontbank would thereupon cable the Chase National Bank or the Bank of the Manhattan Company to pay Brown Brothers, Harriman for account of Mann.

KG 131
 FFC Investigation
 Files
 Box 4

DECLASSIFIED
 Authority NND 968103
 By E. J. [unclear] NARA Date 2/15/88

NY 3-53
 01-3-00053

The following is a complete list of all bonds thus purchased and paid for, showing the date, issue and face value of each transaction, as well as the price paid to Mann by the Golddiskontbank. Except when otherwise noted, the bonds bore full 1937 and subsequent coupons (these coupons were not payable in the United States after 1936, but some holders had sold subsequent coupons to traders).

Date	Price	6's due 7-15-60	6's due 10-15-60	6's due 4-15-38	7's due 9-15-50
1-15	26.25	\$1,000			
18	26.	1,000			
21	26.			\$1,000	
21	26.25				\$1,000
21	26.50	1,000			
27	25.50		\$2,000		
27	26.			1,000	
27	25.50	1,000			
28	25.50	5,000			
30	25.50		3,000		
2-11	26.		10,000		
11	26.	21,000			
3	25.75	4,000			
3	25.75		1,000		
11	26.50				13,000
11	26.			1,000	
18	25.75		6,500		
18	26.50				1,000
18	25.75	11,000			
27	25.50	2,000			
27	*22.50	2,000			
27	25.50			1,000	
27	26.				3,000
27	*20.50	5,000			
27	25.50		3,000		
3-3	24.50		4,500		
6	25.75				25,000
6	24.75	21,000			
6	24.75		8,000		
11	25.				1,000
11	24.50			3,500	
11	24.50		2,000		
12	24.25			7,000	
12	*24.		1,000		

HFC Investigative
Files
Box 4

DECLASSIFIED
 Authority NND 968103
 By Q. F. WARA Date 2/25/88 NY 3-53
 01-3-00053

Date	Price	6's due 7-15-60	6's due 10-15-60	6's due 4-15-38	7's due 9-15-50
3-12	24.	\$5,000			
27	22.	6,000			
26	22.	1,500			
26	*19.	1,000			
26	*19.25		\$2,000		
26	22.		3,000		
4-2	22.			\$5,000	
2	22.		4,000		
1	22.		5,000		
14	20.50		6,000		
14	21.50				\$7,000
17	20.50		2,000		
17	*16.50		2,000		
5-3	20.50				1,000
3	*13.50		1,000		
21	21.25	1,000			
21	22.				2,000
21	21.25		2,000		
		<u>\$89,500</u>	<u>\$68,000</u>	<u>\$19,500</u>	<u>\$54,000</u>

(* Lacking some 1937 or subsequent coupons)

As previously stated, all the above bonds have been paid for by the Golddiskontbank. However, there are two more lots purchased by Mann for which he has not yet been paid, one of which has been delivered to the National City Bank, while the other remains in Mann's possession.

The following data refers to the first of these lots, which was purchased by Mann through Brown Brothers, Harriman:

6's due 7-15-60:	\$1,000	bought	5-28-41	at	17 $\frac{1}{2}$;	paid for	6-2-41
	\$1,000	"	5-31-41	"	17-;	"	6-3-41
	\$1,000	"	6-9-41	"	16 $\frac{1}{2}$;	"	6-12-41
6's due 10-15-60:	\$1,000	"	5-28-41	"	17 $\frac{1}{2}$;	"	6-2-41
	\$2,000	"	6-4-41	"	17 $\frac{1}{2}$;	"	6-6-41

The bonds were delivered to and canceled by the National City Bank on June 13, 1941, and were billed by Mann to the Golddiskontbank by cable the same date at 21 $\frac{1}{2}$. The Golddiskontbank cabled Chase on June 16 to pay \$1,290 to Brown Brothers, Harriman for account

RG 131
FFC Investigative
Files
Box 4

DECLASSIFIED
Authority NND968103
By E. J. WARA Date 2/25/98

NY 3-53

of Mann but, these funds having been blocked in the meantime by Executive Order 8785, Chase made application (N.Y. 157585) to make the payment, and the application was denied. Mr. Mann intends to renew this application, showing that this transaction was consummated prior to the blocking, as stated above.

NY 195003

The second lot, also purchased by Mann through Brown Brothers, Harriman is as follows:

6's due 10-15-60:	\$1,000	bought	6-12-41	at	14;	paid	for	6-16-41
	3,000	"	6-13-41	"	17 $\frac{1}{2}$;	"	"	6-19-41
	1,000	"	6-12-41	"	17 $\frac{1}{2}$;	"	"	6-16-41

These bonds were billed by Mann to the Golddiskontbank on June 13 by cable at 22 for \$4,000 worth and at 19 $\frac{1}{4}$ for \$1,000 worth, the latter having only the coupons due October 15, 1938, and subsequently. Delivery to the National City Bank was not effected, due to the blocking order, and the bonds are now held by Brown Brothers, Harriman for Mann's account.

NY 195004

Mann's Dealings with SAGED:

Mann had part of his personal fortune deposited with SAGED, and he withdrew the same shortly after resettling in New York. Details of this withdrawal are given in the section of this report relating to SAGED.

Aside from this withdrawal, Mann's only dealings with SAGED or its subsidiaries since that time have consisted of sales and purchases of securities, as follows:

Sold Distillers Corp.-Seagram Ltd. 5% cum. pfd. W.W.-

To SAGED	9-18-40	100 shares	at	72.13
To S. & F.S.	"	300 "	"	72.13
To Overseas	"	200 "	"	72.13
To S. & F.S.	9-20-40	200 "	"	72.13

Sold Copperweld Steel Co. common -

To Overseas	10-10-40	100 shares	at	19.75
-------------	----------	------------	----	-------

Sold Cuban-American Sugar 7% cum. pfd.-

To Overseas	10-22-40	200 shares	at	70.75
-------------	----------	------------	----	-------

Bought Distillers Corp.-Seagram Ltd. 5% cum. pfd. W.W.-

From S. & F.S.	11-18-40	100 shares	at	77.75
----------------	----------	------------	----	-------

These were all cash transactions, made through National City, Chase or J. P. Morgan.

10

DECLASSIFIED

Authority NND 968103
By E. F. WARA Date 2/25/85

NY 3-53

- 11 -

3-53

Mann's Associates: The following data relates to several of the persons mentioned in the Department's memorandum and in reports previously made by the Supervising Customs Agent at New York.

RUDOLF E. KRUGER was born in Germany February 4, 1903. He came to the United States in 1922 and was naturalized in 1931. He worked for the National City Bank 1924-1927, National City Company 1927-1934, Brown, Harriman 1934-1937, and Harriman, Ripley 1937-1940. He is now Mann's office manager at a salary of \$325 a month.

BERNHARD C. G. BUSS was born in Germany February 27, 1895. He came to the United States in 1927 and was naturalized in 1933. He worked for the National City Company 1927-1934, Brown, Harriman 1934-1937, Harriman, Ripley 1937 to March 1940, White, Weld & Company March-June, 1940, and joined Mann in July, 1940. He is now Mann's trader at \$350 a month.

WERNER E. MELLEN was born in Germany August 31, 1902, came to the United States in 1926 and was naturalized in 1937. He worked for Bank of the Manhattan Company 1926-1933, Manufacturers Trust Company 1935-1937, and National Securities and Research Corporation, 1 Cedar Street, New York City, 1937-1940. He was introduced to Mann by Kruger and is now Mann's statistician at \$275 a month.

(Kruger, Buss and Mellen make up Mann's managerial staff. His other employees hold minor clerical positions.)

EDWARD VAN DYKE WIGHT, JR., is a native-born American citizen. He graduated from Princeton, served in the U. S. Army during the World War, and then stayed on in Europe to continue his studies. His first employment appears to have been with the U. S. Department of Commerce, and about 1925 he was American Commercial Attache (or acting as such) in Brussels. He resigned from this position to join the Berlin office of the National City Company and remained in a similar position with Brown, Harriman & Company, Ltd., specializing in the Scandinavian interests of that company. He resigned from Brown, Harriman in 1940, returned to New York, and later went to Switzerland. He is now in that country, principally on his own account, but nothing is known of his personal activities.

225502

RG 131

FFC Investigative
Files

Box 4

DECLASSIFIED

Authority NND 968103

By E. WARA Date 2/25/88

Before he went to Switzerland, Henry Mann confided to him commissions relating to the sale of property held in Germany by certain of Mann's American clients, but Wight has not reported any success in this regard. Mann does not regard Wight as his employee; he has only promised to reimburse Wight for any expenses incurred in his interests and to give him a share of any fees received as a result of their joint efforts. Wight's wife, Louise, from whom he is separated, was last known to be employed as a clerk in the office of the American Commercial Attache at Berlin.

CHARLES A. WARREN: See section of this report dealing with the Security and Financial Service Corporation.

FRANK C. TENZER only occupies desk-space in Mann's office while in New York. See section of this report dealing with Tenzer.

SOCIETE ANONYME de GERANCES et de DEPOTS

This Swiss corporation, which is well-known in financial circles as SAGED, is apparently one of those banking, holding and managing companies which manage and conceal the ownership of many European and Latin American fortunes and which owe their existence to the Swiss banking secrecy laws and to the confidence generally felt throughout Europe in the honesty and sagacity of Swiss bankers. While little detail about SAGED is known to American bankers and brokers who have had dealings with it for years, it enjoys the highest reputation for financial soundness, and its principal officers and directors are regarded as highly competent and trustworthy bankers. There is reason to believe that its holdings include the property of Swiss, French and Belgian nationals, and possibly of some Italian nationals. All persons connected with SAGED are reputed to be definitely anti-Nazi in sentiment and, as shown hereinafter, they have taken elaborate steps to protect their property in case of a German invasion of Switzerland.

SAGED's by-laws state its object to be "the administration of funds invested in any financial, real estate, industrial or commercial undertaking or operation". Its original capital was Sfrs 900,000, represented by 900 shares of Sfrs 1,000 par each; no record has been found of any change in this respect or of the ownership of the stock. The last list of authorized signatures was filed with its New York bankers on August 17, 1936, as follows:

The following list of names are known to have been authorized in the management of SAGED.

Each of the names listed above are known here only as officers of SAGED.

DECLASSIFIED

Authority NND 968103

BY E. HARA Date 2/25/85

RG 131

FFC Investigative
Files

Box 4

NY 3-53

2-00053

- 13 -

3-53

Richard Pictet, chairman of the board.
 Andre E. Aubert, director.
 Jean E. Bonna, director and manager.
 Raymond Barbey, manager.
 Hector G. Bachmann, assistant manager.
 Raoul Kraft, attorney (fonde' de pouvoir).
 F. Wenger, attorney (fonde' de pouvoir).
 R. Pelz, attorney (fonde' de pouvoir).

SAGED was originally the Swiss subsidiary of the National City Company. When the latter company was dissolved in 1934, a Swiss group bought out its interest and has controlled SAGED since. This group included RAYMOND BARBEY, member of a wealthy and influential Swiss family related to the Iselins of New York, and Richard Pictet, a Swiss, then manager of the Paris branch of the National City Bank (not connected with Pictet & Cie.).

JEAN E. BONNA, another member of this group, was then manager of SAGED. His brother PIERRE is chief of a division in the Swiss Ministry of Foreign Affairs and is said to be the ranking permanent official of that Ministry, himself holding the title of Minister. Jean Bonna last arrived at New York per S.S. EXETER, August 24, 1940, carrying ten pieces of baggage, which were examined, and a Swiss diplomatic pouch addressed to the Swiss Legation in Washington, which was passed by the Customs without examination. He sailed for Switzerland on S.S. EXCALIBUR October 30, 1940. It is said that he has acted as Swiss diplomatic courier on prior occasions and also as courier for the Vatican State.

RAOUL KRAFT is said to be a salaried employee of SAGED. He was in New York for about a year, as resident manager of SAGED's affairs. He returned to Switzerland on June 14, 1941, because of illness.

ANDRE E. AUBERT is a colonel in the Swiss army and military governor of Geneva.

HENRY MANN was a director of SAGED from 1934 to November, 1940, when he resigned. He says that, when the Swiss group took over SAGED from National City, they feared that the severance of that connection might cause a diminution of confidence on the part of their depositors, and they therefore asked National City to let Mann be one of their directors. Mann claims that he was never in the confidence of Pictet et al, and never actively interested in the management of SAGED.

BACHMANN, WENGER and PELZ are known here only as employees of SAGED.

225504

DECLASSIFIED

Authority NND 968103
 BY [Signature] Date 2/25/85

RG 131
 FFC Investigative
 Files
 Box 4

NY 3-53

Sometime toward the end of 1940, the directors of SAGED agreed to a merger with the well-known Swiss banking house of LOMBARD ODIER & CIE. It is believed that this merger has taken place and that SAGED, as a corporate entity, is now in process of liquidation. However, it still has properties in its own name and offices in Geneva, London and Havana.

SAGED owns, or at least controls, two Panamanian corporations: SECURITY AND FINANCIAL SERVICE CORPORATION (q.v.) and OVERSEAS TRADE AND FINANCE CORPORATION (q.v.). It is supposed that it has transferred title to the bulk of its property to these two corporations and has physically transferred the property to the United States, South America, or British dominions; about a year ago there was a considerable transfer of its securities from Montreal to New York.

The transactions of SAGED and its panamanian subsidiaries with New York banks and brokers indicate a purely investment business, with no speculative tendency and no commercial activities. Most of the security transactions have been made through HARRIS, UPHAM & COMPANY, 14 Wall Street, New York City. This is one of the largest wire houses in the country, with several branches, membership in the major security and commodity exchanges of the United States, and with a present net worth of over \$4,000,000. GORDON MORIER, a British subject, is manager of Harris, Upham's Geneva office and is married to Pictet's sister, and it is probably due to this relationship that Harris, Upham get this business

The following property of SAGED has been blocked as Swiss, as of June 14, 1941:

- On deposit with J. P. Morgan & Co., Inc.:
 - Demand deposits \$284,782.58
 - Securities (estimated) 316,353.63
- On deposit with National City Bank:
 - Demand deposits \$122,559.71
 - Securities of unknown value in four sub-accounts.

The security accounts in the National City Bank were examined as to receipts and deliveries since the date of the first blocking order, May 10, 1940. All receipts from and deliveries to local brokers, against payment, were eliminated from consideration for the time being, but free receipts and deliveries were carefully checked.

SEARCHED INDEXED
 SERIALIZED FILED
 MAR 25 1953
 NEW YORK

RG 131
 FFC Investigative
 Files
 Box 4

DECLASSIFIED
 Authority NND 968103
 By [Signature] Date 2/29/85

The existing sub-accounts include one, the largest, called "Client's Depot", another called "American Citizen's Depot", and two others identified only by numbers. Several other numbered sub-accounts have been closed out in the past year by free transfers to the SECURITY AND FINANCIAL SERVICE CORPORATION or to the OVERSEAS TRADE AND FINANCE CORPORATION, from which it may be assumed that each numbered sub-account contains the property of a single client.

Sub-account 342 was closed out on October 2, 1940 by free transfer of the following securities to Brown Brothers, Harriman for the account of HENRY MANN:

- \$1,000 Republic of Colombia Ext. S.F. 6% Jan. 61
- \$2,000 " " " " " " Oct. 61
- \$1,000 German Govt. Ext. S.F. 7% Oct. 49
- \$45,000 Republic of Peru Natl. Loan 6% Dec. 60
- \$5,000 " " " " " " 6% Oct. 61
- \$3,000 State of Rio Grande do Sul 8% Oct. 46
- \$2,000 U. S. of Brazil 8% June 41
- \$1,000 German Ext. Loan 1924 7% gold bonds Oct. 49
 (Dutch stamped Form TFEL-2 attached)
- \$1,000 Republic of Peru Natl. Loan 6% Dec. 60
 (Dutch stamped Form TFEL-2 attached)

These securities were apparently Mann's personal property which he had deposited with SAGED while in Europe. The last two bonds were cleared by the Federal Reserve Bank at the time of this transfer, on evidence that they had been in the SAGED account with National City since December, 1939. Other transactions with Mann have been noted hereinbefore (page 10).

Another free delivery, the purpose of which is not so evident, was made August 12, 1940, to Guaranty Trust Company for the account of PIERRE JACCOUD, lawyer, 4 Rue du Rive, Geneva, about whom nothing more is known. The orders from SAGED state that delivery was by order of "F.T." who may be the FERNAND TREMBLEY named in connection with another transaction, but who is also unknown. The securities comprised in this delivery had been received free a month previously from JOSEPH WALKER & SONS, New York brokers, and were as follows:

- 50 shares American Can
- 50 " American Tel. & Tel.
- 100 " American Tobacco
- 200 " National Biscuit
- 200 " International Nickel of Canada
- 100 " Kennecott Copper
- 507 " Standard Oil of New Jersey
- 30 " Union Carbide & Carbon

15
 16

RG 131

FFC Investigative
Files

Box 4

DECLASSIFIED

Authority NND968103
By J. F. WARA Date 2/25/85

- 16 -

3-53

Still another free delivery was made on February 7, 1941, to RAOUL KRAFT in person, and consisted of 8000 shares of European Electric Management Corporation capital stock. These shares were received into National City Bank April 11, 1940, from the City Bank - Farmers Trust Company of New York by order of Banque pour Entreprises Electriques, Zurich.

On June 19, 1940, National City received by mail from SAGED, Geneva, a \$1,000 bond of the Porto Rico-American Tobacco Company, which was released under G.R. 6 and exchanged for 10 shares Rican Corporation and \$940 Consolidated Cigar 4% bonds, under a reorganization scheme. The latter securities are still in the "Client's Depot" sub-account.

During June, 1940, several more lots of securities were received by mail from SAGED of a total par value of \$15,425. There were delivered to the Federal Reserve Bank, where they still lie awaiting information as to ownership. National City has written SAGED once a month for the last year, inquiring as to their ownership, but has never received a reply. Apparently SAGED is quite satisfied to leave these securities with the Federal Reserve Bank, where they are safe and where there is no charge for custodianship.

SECURITY AND FINANCIAL SERVICE CORPORATION

No data is obtainable as to the origin or ownership of this Panamanian corporation, but it is wholly owned or controlled by SAGED.

In December, 1939, S. & F.S. wrote to its New York bankers stating that, in case of a German invasion of Switzerland, any orders given thereafter would contain a code-word and, were any orders received without such code-word, the bankers should immediately block its accounts. It said it proposed to elect some new directors who would be American citizens or residents of the United States who would manage its affairs in such eventuality.

In furtherance of this plan, the following officers and directors were elected May 15, 1940:

Richard Pictet, president and director.
Jean E. Bonna, secretary and director.
Andre E. Aubert, treasurer and director.
Raoul Kraft, chairman of the board.
Henry Mann, director.
Charles A. Warren, director.
Claudio Z. Harrison, assistant secretary.

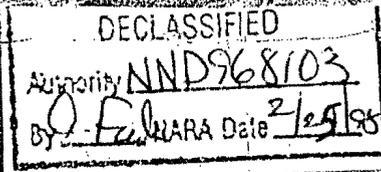
225507

16

RG 131

FFC Investigative
Files

Box 4



- 17 -

3-53

The first four of these persons have been previously mentioned as officers of SAGED.

HENRY MANN has also been previously mentioned as a director of SAGED. He was in Italy in May, 1940, trying unsuccessfully to get back into Germany to wind up his affairs there, when Pictet met him and outlined his plans for the appointment of American-resident directors. Mann was then planning to go into business for himself and accepted the appointment as director of S. & F.S. because he thought he could thus get part of its trading account. This business never eventuated, and Mann tendered his resignation as director on January 10, 1941, but the resignation has not yet been accepted.

Sometime in September, 1940, Bonna called on Mann in New York and gave him the signed resignations of himself, Pictet and Aubert, with instructions to file such resignations with S. & F.S.'s New York bankers in the event of a German invasion of Switzerland; Mann still has these resignations in his possession.

CHARLES A. WARREN was a white Russian, originally named VOINOFF, who emigrated to the United States in 1917 and changed his name on becoming naturalized in 1920. In 1928 he was head of the Foreign Dollar Bond Department of the National City Company at a salary reputed to have been between \$6,000 and \$10,000 a year. With the dissolution of National City and the later diminution of work of this nature, he appears to have been left without employment for some time in 1934, until HARRIS, UPHAM & COMPANY took him on as a code clerk at \$50 a week. He remained in that position and at the same salary until he died, April 16, 1941. Sometime in late 1939, in furtherance of its war-time plans, SAGED decided to keep duplicate books of its two Panamanian subsidiaries in New York, and Warren was hired for this purpose, as a spare-time job, at \$50 a month. He took this work and was later elected a director of S. & F.S. with Harris, Upham's consent. It is patent that, as a director, he was only a dummy.

CLAUDIO Z. HARRISON is a Panamanian, resident in Panama, and is presumably another dummy.

Warren's death and Kraft's illness necessitated the election of new officers on May 23, 1941, as follows:

17

225508

DECLASSIFIED
 Authority NND 968103
 By E. WARA Date 2/25/85

RG 131
 FFC Investigative
 Files
 Box 4

- Richard Pictet, president and chairman of the board.
- Roger de Candolle, first vice-president.
- Henry Mann, second vice-president and director.
- Andre E. Aubert, treasurer and director.
- Jean E. Bonna, secretary and director.
- Andre Caron, assistant treasurer
- Claudio Z. Harrison, assistant secretary.

ROGER de CANDOLLE is a Swiss and the nominal head of Harris, Upham's Geneva office. (Reportedly, Gordon Morier is the real head of that office but cannot openly appear as such because of his British nationality.) De Candolle is now in the New York office of Harris, Upham and is said to be the present resident manager of the SAGED interests, replacing Kraft. However, he disclaims any detailed knowledge of SAGED or of its subsidiaries. He carried a Swiss diplomatic pouch on his last arrival in the United States.

Coincident with the election of these officers, the corporation's New York bankers were given written authority to receive securities from Harris, Upham and pay for the same, and to deliver securities to Harris, Upham and receive payment for the same, on the signature of any of these officers.

The official address of S.& F.S. is C/o Arias, Fabriga & Arias, 9 Calle Segunda, Panama City. The corporation had property in the United States, all blocked as Swiss on June 14, 1941, as follows:

- J. P. Morgan & Company, Inc.:
 - Demand deposits \$1,428,405.18
 - Securities (estimated) . \$6,193,652.19
- National City Bank:
 - Demand deposits \$1,445,309.28
 - Securities of unknown value in 20 sub-accounts.

S.& F.S. is also said to have securities on deposit with the Royal Bank of Canada in Montreal and Buenos Aires.

The security account with Morgan has not been thoroughly checked but it is noted that it contains, in addition to stocks and bonds, nine bearer demand notes dated June 7, 1940, for £360,000 sterling each, or a total of £1,440,000 sterling. These notes are

DECLASSIFIED

Authority NND 968103
By E. WARA Date 2/25/85

RG 131

FFC Investigative
Files

Box 4

- 19 -

3-53

are drawn by TRANSATLANTIC INVESTMENT & FINANCE CORPORATION, Panama. Nothing is known of this corporation, nor have any bank accounts in its name been found.

The security account at National City consists of twenty numbered sub-accounts. Nearly all these sub-accounts were opened by transferring in toto sub-accounts of SAGED in the same or other banks, these transfers taking place between May and October, 1940.

Sub-account 93, which contains only 100 shares International Nickel of Canada, was opened October 13, 1940, by transfer of such securities from the Royal Bank of Canada, Montreal. The first address given for this account was C/o RIDDELL, STEED, GRAHAM & HUTCHINSON, Montreal (see section of this report relating to FRANK C. TENZER); a later address was C/o VICTOR ZEVALLOS, Apartado 1123, Havana, and the final address is 9 Calle Segunda, Panama City.

Sub-account 1011 consists entirely of securities transferred from the SAGED accounts in National City and J. P. Morgan on November 8, 1940.

Sub-account 1012 was opened by transfer from the SAGED account in National City May 10, 1940. A block of securities was added October 9, 1940, by free receipt from JOSEPH WALKER & SONS by order of FERNAND TREMBLEY.

Sub-account 1028 also contains a number of securities received free from Walker.

Eliminating receipts from and deliveries to brokers, against payments, the other sub-accounts show no unusual features.

OVERSEAS TRADE AND FINANCE CORPORATION

This is another Panamanian corporation which appears to be wholly owned or controlled by SAGED. The present officers were elected May 29, 1941, as follows:

Jean E. Bonna, president and director.
Roger de Candolle, first vice-president.
Octavio Fabriga, second vice-president.
Andre Caron, secretary and director.
Hector G. Bachmann, treasurer and director.
Claudio Z. Harrison, assistant secretary.

DECLASSIFIED

Authority NND968103
By E. WARA Date 2/25/88

RG 131

FFC Investigative
Files

Box 4

- 20 -

3-53

The only new name appearing in this list is that of OCTAVIO FABRIGA, who is a Panamanian and a member of the firm of Arias, Fabriga & Arias, attorneys of Panama City.

Overseas' New York bankers, the Chase National Bank, have written authority to receive securities for its account from Harris, Upham and pay for the same, and to deliver securities to Harris, Upham and receive payment for the same, on the signature of any of these officers.

Overseas' account in Chase is blocked as Swiss. Demand deposits on June 13, 1941, were \$1,508,450.37 and there is a large security account of unknown value. This security account is not divided into sub-accounts. Practically all the securities in the account were received by transfers in blocks from the accounts of SAGED and of S. & F. S. in the Royal Bank of Canada, Montreal, in J. P. Morgan & Company, New York, and in National City Bank, New York and Havana, starting in October, 1939, and continuing to May, 1940. Large blocks were also received free from HARRIS, UPHAM & COMPANY during March to May, 1941, and two small lots from JOSEPH WALKER & SONS. There have also been some receipts and deliveries against payment.

Part of the Overseas account, since withdrawn, has turned out to be the property of PILADE LEVI, an Italian, now living in Dallas, Texas. It appears that Levi wrote to SAGED and asked for his securities early in 1941 and, not receiving an immediate reply, he got his bank, First National of Dallas, to write National City. SAGED finally delivered the securities to him out of the Overseas account in Chase, and it was thus learned that these securities formerly comprised the whole of SAGED's sub-account 1001 in National City and had been received by that bank from the Royal Bank of Canada, Montreal.

This incident would seem to indicate that the Overseas account contains the property of a number of SAGED's clients. This supposition is also borne out by transfers indicating attempts to bring together in this account securities of the same kind, so as to facilitate collection of interest, etc.

CRAVENACHT COMMERCIAL CORPORATION

This is a New York company, incorporated September 24, 1940, for the purpose of investing in commodities for certain South American interests.

225511

DECLASSIFIED

Authority NND 968103

By J. F. WARRA Date 2/25/88

RG 131

FFC Investigative
Files

Box 4

- 21 -

3-53

The officers and directors are:

Henry Mann, president and director.
Andrew Parenlo, treasurer and director.
Robert Perret, secretary and director.

The authorized capital consists of 250 shares of \$100 par value each, all issued and paid for, as follows:

Henry Mann	75 shares
Julio Herrera	75 "
Robert Perret	25 "
Madeleine Perret	25 "
Carmen de Briga	25 "
Carlo de Briga	25 "

There are outstanding \$450,000 in 1-1/2 per cent debentures, participating in profits up to 26 cents; of these \$175,000 are due October 1, 1955, and \$275,000 are due January 1, 1956. All of these are bearer debentures, but were paid for by Julio Herrera.

JULIO HERRERA is a Guatemalan and has offices with White, Weld & Company, bankers, 40 Wall Street, New York City. He says that a large part of the fortune of his family was invested in SECURITY & FINANCIAL SERVICE CORPORATION for years, but that he recently decided to invest \$450,000 of it in commodities, not only with a view to making a profit, but also as a hedge against inflation. He accordingly withdrew this sum and formed Cravenacht Commercial Corporation. He says all the debentures of that company are held by him for himself and for members of his family, all Guatemalans, and that there is no European interest whatever in Cravenacht.

ROBERT PERRET is a lawyer of Swiss origin, with offices at 599 Fifth Avenue, New York City. MADELEINE PERRET is his wife.

CARMEN de BRIGA is a Guatemalan and sister of Julio Herrera. CARLO de BRIGA is her husband.

HENRY MANN says that he was asked to join this company by Bonna, and that he did so in the hope of getting some of the trading accounts of SAGED and its subsidiaries. This business never materialized, and Mann offered his resignation as president and director on January 10, 1941, but it has not yet been accepted.

225512

DECLASSIFIED

Authority NND 968103
By E. WARA Date 2/25/85

RG 131

FFC Investigative
Files

Box 4

- 22 -

3-53

ANDREW PARENLO is an employee of Halle & Steiglitz, brokers, 25 Broad Street, New York City. He recently succeeded CHARLES WARREN as treasurer and director.

RUDOLPH RUFENACHT is the actual manager of the corporation, with authority to buy and sell. He has offices with O'Donnell Iselin at 40 Wall Street, and lives at 3000 Netherland Avenue, Riverdale, New York City. The corporate name was formed by combining his name with that of Raoul Kraft.

The following figures show the financial condition of the corporation as of May 31, 1941:

Cash in banks	\$432,624.25	Accrued interest on	
Balance with brokers	39,472.30	debentures	\$3,296.88
Commodities owned	8,279.92	Debentures	450,000.00
Organization expense	525.00	Capital stock	25,000.00
		Surplus	2,604.59
	<u>\$480,901.47</u>		<u>\$480,901.47</u>

The corporate bank accounts are in Brown Brothers, Harriman & Company and the Chemical Bank and Trust Company, New York City. These accounts are not blocked.

It is understood that Cravenacht was recently investigated by the Federal Surplus Commodities Corporation, so further information may be obtainable from that source.

FRANK C. TENZER

Tenzer is of Austrian birth, present nationality unknown. He was for many years in the employ of Brown, Harriman & Company, Ltd., London, being the next ranking official after Henry Mann. In this position, he acted as one of a board of three investment advisers to a group of Canadian holding companies, the other members of the board being GORDON MORIER (previously mentioned as Harris, Upham's Geneva manager) and FRANK FRASER, a Scot, then employed by Brown, Harriman & Company, Ltd. With the break-up of the Brown, Harriman organization, Tenzer moved to Montreal, where he now acts as sole adviser to the holding companies, Fraser being in the British Army and Morier in Switzerland.

The companies advised by Tenzer are:

- Abercorn Securities, Ltd.
- Albro Securities, Ltd.
- Alencon Securities, Ltd.
- Leyland Securities, Ltd.
- Barrington Securities, Ltd.
- Mentmore Securities, Ltd.

225513

DECLASSIFIED

Authority NND 968103

BY E. WARA Date 2/25/85

RG 131

FFC Investigative
Files

Box 4

- 23 -

3-53

These companies are said to represent Norwegian interests, principally of a family named WILHELMSON. Their property is blocked under Canadian laws, and all operations are conducted under Canadian licenses. The information obtainable in New York in this regard is not definite, but it appears that all property of these companies is controlled by RIDDELL, STEED, GRAHAM and HUTCHINSON, chartered accountants, 225 Notre Dame Street, Montreal, through its members holding directorships in the several companies. This firm is required to carry out Tenzer's advice as to the buying and selling of securities, but Tenzer does not handle any of the companies' money. Trading orders are executed through SAVARD & HART or SAVARD, HODGSON & COMPANY, brokers, 460 St. Francois Xavier Street, Montreal. These brokers execute orders in the New York market through HENRY MANN or HARRIS, UPHAM & COMPANY.

The Canadian companies appear to be purely investment trusts. All purchases or sales in New York are made on order of the Montreal accountants and delivery is made to (or taken from) the Montreal brokers' accounts in the New York branches of the Royal Bank of Canada, the Canadian Bank of Commerce, the Bank of Montreal, or Barclay's Bank, Ltd.

SOURCES OF INFORMATION

Chase National Bank, 18 Pine Street, N.Y.C.
Collector of Customs, New York City.
Roger de Candolle, C/o Harris, Upham & Co.
Federal Reserve Bank, New York City.
Harris, Upham & Co., 14 Wall Street, N.Y.C.
Julio Herrera, 40 Wall Street, N.Y.C.
Henry Mann, 63 Wall Street, N.Y.C.
J. P. Morgan & Co., Inc., 23 Wall St., N.Y.C.
National City Bank, 55 Wall Street, N.Y.C.
Royal Bank of Canada, 68 William St., N.Y.C.
Swiss Consulate General, 444 Madison Ave., N.Y.C.

Respectfully,

Respectfully forwarded,
Approved:

Erwin G. May
ERWIN G. MAY,
Treasury Attache.

S. J. Kennedy
S. J. KENNEDY,
Treasury Representative.

Distribution 3.

225514

RG 131
 FFC Investigative
 Files
 Box 4

DECLASSIFIED
 Authority NND 968103
 By E. WARA Date 2/25/98

NAMES MENTIONED IN THIS REPORT

	<u>Page</u>
Abercon Securities, Ltd.	22
Albro Securities, Ltd.	22
Alencon Securities, Ltd.	22
Arias, Fabriga & Arias	18, 20
Aubert, Andre E.	13, 16, 17, 18
Bachmann, Hector G.	13, 19
Barbey, Raymond	13
Barrington, Securities, Ltd.	22
Bonna, Jean E.	2, 13, 16, 17, 18, 19
Bonna, Pierre	2, 13
Brown Bros., Harriman & Co.	2, 6, 7, 9, 22
Brown, Harriman & Co., Inc.	3
Brown, Harriman & Co., Ltd.	1, 2, 3, 5, 6
Buss, Bernhard, C. G.	11
Caron, Andre	18, 19
Chase National Bank	20
Cravenacht Commercial Corp.	20-22
de Briga, Carlo	21
de Briga, Carmen	21
de Candolle, Roger	18, 19
Fabriga, Octavio	19, 20
Fraser, Frank	22
Harriman, Ripley & Co., Inc.	1, 3, 6
Harris, Upham & Co.	2, 4, 14, 17, 18, 20, 22
Harrison, Claudio Z.	16, 17, 18, 19
Herrera, Julio	21
Jaccound, Pierre	15
Kraft, Raoul	13, 16, 22
Kruger, Rudolph E.	11
Levi, Pilade	20
Leyland Securities, Ltd.	22
Lombard Odier & Cie.	14
Mann, Henry	1, 2, 3, 5-12, 13, 15 16, 17, 18, 21, 22
Mellen, Werner E.	11
Mentmore Securities, Ltd.	22
Morgan, J. P. & Co., Inc.	14, 18, 20
Morier, Gordon	14, 18, 22
National City Bank	2, 6, 9, 14, 18, 20

RG 131
FFC Investigative
Files
Box 4

DECLASSIFIED
Authority NND 968103
By J. F. WARA Date 2/25/85

3-53

3-53

53

	<u>Page</u>
x National City Company	1, 2, 5, 7, 13, 17
x Overseas Trade & Finance Corp.	3, 10, 14, 15, 19
x Parello, Andrew	21, 22
x Pels, R.	13
x Perret, Madeleine	21
x Perret, Robert	21
x Pictet, Richard	13, 14, 16, 17, 18
x Riddell, Steed, Graham & Hutchinson	19, 22
x Royal Bank of Canada	18, 19, 20, 22
x Rufenacht, Rudolph	22
x Savard & Hart	22
x Savard, Hodgson & Co.	22
x Security & Financial Service Corp.	3, 10, 14, 15, 16-19, 20, 21
x Soc. Anonyme de Gerances et de Depots	1, 2, 3, 10, 12-16, 17, 19, 20
x Tenser, Frank C.	12, 22-23
x Transatlantic Investment & Finance Corp.	3, 19
x Trembley, Fernand	15, 19
x Voinoff (see Charles Warren)	
x Walker, Joseph & Sons	15, 19, 20
x Warren, Charles	2, 4, 12, 16, 17
x Wenger, F.	13
x White, George	2
x Wight, Edward Van Dyke, Jr.	2, 7, 11
x Wilhelmson, Norwegian family	22
x Zavallos, Victor	19

Dos for Helen
accidentally labeled
with the gold
number series.

[20000 series instead of
300000 series]

SMF
5-17-00

RG 260
 200's of Secs
 Entry Secs 12 Secs of
 File PC Monthly Rev
 Box 14

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)

APO-742

225517

STATISTICS INCLUDING THE PERCENT OF PROPERTIES RELEASED TO TOTAL PROPERTIES HANDLED
 FROM THE BEGINNING OF THE RESPECTIVE DISPOSITION PROGRAMS THROUGH 31 JULY 1949

Categories	Key a/	Total		Bavaria		Hesse		Wuerttemberg/ Baden		Bremen		Berlin	
		Units	Value	Units	Value	Units	Value	Units	Value	Units	Value	Units	Value
Total	a	76	82	77	81	75	37	30	35	93	78	47	76
	b	153 936	13 768	62 039	6 335	53 063	3 139	20 533	2 323	4 335	500	3 356	1 470
	c	37 697	2 421	14 105	1 210	14 375	410	4 172	340	323	109	4 717	352
Total other than Duress	a	94	89	94	86	97	96	98	93	98	81	61	82
	b	117 536	12 273	49 397	5 330	43 181	2 738	14 189	1 329	4 078	468	6 741	1 365
	c	7 494	1 396	3 118	812	1 305	125	352	120	39	91	2 630	248
Duress	a	17	31	13	21	12	19	40	55	22	44	1	1
	b	36 350	1 491	12 642	507	14 337	351	6 399	494	307	32	2 115	105
	c	30 203	1 026	10 937	399	13 070	285	3 320	220	239	13	2 037	104
NSDAP members and black-listed persons	a	96	89	95	91	93	93	95	95	97	64	58	60
	b	74 294	3 469	26 644	1 537	36 332	300	5 661	747	2 799	248	2 303	136
	c	3 305	387	1 353	133	605	62	292	41	72	91	973	54
United Nations and other absentee owners	a	33	91	33	94	30	96	99	99	98	98	60	71
	b	17 017	2 351	6 920	857	3 088	477	3 374	473	605	61	2 530	473
	c	2 324	214	1 173	55	606	20	5	4	11	1	1 024	135
External loot	a	93	33	93	33	100	100	100	100			13	16
	b	7 269	32	7 067	77	134	3	7	1	negative		61	0
	c	522	10	469	9	0	0	0	0			53	0
NSDAP Organizations	a	95	78	99	77	99	99	99	99	99	100	3	5
	b	7 633	1 238	4 197	934	1 343	103	1 676	100	112	8	360	41
	c	354	269	1	230	3	1	1	0	1	0	348	39

112,543

DECLASSIFIED
 NND 968095
 WDP
 4/27/00
 REPRODUCED AT THE NATIONAL ARCHIVES

STATISTICS INCLUDING THE PERCENT OF PROPERTIES RELEASED TO TOTAL PROPERTIES HANDLED
FROM THE BEGINNING OF THE RESPECTIVE DISPOSITION PROGRAMS THROUGH 31 JULY 1949

Categories	Key a/	Total		Bavaria		Hesse		Wuerttemberg/ Laden		Bremen		Berlin	
		Units	Value	Units	Value	Units	Value	Units	Value	Units	Value	Units	Value
German State	a	98	90	97	34	96	99	99	98	99	99	98	97
	b	4 928	3 213	2 679	1 351	512	800	611	143	458	65	668	350
	c	119	310	73	293	23	2	6	3	5	0	12	12
Former IG Farben	a	100	100	100	100	100	100	100	100	100	100	100	100
	b	168	785	60	216	61	430	19	43	2	2	26	44
	c	0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous	a	69	53	90	53	74	53	79	44	100	100	25	74
	b	1 179	440	402	136	264	36	224	126	2	4	287	35
	c	370	207	39	87	68	40	48	71	0	0	215	9

Comments:

It will be noted that since the beginning of the respective disposition programs over nine-tenths of the properties subject to release under such programs, i.e., all property other than duress, have been released from control. This has been accomplished in spite of the fact that the over-all figures include Berlin operations where the disposition programs are either wholly inapplicable or are circumscribed to such an extent by the present political situation as to be more or less ineffective.

Attention is also invited to the fact that, even including duress category, 76 percent of properties handled have been returned to ultimate rightful owners or their successors in interest.

a/ Key:

- a = Percent of properties released to total properties handled.
- b = Total properties handled. The values are expressed in RM to the nearest million.
- c = Properties under control. The values are expressed in RM to the nearest million.

225518

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
 WDP
 WDP 968095
 4/27/00
 RG 260
 Entry Gen. Insp. of Director
 File re monthly report
 Box 14

DECLASSIFIED

Authority NND 968095WDP WORK DATE 4/27/00

RG 260
Entry <u>Recs of Secretariat</u>
File <u>Gen'l Recs of Director</u>
Box <u>PC Monthly Reports</u>
14

PC
Monthly Reports

Properties under Control as of 31 July 1949

Reason for Control	No. of Units	Estimated Value (RM)
Duress properties	30 203	1 025 653 762
NSDAP members & black-listed persons	3 305	386 400 190
United Nations & other absentee owners	2 824	214 239 901
External loot	522	9 489 373
NSDAP organizations	354	269 427 446
German State	119	309 661 933
Former IG Farben	-	-
Miscellaneous	370	206 636 811
Total	37 697	2 421 509 416
Wholly & partially confiscated properties of NSDAP members <u>a/</u>	1 574	26 286 666
Unclassified in Law 52 <u>b/</u>	483	46 252 852

a/ These properties are regarded as having been released from custody insofar as Property Control is concerned. Their retention in the custody of ICAHs is continued solely for the account of the respective Laender governments, inasmuch as Property Control responsibility for such properties end when Spruchkammer decisions become final.

b/ Represents portions of properties necessarily under control because of being indivisably intermixed with properties of persons specifically classified in MG Law 52. The units applicable to these portions are excluded from the total as they duplicate a like number of units included in the various other categories, above.

225519

Authority NND 968095
 WDP 4/27/00

RG 260
 Entry Recs of Secretariat
 File PC/Monthly Reports
 Box 14

Cumulative Analysis of Properties Released According
to Reason for Release from 1 July 1947 to 31 July 1949

Reason for Release	No. of Units	Estimated Value (RM)
MG Law 59	1 540	221 779 710
Law for Liberation: Released to owners Wholly & partially confiscated property	60 938	3 022 643 857
Decontrol	2 627	56 366 827
External Restitutions	8 515	1 887 229 941
CC Directive 50	6 790	78 584 554
MG Law 19	5 887	860 337 039
Former IG Farben	3 182	2 074 684 253
Land Reform Law	169	805 561 936
Land Reform Law	10	1 615 994
Other releases:		
Not valuable or important enough to warrant continued control	14 396	81 520 254
Transferred to blocking control	4 612	528 948 525
Released after reconsideration of reason for taking control because of changes in policy, etc.	2 409	397 053 379
Unclassified in Law 52	2 388	715 449 120
Requisitioned by U.S. Forces	736	126 674 692
MG Law 54	534	73 923 462
MGR 17-310 a/ Captured Enemy Material, War Material, and Economics Division Memorandum No. 35	434	87 886 864
Reparations	98	14 985 896
Preussische Landespfandbrief- anstalt b/	38	16 511 086
Miscellaneous	1	31 000 000
Miscellaneous	935	264 314 764
Total	116 239	11 347 072 153

a/ German State properties used for essential governmental functions.

b/ Released to a commission appointed pursuant to an order of the Kommandatura
 /Item 200, BKD/M (47) 19 / to collect loans and mortgages of closed Berlin
 banks.

DECLASSIFIED

Authority NND 775057

By BT NARA Date 5-15-0

RG 260

Entry Secretary General

File PD Monthly Report

Box 14

PD - Monthly Report

3/88-3

21

DECLASSIFIED

Authority NND 775057By BT NARA Date 5-15-00RG 260Entry SECRETARIAT SEIZUREFile PD Monthly ReportBox 127

Office of Economic Affairs
APO 757
Frankfurt, Germany

Report for the Month Ending December 31, 1949

Property Control

General

During December, 2467 units of property with an estimated value of RM 168,593,364 were released from control. Bureau properties and a small residue of properties in other categories constitute the balance under control on January 1, 1950. The composition of this balance is shown in the following table:

Property Under Control
in U.S.-Occupied Area of Germany
as of 31 December 1949

Class of Property	Number of Units under Control	% of Program Completed as to Number	Value of Properties under Control in Million Reichsmarks g/	% of Program Completed as to Value
TOTAL	29,918	76	1,725	86
TOTAL OTHER THAN BUREAU	1,616	99	825	99
Bureau Property	28,302	14	901	25
Abandoned-owned Property	797	93	25	99
External Loan	185	97	5	98
Property of NSDAP v/ Organizations	560 g/	95	45	96
Miscellaneous Property	367	70	701	85

g/ These values are only estimates taken from balance sheets and tax assessments. Since the exact value is not a necessary factor for property control purposes, no attempt has been or will be made to convert these figures to Deutsche Mark values.

v/ Nationalsozialistische Deutsche Arbeiter Partei (National Socialist German Worker's Party).

g/ 31 units are located in the U.S. Sector of Berlin. Disposition of this category of property was delayed pending Reparations implementation in February 1949.

DECLASSIFIED

Authority NND 775057By BT NARA Date 5-15-0

RG

Entry SECRETARIAT GENFile PD Monthly ReportBox 14Reich Owned Film Properties

Military Government Law # 21 transfers all Reich owned film properties in trust to a Liquidation Committee and charges it with the administration and decentralization of the properties in accordance with Military Government laws and subject to the appropriate occupation authorities. Decentralization is now a function of the Office of General Counsel which is the appropriate authority for directing the Liquidation Committee in the administration, reorganization and liquidation of motion picture properties. The Property Division of the Office of Economic Affairs and its predecessors have supervised the administration of motion picture properties as to the appointment of executives and the direction of their activities.

On December 29, 1949, the Property Division formally relinquished control over all Reich owned film properties to the Decentralization and Reorganization Division of the Office of General Counsel, 81000.

The properties involved consisted of 75 units of Reich owned film properties with an approximate value of 35 million units.

DECLASSIFIED
 Authority **NND 775057**
 By **BT** NARA Date **5-15-00**

RG 260
 Entry SECRETARY GAGAN
 File PD Monthly Report
 Box 14

External Assets

During December 1949, 14 investigations involving allegedly German owned foreign assets were completed. Seven of these involved cases in which the evidence obtained proved the German ownership of assets valued at \$1,314,000. The seven cases involved assets located in Japan, South Africa, Czechoslovakia, Netherlands, Denmark, Canada and Australia.

During the month, 16 requests for investigation or additional information were received; the backlog of pending cases on January 1, 1950 was 57.

DECLASSIFIED	RG <u>260</u>
Authority <u>NND 775057</u>	Entry <u>SECRETARIAT SECTION</u>
By <u>BT</u> NARA Date <u>5-15-80</u>	File <u>PD Monthly Report</u>
	Box <u>14</u>

Internal Restitution

Meetings held in the preceding months with officials of Ministries of Justice for the purpose of effecting increases in the capacity of restitution chambers have shown certain positive results. In Bavaria the Ministry of Justice issued instructions to the courts requesting that internal restitution be given priority treatment, that judges of the chambers be assigned exclusively to restitution cases, and that adequate administrative support be provided for restitution chambers. In some preparations are under way to increase the number of restitution chambers from the original three to nine. There are at present six chambers in operation.

On December 14, 1949, a meeting was held at Bad Nauheim with Heads of Land Central Offices for Restitution of the four Länder in the US Zone. The purpose of the meeting was to discuss ways and means to bring about the expeditious completion of the restitution program. Special emphasis was given to the planning of the work of restitution agencies. It was determined at the meeting that considerable increases in budget allocations for internal restitution would have to be granted by Land Governments in order to achieve the desired results. A letter from the High Commissioner to the Minister Presidents of the Länder setting a time limit for the completion of the restitution program and requesting that adequate funds and facilities be made available to restitution authorities was deemed the most effective means of supporting the efforts of the German restitution authorities.

DECLASSIFIED

Authority NND 775057By BT NARA Date 5-15-00

RG

Entry SECRETARIAT SECURFile PD Monthly ReportBox 14

As a result of a report made on conditions impeding internal restitution progress, in particular articles in the German press to the effect that a uniform law to be enacted by the Bonn Government, more favorable to restitutees, would replace MS Law No. 59, the Office of the US High Commissioner issued a press release stating the firm intention of the US Government to insure, to the fullest extent possible, the speedy restitution of identifiable property to persons who were wrongfully deprived of such property between 1933 and 1945 for reasons of race, religion, nationality, ideology or political opposition to National Socialism.

An Announcement was made by the Central Filing Agency that it had completed the forwarding to restitution agencies of all individual petitions, totaling 53261, filed pursuant to Article 56 of Military Government Law No. 59 and Regulation No. 5 thereto.

A revised Statistical Internal Restitution Progress Report (MS/RS/11b/F), reducing the volume of the reports and providing for the reporting on the processing of petitions of the Jewish Restitution Successor Organization, was distributed to the Restitution Authorities to be used by them beginning January 1950.

Seven investigations based on complaints from claimants were conducted during the month of December and appropriate replies were given to the parties concerned.

**NON - RECORD
MATERIAL**

THIS FILE MAY BE RETAINED
BY OFFICE AS A WORKING
FILE

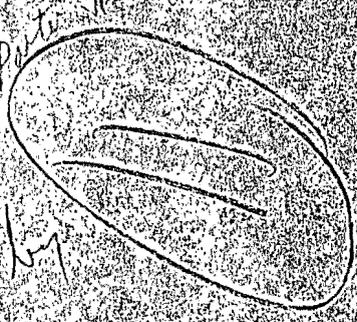
REVIEWED BY HQ EUCOM
SCREENING TEAM

31-1-50
DATE

SIGNATURE

W
/ 88-2

History of P.C.
interview with Dr. Walter
Dier of P.C. & E.A. offered for a
hist of
Prog report
offer report
Report of full trip to Moscow (under US
Dare by [unclear] [unclear] [unclear]
test program
critical of [unclear] by
G. M.



RG 260
Entry _____
File _____
Box 11

DECLASSIFIED
Authority NAD 775057
By Dr NARA Date 10/6/99

FORM 129
ROBERT DIVISION
225527

File
"Property Control"

PROPERTY CONTROL INTERVIEW
EXTERNAL ASSETS,
Between

DR. DORN and

- MR. MILLER
- MR. DANIELS
- MR. HARTZCH
- MR. PORTER
- MR. BURGESS
- MR. CASSODAY

July 13, 1949

RG	<u>260</u>
Entry	_____
File	_____
Box	<u>11</u>

DECLASSIFIED
Authority <u>NND 775057</u>
By <u>Dr</u> NARA Date <u>4/6/99</u>

225528

MR. MILLER
MR. DANIELS
MR. BURGESS

MR. PORTER
MR. HARTZCH
DR. DORN
MR. CASSODAY

MR CASSODAY: One thing I'd like to ask, is that (meaning report in front of Dr. Dorn) in sufficient detail as far as chronological history is concerned. That is just what happened, what the policy was and why.

DR. DORN: I think, yes, as far as the policy is concerned. Often what is actually done has not come out so forcefully, or do you have that feeling? For example, if there are major questions of policy, ^{involved in the resignations of} Nixon and Bernstein, the exchange with the State Department, resignations and things like that. ~~They turned up~~ ^{turned up that} the other day in a labor discussion and ~~it was something none~~ of us could see. ^{know} ~~Even Clay didn't know it for a while or seeing it,~~ that MacSherry went to Sydney Hillman for advice. For about a year, I think it was ^{own M.G. policy} Sydney Hillman who was the man that really laid down ~~the line~~ ^{the line} on labor policy. A thing like that can come out in discussion and, I think it is important.

MR. CASSODAY: As you say, probably one reason that we don't have much action is that the policy, as originally laid down, the original plans were ^{from the} changed outside without any more information being gathered in OMGUS, so that the main activity or administration of policy within OMGUS or within Europe has been the investigations and, I guess, that is pretty well covered there. We never had a great deal to do with the external assets policy after the passage of Law (75), handled at governmental level.

DR. DORN: Handled directly from Washington.

MR. CASSODAY: By the States. I want to save this part until Frank gets here. You remember Randolph Paull who was appointed as Special Negotiator. At that time, we would get the State Department dispatches, not the Department of Army dispatches, to keep us informed and we had to send back comments.

DR. DORN: Negotiation in which you were not represented.

MR. CASSODAY: No, so that is why there are vacancies in that report.

DR. DORN: ~~That~~ ^{That} would be useful to help the historian to say, well, now, this is not Military Government operations, this is a Washington function and we are simply carrying out international agreement.

MR. CASSODAY: Let's leave that out. Were there any more details and facts you wanted on that report?

DR. DORN: On Property Control?

13 Jul 49

RG	260
Entry	
File	
Box	11

DECLASSIFIED
Authority <u>NAD 775057</u>
By <u>DR</u> NARA Date <u>10/6/99</u>

225529

MR. CASSODAY: The reason I ask that is you could write a ten volume book on it, but there is a limit to that.

DR. DORN: Your own feeling with regard to what is there and what is not, might be of some use, if you want to comment on it.

(Dr. Dorn informs the reporter that the report is entitled "Special Report on Property Control, History, Policies, and Practices.")

MR. CASSODAY: Is there anything further in that that you left out?

Sept 48
MR. HARTZCH: No, except that an awful lot has gone over the dam since that was written. As you know, in June, last year, General Clay approved the liquidation program of Property Control. Let's leave out the word "external assets" because that was a shotgun wedding. We each went our own ways. The program provided that we would be out of business by July 1 and during that time, we should turn back as many properties as possible that we have under control to the owner, successor in interest, or to the Laender, who really are successors in interest. With that as a goal, we started out in June and had about 95,000 properties under control valued at about 11 billion Reichsmarks. At the present time, with the exception of the duress properties which we just can't get rid of under Law 59, we have hit the mark to about 97 per cent and a few stragglers will be out in next month, so during that period, and especially since this report was written in November, dated November, written in September, ¹⁹⁴⁸ we naturally had to do a terrific amount of implementation and explanation, promulgating laws, etc. Under each heading--I don't know if it is necessary to repeat different headings, but there were United Nations, Nazi individuals, Nazi party, Reich, external loot and duress, and then we have a miscellaneous catch-all category.

DR. DORN: Some of these operations are completed?

MR. HARTZCH: In fact, all of the operations are about as follows: With respect to the United Nations properties in the entire area of control, we handled 16,974 properties valued at 2,349 million Reichsmarks. As of this minute, we have 3,048 left valued at nearly 223 million Reichsmarks, so with respect to numbers, we have accomplished our goal. In United Nations properties, 82 per cent and with respect to value, 91 per cent, and as I said before, the remainder will be out within the next two months. We are now in the process of turning over them to German courts and a few, about 100 or so, are in the process of decontrol. So, we will let that process take the normal time, rather

RG	260
Entry	
File	
Box	//

2

DECLASSIFIED
Authority <i>NND 775057</i>
By <i>Dr.</i> NARA Date <i>10/6/99</i>

13 Jul 49

225530

than check over reports now. With respect to Nazi Party members, we handled 74,257 properties valued at 3,471 million Reichsmarks. At the present time, we only have 3,391 with a value of 392 million, so there with respect to numbers, we have returned to their owners or, in the case of confiscated properties, turned them over to the Laender, 95 per cent, and with respect to value, 89 per cent. The big reason for that discrepancy is one property--the Krupp properties, which have not yet been returned, at least of the writing of this, been turned over to the Land. With reference to external loot, we handled 7,333 items valued at 89 million Reichsmarks. At the present time, we merely have 598 left valued at 17 million. Let me go back to Nazi members for a minute. Those properties that are left belong to Category 1 and 2, preliminary classified people or probationers. As you know, we cannot release them until the Spruchkammer decision is made or the probationary period is over, so the program as far as we can go is 100 per cent complete.

MR. CASSODAY: Are you off of external loots there?

MR. HARTZCH: I am getting on to it. The same holds true for external loot. The remaining properties we cannot get rid of until further policy decisions are made.

DR. DORN: What is included in this concept of external loot?

MR. HARTZCH: External loots are properties that were taken by force from outside of Germany and employed in Germany. This is external restitution. Internal restitution comes later.

MR. CASSODAY: Just one thing. That doesn't include any art. That is all kept separate by the branch of restitution and then later, reverberations (reparations) restitution.

MR. HARTZCH: That will include all the art and then in addition to this figure, will be a lot lower than your external restitution program because these were in a lot of cases, small items that weren't related to big movements. In earlier days, when they were dismantling and shipping at the same time, the property might have been placed under temporary Property Control, never inventoried because it was moved out too fast, especially in Bavaria. Bavaria did more in taking under control for restitution purposes than any other place.

DR. DORN: Because she had more.

MR. HARTZCH: Well, even then, it was way out of proportion. The other Laender used it sparingly, some industrial equipment being restituted. Very

RG	260
Entry	
File	
Box	//

3

DECLASSIFIED
Authority <i>NWD 775057</i>
By <i>Dr</i> NARA Date <i>10/6/99</i>

13 Jul 49

225531

seldom done in Property Control, but horses and cars and grand master paintings and all the rest of it, well, that kind of stuff.

DR. DORN: Streetcars?

MR. HARTZCH: Streetcars were in use. But don't try and compare our Property Control figure in external loot with any other.

MR. PORTER: In Wuerttemberg-Baden, so far as restitution, external restitutions were concerned, we didn't step into it at all. As they completed their operations, they moved it out so that a good number of items actually never appeared. You see, it was a temporary control without actually being taken in a form of control, as a matter of record, because it was moving out too fast, because they'd get hold of it, claim it and move it out.

MR. CASSODAY: We'll move on to PC1 and PC2. PC1 is a notice to give to the owners saying this is subject to Property Control. It was a method of bringing to the notice of the inhabitants that this place is under Military Government supervision.

DR. DORN: Are you referring to the French period in the occupation of Wuerttemberg-Baden. I wonder if there is any record of that?

MR. PORTER: I remember some of the consequences of that French period, but for the record, I think all I can speak about is the time when we got into Wuerttemberg-Baden ourselves, and, as we started operating--

DR. DORN: The 7th of July?

MR. PORTER: Even then, it was a matter of locating these things, but we never took them under formal Property Control. We were trying to trace these things down, but it was an operation that we had no really authentic record on because, as I say, the procedure that was used in Wuerttemberg-Baden up to the very last was handled by restitutions and they used this PC1. They coordinated with Property Control to the point of saying, we are coming in. We are going to crate this stuff and ship it out, so that there is no record from the Property Control point of view of what values were involved and what items were involved. I recall streetcars and derricks and all that kind of stuff all over the place.

MR. DANIELS: Those values and records will appear. Remember Mr. Miller told us this is only one part of the branch here. The other part, the external restitutions and reparations branch will have all those figures.

DR. DORN: (Speaks off the record.)

MR. HARTZCH: The next large group of properties were that of the Nazi

RG	260
Entry	
File	
Box	11

DECLASSIFIED
Authority NAD 775057
By DR NARA Date 10/6/99

4
13 Jul 49

225532

Party organizations. We handled 7,677 units valued at 1,237 million Reichsmarks. At the present time, we have 346 units left valued at 269 million marks. As to numbers, the program is 95 per cent complete and as to value, the program is 78 per cent complete. There again, we have gone about as far as we can go. Of that, 346 units left, 340 are located in Berlin. The 340 in Berlin I am told will be out by the first of September. The reason for this delay is due to the fact that Control Council Directive No. 50 was only implemented within the last two months within the City of Berlin.

DR. DORN: Still out in this report?

MR. HARTZCH: The six properties left in the Zone are units of the Bank Deutsche Arbeit.

DR. DORN: DAF.

MR. HARTZCH: DAF asset but the labor bank. The reason that is being held is for pending liquidation. An agreement has been reached whereby laborbanks would be organized in the Laender and the last I heard was that when they are organized, they will be named as a liquidating agent. Now that might all be changed, but I heard rumors that General Hays didn't feel that the banks not organized should be liquidated but at least the agreement reached in Frankfurt two months ago was that they would organize a bank and be a liquidating agent, so there again, the program has been extremely successful in our opinion. Then, the last tremendous group with 4,946 units of German state property valued at 3,103 million marks--

DR. DORN: Reich?

MR. HARTZCH: Reich and Laender property.

DR. DORN: You have left the Nazi Party.

MR. HARTZCH: Yes.

DR. DORN: Most of the DAF things have been liquidated?

MR. HARTZCH: Those are out except 6, with the exception of what is in Berlin. They will be transferred to the Laender in accordance with Control Council Directive 50. With respect to the German state, as you know, within the last two months, Military Government Law No. 19 was passed and provided in general terms that these properties would be transferred to the Laender in which they are situated. At the present time, we only have 137 of such properties left valued at 290 million marks, so this program is 97 per cent complete as to number and 91 per cent complete as to value. In this situation,

RG	260
Entry	
File	
Box	11

DECLASSIFIED
Authority <i>NWD 775057</i>
By <i>DR</i> NARA Date <i>10/6/99</i>

we again have gone as far as we can go because about 137 units are units which are exempted from operations under the law, such as iron, steel and coal industry units, all on HUFA.

MR. CASSODAY: HUFA are 83 or 85 in the Zone.

MR. HARTZCH: So thus, you see, the program has been 100 per cent successful.

DR. DORN: In some of these units.

MR. HARTZCH: In HUFA, yes. We had a ridiculous situation in I.G. Farben where, at one time, 8 agencies all thought they were running the thing. We just held the bag in case anything went wrong so we got out of that situation.

DR. DORN: Now, come to I.G. Farben. We handled 168 units valued at 785 million marks. At the present time, we have none of these units under control. As you know, they have all been transferred to trustees, various economic groups that were split and various trustees appointed for each economic unit. So far as Property Control is concerned, it is out and the trustees are handling it. That, briefly, is the history of what happened in Property Control, and three-quarters of it happened since that report was written. Now, there are certain things in my opinion which handicapped us quite a bit, mistakes which, if we had to do it again, and I hope we never have to, I think retarded the program quite a bit as it is. I think it was wonderfully thought out by the men in Washington before we ever came here because most of the policies which they predicted and planned were carried out, the manner of handling properties, the manner of controlling, etc; however, I made a few notes yesterday--

DR. DORN: May I ask you, those policies were already being shaped by the Economic Board?

MR. HARTZCH: They were. It was probably the Economic Warfare Group. They did some of the planning.

MR. CASSODAY: The general governmental planning all came into SHAEF headquarters for implementation; in other words, I know there was the Treasury and State and FEA and, I think, Justice was even in on that, the Property end of it. They all submitted what they were interested in, but I am pretty sure that it all ended up with Bernstein's outfit in G-5 of SHAEF, which later became G-5 in USF. In the early Military Government Manuals, the first time, it was all written down in '44 and that was what they were teaching in these Military Government Schools.

13 Jul 49

RG	260
Entry	
File	
Box	11

DECLASSIFIED	
Authority	NAD 775057
By	DR NARA Date 10/6/99

225534

DR. DORN: You have a feeling that the early planning was excellent?

MR. CASSODAY: It has not been implemented much.

MR. HARTZCH: JCS 10-67, that was our Bible which later became Law 52, the part which pertains to Property Control; however, the early handbooks which Mr. Cassoday mentioned, the detailed manner of handling property, your reporting, your not permitting long leases, your continued payment of custodians, all those things which make up Property Control, were all in the early manuals. We have changed them because some of them didn't quite fit the situation, but the basic thinking was extremely sound. Talking about reporting, for instance, in the early manuals, you had to get a monthly report, but we found out that the time lagged and in handling nearly 110 thousand properties which was our peak in one time in a wide area, it was ridiculous to require monthly reports, so we cut that down to quarterly and semi-annual reports. Another thing which we would change, if we had to do it again, and I assume we would do it, would be the handling of the personnel problem. I had another thought in mind, but I am coming to this one since I had it written here. In the early days, we were taking properties right and left and just when we had our experienced Military personnel well placed, they were all redeployed. The men who had studied at universities, they were sitting in England for a year or six or nine months and just as business got good, they went out and strangers came over who didn't know a thing about it. Our peak in taking properties under control was May and June,

DR. DORN: '45?

MR. HARTZCH: '46. At that time, we took ten thousand in May and 14 thousand in June and dropped off to 5 thousand in July and went down. During that time, when everybody was redeployed, I came over, in April. They were almost out and they brought over a new bunch that didn't know anything about it, so naturally that lead to a lot of difficulty and there, my recommendation would be that they have some arrangement that after they take these beautiful training courses, they stick a year and a half after they get on the ground, rather than leave three months later when they have enough points.

DR. DORN: ^{Hitting} ~~Leaving~~ everybody amidships.

MR. HARTZCH: Another problem which we had in the early days was getting satisfactory custodians. Your manufacturer's associations in the States did a wonderful job. I don't know if you are familiar with the forms, but Singer

RG	260
Entry	
File	
Box	//

DECLASSIFIED	
Authority	NWD 775057
By	Dr NARA Date 10/6/99

Sewing Machine had a plan over here. They filled out this form for their own association--Jones is a good engineer and we trust him and if you can get him in as a custodian, we would appreciate it. That is the background, but that was not official, so I would recommend the next time when they have anything like a TFR 500 form, you remember that was a form where everybody declared their foreign assets, if he had anything to do with real estate, even as a supplement, they should say that. We should get them to state who they would recommend as a custodian and if they could not get him, who else they recommended. That comes up to decontrol. We wouldn't have to go through this period of UN problems, of asking these people to decontrol. We would merely say, when the time is ripe, we will return this property to you and assume the agency you recommend as your agent is satisfactory. That would save a terrific amount of expense and time. We could send the individual letters, the owner, at least three times and there could be press releases. etc.

MR. CASSODAY: After all that, they got to Paris and the foreign ministers came up there and said that they really wished that the Occupation authorities would take some steps to allow the owner to return to the management of those properties and would they please give us a list. We were all set for them.

MR. HARTZCH: So that, in that case, we would make that recommendation with regard to US properties and then have our planners ask Allied nations to get similar information from their nationals. That would save a good deal of time and lots of unfavorable publicity because one of the big headaches was having someone ask, why did you put John Schmultz in as custodian. He was no good. Obviously, when you are taking 10,000 properties in a month, you are going to make some mistakes and that would be avoided and it would save an awful lot of time.

MR. CASSODAY: In connection with that same planning, when you take control, all during this decontrol program, we had troubles. We started with one of Bernstein's programs we had. We took control and kept control and worked for the owner until June 1946 when communications first became open. It was then first possible for a person to mail a letter to someone in Germany and say, get a license and do this for me. We announced our decontrol program within a week. We had it ready in a day and there ^{was} only a mechanical holdup. It was all approved and within a week, we announced a whole program and wrote to each of the owners and it then became evident that a lot of owners didn't want to

13 Jul 49

RG	260
Entry	
File	
Box	11

DECLASSIFIED	
Authority	NAD 7750571
By	DC NARA Date 10/6/99

225536

decontrol. They felt in asking them to sign a release, it was releasing us from liability during this period. It appeared that we had suddenly become in a position of acting for them and having to account for them and we couldn't get out from under control and it was an attitude, I am not speaking of every one, an attitude that has held up the whole thing and if we can--

MR. CASSODAY: And those people who said, why don't you let me appoint my agent, they have been the last to appoint agents. A person came into our office before we announced that program and he said one of the greatest things you can do for the American owner of business is to allow him to appoint his agent and run his business in the normal course. I said, by the time you get back to New York, you will be able to do that. He came back three years later. In line with these comments, I think, it would be a good idea, when we take a census in a country that that census is forwarded to us by the government. This business of taking control for protection purposes, that information that Fred suggested should be included. If we take it on any other basis, as a letter from that individual, we should write back a letter at that time, saying that at such time as transactions of communications are allowed, we will give him three months in which to decontrol his property to an agent of his own choosing, at the end of which time, if he has not picked his agent, we will give it to a custodian he has nominated, and if one is not nominated, we will take it to a court. In other words, we will tell them that if we take control, it is temporary to protect him. Don't you think that would be a big help?

MR. HARTZCH: Along that line.

DR. DORN: That essentially did develop.

MR. CASSODAY: It took us 4 or 5 years to do it. They would rather have us take the responsibility.

DR. DORN: Of course, Berlin is a situation where they would have Military Government running it just because of the Russians. There they had an excuse, but down in the Zone, they used the same excuse.

MR. HARTZCH: Briefly, the recommendation is that when they get the information they could get just a little bit more and then it could be used by the Property Control Research group.

MR. CASSODAY: The Property Control should be advised who it is and what he has to do on it.

MR. HARTZCH: Another headache we had, not in too many cases, but enough

RG	260
Entry	
File	
Box	//

9

DECLASSIFIED
Authority NND 775057
By DR NARA Date 10/6/99

13 Jul 49

225537

to annoy us, was a case of UN properties being allocated as DP camps. We have had some beautiful homes turned over to DP's and what they have done to them, is a matter of record. It would appear that when a Commanding Officer assigns camps for DP's, that there would be some way he could check to see if the United Nations owned it. Obviously, the illwill created and much of it was, could be avoided. I mean that that was a case where you could get trouble all the time. During the war, these people said, you can use it because I can't. I had to go home because things were threatening. Now we have won the war and it is tied up for 3, 4 or 5 years with DP's who do not protect the property, but strip it down to a point where it is absolutely worthless. There again, we could have taken a little precaution ahead of time. We have numerous other records which would show that. I think it was a big mistake.

MR. CASSODAY: Of course, here's one thing in justification of that. When we took over the compound in Frankfurt, they took over the houses in there for billeting. There wasn't any DP's, we were using it for the U S Army, but some Americans don't care whether they take care of furniture or not. I heard of one fellow who moved out and took the whole household of furniture with him. Anyhow, they had to take over certain areas and sometimes, they needed every house that was standing, but as Fred pointed out, it was a source of friction which, if it can be avoided, it would be worth avoiding.

DR. DORN: In some of these cases, you wouldn't admit it could have been avoided.

MR. CASSODAY: In some cases where a man found a nice house out in the country and decided he wanted that one, well, it could have been avoided. They could have paid attention to it and still gotten enough billets.

MR. HARTZCH: Another problem was that of the early days of accounting where all these monthly reports were all forwarded to the Deputy Chief of Property Control. As you know, later we decentralized to Land level. That broke continuity, was poor management and, eventually, we did decentralize to Land level. It would appear better, if we had to do it over again, that certain areas be mapped out and that area that is occupied, a central accounting office be set up there, rather than taking the entire country. Because of the loss of time in transmittal, alone, it sometimes took two months from the controller to the DCP. Something is going wrong and that is what they are supposed to detect quickly from their statements. They would be too late. First of all,

10

13 Jul 49

RG	260
Entry	
File	
Box	11

DECLASSIFIED
Authority <i>NAD 775057</i>
By <i>DR</i> NARA Date <i>10/6/99</i>

225538

the accountant got his reports in three months after the event. Then it takes two months in transmission. By that time, the cows are stolen and the barn is empty; whereas, if they had a smaller area like the Land, the chief accountant could quickly analyze the statement and call right back and that's what we did a year and a half afterward.

DR. DORN: '46.

MR. HARTZCH: '46 and it went into early '47. Well, offhand, until somebody else refreshes my memory, that is our story and, at least, the headaches that I could think of since I was notified of this yesterday.

MR. CASSODAY: One thing, I think that in the nature of accomplishment, I guess Fred was the only one in on that one and that is that back in '46, everybody said you can't let the Germans do this or ~~that~~ ^{do this or that}. Well, I don't know what got us to do it, but it was one of the luckiest breaks that Finance and Property Control ever had.

MR. HARTZCH: I know what got us to do it. You recall the Property Disposition Board.

DR. DORN: Yes.

MR. HARTZCH: Their recommendations came out in March of '46 and the preliminary thinking was done in the latter part of '45 and by June of '46, the entire plan was crystalized and in operation, but the Property Disposition Board made the final recommendation and we got the go-ahead signal.

DR. DORN: Did the Laenderrat play a role?

MR. HARTZCH: They sent a Dr. Pollock a letter in which the recommendations of the Property Disposition Board were outlined to him and the Laenderrat was asked to come up with numerous things for a program accepting control of properties, interim awards law which they accomplished, restitution law 59 which never really was completed but, as you know, they started. We had to impose

DR. DORN: We had to impose that.

MR. HARTZCH: That's right because they couldn't give us quite the program we wanted and also they were asked to tell us how they disposed of every category of property under control and whether the people who wrote the laws know it or not, their recommendations were largely followed. It is amazing when you think back, that was early '46 that their recommendations, for instance, giving us these things to follow, but that was a result of your Property Disposition Board. Then it went to the Laenderrat and then they came up with

RG	260
Entry	
File	
Box	11

11	13 Jul 49
DECLASSIFIED	
Authority <i>NND 775057</i>	
By <i>Dr</i> NARA Date <i>10/6/99</i>	

225539

early recommendations.

DR. DORN: That happens in so many fields because there you might say, here's an institution that was set up for that with a very deliberate purpose and fairly responsible to Germans, ^{Luftwaffe} ~~wide~~ at Land level, still, ~~the~~ operation was in full force, Military Government operation.

MR. CASSODAY: I was going to say that up in Berlin, we had everybody in managing property. If a fellow came along looking for an assignment in the Army, they would say, you go over to Custodians in Military Government, so we were not getting the best experienced personnel, and, at the same time, we were costing the American taxpayer a lot of money. I think that our experience in turning it over to the Germans as soon as we did, within a year after the end of the war, has turned out well enough so that it can be recommended highly again and even today, we are fighting sometimes, other policies. They say we can't get the Germans to do it, but we did it with a hundred thousand properties and you are worrying about 100 properties. Now, then, you have to know what the Germans are doing and as we had our reporting system set up, they have to let you know enough facts to find something wrong.

DR. DORN: Do you know what kind of an experience the British have had in this matter?

MR. CASSODAY: They have never turned it over.

DR. DORN: That's why they needed so many officers. They still have 12,000.

MR. HARTZCH: Furthermore, they have no statistics. They admitted that. We tried to exchange statistics with them, but they have no idea how many properties they have under control and the amount, no idea and they have no central statistical office. I don't think very highly of it and I wouldn't suggest repeating their system. I have one more thought that comes to mind and that is the terrific difficulties in getting anything promulgated and agreed. I suppose it is necessary redtape, but we have examples where a paper has been delayed and we were unable to get the necessary concurrences, either because people were overworked or something, where it took 8 to 10 months to get something through. In the early days, it was awful hard to dispose of property when your own organization is holding it up, so I should think that there is some way of getting legal concurrence, have a person attached to the division from the Legal Division, on Legal payroll rather, but somebody who would be assigned to the important branches of Military Government.

12

13 Jul 49

RG	<u>260</u>
Entry	_____
File	_____
Box	<u>//</u>

DECLASSIFIED
Authority <u>NWD 775057</u>
By <u>Dr</u> NARA Date <u>10/6/99</u>

225540

DR. DORN: Didn't you have a Legal Advisor?

MR. HARTZCH: Well, he still wasn't attached to Legal and everything that went out was under Property Control.

MR. DANIELS: You mean, eliminate the necessity of getting formal concurrence.

MR. HARTZCH: Eliminate it or have him do the legal work and anything he says regarding Property Control, the chief will okay because that has been a ridiculous situation because we have had things here as high as six months and where time was of the essence and it is ridiculous. There again, this program would have been completed, in my opinion, at least six months ago if some such system were followed.

DR. DORN: That is one advantage we had in Denazification Committee. *Coordinating*

MR. CASSODAY: In that case, he could go and talk the legal point of view to the Director.

MR. HARTZCH: I didn't know another organization used that, but I should certainly recommend it.

MR. CASSODAY: I think you were the only one with it.

DR. DORN: They are doing it now with BICO down there. *Are they not?*

MR. CASSODAY: I came from Kirk Reynolds. He is the Legal Advisor there. There have been a lot of people, for instance, Forest Hammar was a Legal Advisor.

RG	<u>260</u>
Entry	_____
File	_____
Box	<u>11</u>

DECLASSIFIED	
Authority	<u>NAD 7750571</u>
By	<u>DR</u> NARA Date <u>10/6/99</u>

MR HARTZCH: The point is to have somebody in Legal Division who can concur with them. It is easy to figure out how much it would have saved.

MR CASSODAY: Another thing that we have noticed in the last year that I think everybody in the room will agree with, before that, when you get to the top of the headquarters, like General Clay, to approve a long time program with the idea of accepting a certain result, well, then you get things done faster than you can possibly by working on your own and suggesting them, and it is always hard for someone or other to come up with an original idea and sell it all the way to the top unless the necessity is there. We had to wait for the time Property Division was formed. It went out of business. Up to that time if you had tried to sell the idea of getting properties out of control, it would have been much more difficult than if we had gone up to General Clay and said here is our plan for going out of business. I don't know how you can carry that out because you can't blame it on the General because he never had got it up there before, but there is just a certain amount of putting first things first and letting long time planning go. That would only be carried out by requiring each division to outline six months periods in advance or something like that, what they planned to do in the next year or six months.

DR DORN: Of course, that is a problem that confronted Military Government at every stage.

MR HARTZCH: I think they tried to do that with functional programs whereby we tried to forecast what we were going to try to do in the next six months, the theory being that if the powers that be thought, they could criticize.

MR CASSODAY: What became of it nobody knows. You were never held to that program, and another thing, of course, that has always been the trouble on a lot of individual points, is that it requires a major policy decision, can we tell a UN owner now is the time you are going to do something. Now, let's go to the State Department. If the time is not right, State sits on it six months or a year. I don't know whether it is State; it is Washington, State or War or what. They hold up the decision on it.

DR DORN: Didn't you have pretty close relations with POLAD?

MR CASSODAY: Oh, yes, we always worked very close with them, but there were certain policy decisions that were hard to get. Would you agree with that?

RG	260
Entry	
File	
Box	11

DECLASSIFIED
Authority <i>NAD 775057</i>
By <i>DR</i> NARA Date <i>10/6/99</i>

13 Jul 49

225542

MR MILLER: Yes.

MR CASSODAY: What I mean I had in mind a couple ^{of matters} in restitutions that we actually waited seven or eight months for acceptance, two cables. We were withholding the property. We couldn't retribute it.

DR DORN: An appeal to Murphy didn't produce action?

MR CASSODAY: Well, he knew it, that is, not personal appeal. This plan was all for concurrence and so forth, and as I say, if something, I don't know the answer myself, but if something can be done with establishing time schedules and sticking to them with respect to getting those programs and those time schedules approved where change of policy was necessary. I don't think we could have gotten rough with UN property owners in 1946, when we were talking about turning over to the Germans. Nothing was going to happen to the property. We were going to withdraw a little further from the property. We were never going to get the American representative to okay so many transactions. We had to extend it. General Clay was on our side. I mean the time wasn't right, and if you got those things approved and announced them six months in advance to the people, got all that preliminary work out of the way, had six months to do it, you could accomplish programs faster. Once it got to General Clay that something was to be done, then we could get it done in a hurry.

DR DORN: It is a problem of what things should come first?

MR HARTZCH: Basically. I think the program went along extremely logically.

DR DORN: I have the notion that it is one of the most remarkable operations of Military Government.

MR HARTZCH: Provided that special care would be given to UN properties. Obviously we had to insist upon approving certain things, otherwise those agreements meant nothing. When you consider the volume of work done and in General Clay's words, it dwarfs the Alien Property Custodian's operation to accomplish this in an orderly fashion in a few years, I think it is well done.

DR DORN: That is my feeling. I think that it has that reputation among Germans ^{that} ~~who have~~ preserved Nazi property with a great deal -

MR HARTZCH: I think it has prevented an awful lot of chaos, and the property we preserved of Nazis who were guilty, we preserved it so payments could be made to the oppressed, so in the long run I think the program did an

RG	260
Entry	
File	
Box	11

15

13 Jul 49

DECLASSIFIED
Authority <u>NAD 775057</u>
By <u>DR</u> NARA Date <u>10/6/99</u>

225543

awful lot to stabilize things and the Nazis who were declared innocent, assuming they were just decisions, -

MR CASSODAY: One thing we did which if we had to do over again, the number of properties we took under control as a protective measure, but not necessary after 1946, because I don't know how many the total amounts to, you found a car on the street that belonged to an American, not a property control matter in ordinary times, taken off the street and if not called for, liquidated according to the local laws; but we had all sorts of stuff like that. There wasn't anybody else around to do it. I think personally we could have gotten out of that program a little sooner.

MR HARTZCH: I would rather have that comment in small print because it was a tiny part of our program, probably percentagewise you couldn't figure it except in thousandths as a percentage in value. I wouldn't want it to get an undue portion of this report. It was annoying, but not the main problem. The average size was 100,000 Marks. Then as the decontrol program developed after six months the average size dropped to 60,000, so you see we are still dealing with big properties. There were about 800 tiny properties which were annoying but infinitesimal.

MR CASSODAY: It increases your work. One example is, and we had this early, we had a lot of bombed out buildings. The only possible control there was the protection of bricks that were left. The valuable stuff had been looted or bombed out. It isn't worth a custodian.

DR DORN: May I put a question to you in that connection. I was down in Frankfurt some time ago. I was trying to get an answer to the question why hasn't Frankfurt cleaned up, why hasn't Frankfurt started out on a building program like Stuttgart. I was given the answer, whether correct or not, I don't know, so much of this property was under control, so much of it was Jewish property, and Jews had meanwhile left Frankfurt. Is that thing so important that it could serve as a drag?

MR HARTZCH: I wouldn't say that except that we must admit that Frankfurt was a -

MR CASSODAY: 14,748 in Hesse.

MR HARTZCH: There is an awful lot of Jewish property in Frankfurt, and naturally if an owner has the feeling that he is going to lose that property

16

13 Jul 49

RG	260
Entry	_____
File	_____
Box	11

DECLASSIFIED	
Authority	NAD 775057
By	AR NARA Date 10/6/99

225544

through a lawsuit under Law 59, I know you and I would both be reluctant to remove the debris until I knew where I stood, so it might have some merit to it.

DR DORN: I have heard it from one source.

MR HARTZCH: I believe Frankfurt next to Berlin was the largest Jewish city. It is also true that Hesse has 43,000 duress properties, had at least at one time units under control, wait a minute, 14,000, and I would venture it is safe to guess to say at least half of that is in Frankfurt, so that might have some merit.

DR DORN: You are very skeptical.

MR PORTER: I am very very skeptical about that because actually in Stuttgart the whole program of rehabilitation, reconstruction, removal of debris, and everything else went ahead regardless of properties under control. Bricks were piled up, removed, and arrangements were made to safeguard those. Workers were actually supplied. I saw the same thing happen in Mannheim.

MR CASSODAY: That was city work not individual.

MR PORTER: It was a regular program. The understanding I had of the situation in Frankfurt is they have never developed a program along definite lines to eliminate the debris.

MR CASSODAY: If it is a problem.

MR PORTER: We can work that out.

MR CASSODAY: Get out a memorandum any expense in connection would be a legitimate expense and would be reimbursable.

DR DORN: There would be a thousand different ways for intelligent people to get around that.

MR HARTZCH: I noticed one thing politically in Hesse. Whenever we have anything to do with Nazi properties which was in their favor we got terrifically quick action. It is amazing what statistics will show. Whenever we had anything to do with UN properties, we got extremely slow action.

DR DORN: From the same people.

MR HARTZCH: From the same organization. So, for my observation, Hesse is extremely pro-Nazi, and it might also indicate some merit to this argument, because in Wuerttemberg-Baden we had percentages, you would see the percentages

RG	260
Entry	
File	
Box	11

DECLASSIFIED
Authority <u>NAD 775057</u>
By <u>DR</u> NARA Date <u>10/6/99</u>

there were no difference between UN properties and Nazi properties. You take Hesse and you will find that 98 per cent of Nazi members' properties were released from control in a very short time compared to only 74 per cent for UN properties, which is the lowest in the entire zone, except Berlin; however in Wuerttemberg-Baden it is about 90 per cent in every category. I have noticed that right through the minute we issued an order favoring Nazis, it went out quick. It came quick within one month from last to first, within one month, as soon as they found it out. The whole organization down there annoyed me. This might be another reason. I don't know whether it is the administration. According to the statistics that would be my impression, and they went right to work right down to the very end, and I honestly think this terrifically strong drag-heels program in Hesse applies to everyone but Nazis. That is why I am saying if you use Stuttgart and Wuerttemberg-Baden for an example, everything is good as far as property control, is good; in Hesse some of it is awful.

MR PORTER: I know in Stuttgart they gave a lot of thought to start with to the matter of reconstruction, rehabilitation, cleaning up the city, before they started; but when they started, they started on a very well organized basis; and the same was true in a number of cities in Wuerttemberg-Baden, and I haven't seen anything comparable to that in Frankfurt or Hesse. I have heard from German sources that not very serious consideration has been given to the actual matter of cleaning up Frankfurt.

MR CASSODAY: I think that is another thing, a FWA project of keeping people employed during the blockade. That is a city-wide thing paid by the taxpayers. I think that is probably true in Stuttgart.

MR PORTER: They used prisoners, forced labor of some of the prisoners. They actually worked out their sentences by cleaning up the streets, but they worked out a definite program.

MR CASSODAY: There is another suggestion I would make the next time, that we definitely set a minimum value and we will not take under control, we can't bother with French cars and old clothes, asking restitution, the time and money spent on it isn't proportionately worth it, American money, leaving out German custodian time and the letters are not worth what the object is.

13 Jul 49

19

RG	260
Entry	_____
File	_____
Box	//

DECLASSIFIED
Authority <u>NAD 775057</u>
By <u>DC</u> NARA Date <u>10/6/99</u>

225546

MR HARTZCH: That is interesting. I agree to that 100 per cent. I would mention in that report the Germans in their allied property custodian instructions -

DR DORN: The pre-collapse?

MR HARTZCH: When they never took anything less than 60,000 Reichsmarks. Obviously that meant the other items might have been blocked, but that is all. Such a rule would also be very valuable.

MR CASSODAY: Of course another thing we suggested very late that if you are going to set it anywhere near 50,000 Duetsche Marks instead of 1,000, to take under control, but to liquidate the interest for the benefit of the economy and the owner rather than hold it. We took stuff that we could have sold for at Reichsmarks and converted at much more than their present value now no longer scarce. Just a few cases, they are the little ones that bother you where you have got a stock of goods necessary to the economy, the owner can't export them and can't use Marks. We have Congressmen writing about it, all this expense, for something not worth a lot of money. If we do take into control something worth protecting for the owner, we ought to have the authority to liquidate.

DR DORN: I would like to put another question that is irrelevant but on which I think you people have an opinion with respect to the factories put under control and put back into operation, have any of you had a feeling that denazification was a major or serious deterrent to recovery or getting these plants into operation again?

MR HARTZCH: Well, I feel definitely that we had some plants where all of the experienced men were mandatory removals and we had to start out with terrific handicaps.

MR PORTER: Law Number 8 especially.

DR DORN: In September, 1948.

MR PORTER: We had terrific difficulty. We had people we were moving and a number went to the British zone or French zone, were cleared, and put into important positions, and we were looking for technicians to run these plants. I happened to be in the field at that time, and it was hard to find men to take over enterprises. You could always find butcher, baker, candlestick-maker. When you required technicians, chemists, engineers, and so forth -

10

13 Jul 49

RG	260
Entry	
File	
Box	11

DECLASSIFIED
Authority <i>NAD 775057</i>
By <i>DR</i> NARA Date <i>10/6/99</i>

225547

DR DORN: Didn't the temporary license system help?

MR PORTER: No. In the administration of what whole procedure we found that nobody was approved. We put in applications to make exceptions until we could find competent men. In most cases we were bogged down.

MR HARTZCH: We had a similar terrific handicap coming back to reports. In the early days we were required to get a certified statement a few times a year. Every certified public accountant less one per cent was a Nazi, so we finally eliminated that requirement by accepting any bookkeeper's statement.

MR PORTER: Except for the annual statements.

MR HARTZCH: Except for that we couldn't get them certified. It came in two years late. There is another along the same lines we were talking where this denazification thing hampered us at the very beginning.

DR DORN: How long was it a serious deterrent?

MR PORTER: As far as I recall it was a deterrent until the latter part of 1946.

MR DANIELS: I would say even longer than that, maybe not directly, but our property control was one of the main instruments in enforcement of denazification. You had thousands of properties taken under control, the owner taken out, the property managed by some stranger, and generally in many cases not handled as well as the owner would handle it himself, not interested in it, and with all kinds of opportunities for ways of the custodian helping himself a little at the expense of the owner of the property. We held that three years with the result of turning it back to the owner. Nothing was accomplished by all that. That could have been avoided, and I think it could have been in the denazification procedure by some other method than by giving these presumptive classifications.

DR DORN: Ordinary labor.

MR DANIELS: You can't take that many properties. The accumulated effect of that must be something.

MR CASSODAY: Here's one thing. We got 74,000 total under control in that category, and we confiscated about 1800. There are 3,000 left. Let's say all the bad ones are left. We have got about 4800 properties that were rightfully taken under control and 70,000 that were not. If you went in on an attachment in the States and did the same thing, the courts would not issue

RG	260
Entry	
File	
Box	11

90

DECLASSIFIED
Authority <i>NAD 775057</i>
By <i>DR</i> NARA Date <i>10/6/99</i>

13 Jul 49

225548

attachments on the percentage of wrong indictments. I think it gets into the question, maybe the fault of the district attorney, maybe the fault of the Spruchkammer undersentencing the persons, some place between the two we had 70,000 properties where the only punishment was the effect on the economy in the American zone as opposed to the British and French zone. The effect was that we threw out of those plants the competent men to run it where they were not touched in the British zone, so during these three-year period these others were building up and getting ahead of our factories. They were not able to change policy or methods. It was just kept status quo. That is, I think the only thing a plant suffers from being under property control. It will not go into new risks will not go into new lines of business, will not keep up with the times or make long time commitments. They are in the preservation business. That is where you suffer.

MR DANIELS: Besides all the ill will and hard feeling we made by kicking a man out of his property and he finally gets denazification, fined 1,000 Marks or less than that, and he says what were you holding my property for?

DR DORN: I have a feeling we seized too many properties.

MR DANIELS: The only purpose or justification is here we have got it to turn over to the confiscating authority. That only happened so rare that we were never -

MR CASSODAY: It wasn't our fault. It is a fact that should be considered next time. In other words, I would personally recommend that except in I don't know how you would define it -

MR HARTZCH: Major offenders.

MR CASSODAY: We had all major offenders except in those cases of well known notorious cases where you would be in awful bad shape to let somebody get away with his property preference pending denazification, you wouldn't be in as bad shape. That is a bad way from a justice point of view, to use rule of thumb, but let them manage their own business. That gets into your Law 8 stuff again, and keep our custodian out, and make it a criminal offense for him to sell it.

MR PORTER: You would have gotten the same result. The majority of cases will say we expect to be around. Another matter of it is the amount of the fine. They would have actually submitted the reports, any requirements we

RG	260
Entry	
File	
Box	//

91

DECLASSIFIED
Authority <u>NAD 775057</u>
By <u>Dr</u> NARA Date <u>10/6/99</u>

13 Jul 49

225549

imposed.

DR DORN: Isn't it a fact that our thinking has changed in three years?

MR CASSODAY: In 1945 I was all for and still am all for the idea that a person who profited while Nazis were in power, we can't expect the people who are anti-Nazi to develop democratically as long as the same Nazis are getting along as well under us. I don't know what the fault is. I don't know how many Nazis there were.

MR PORTER: Actually I felt pretty much that way. I didn't think the approach or method of controlling that, imposing certain restrictions was as soundly thought out as it might have been.

DR DORN: It was tied up with denazification policy.

MR CASSODAY: As long as you had Law 8 it was a good thing. We were protecting it for the owner while the owner was out. Now, then, if you are going to have Law 8 -

MR DANIELS: It is the only way you can enforce it.

MR CASSODAY: If you are not going to remove him, I think blocking is good enough.

DR DORN: Law 8 went into ~~Law~~ ^{Art. 58.} *Art. 58. The instruction here* Just as a kind of concluding comment on that, before I left in 1947, I was worried by that question that denazification was holding up business recovery. Our special branch field inspection unit made a close investigation of 90 firms without identifying themselves as denazification representatives, saying we are economists, we want to know what is holding up your production. The answers were lack of essential raw materials, lack of coal, lack of electric power, manpower, and denazification fifth.

MR DANIELS: Of course you were talking to our appointed custodians.

MR HARTZCH: Not only that -

DR DORN: In some cases.

MR CASSODAY: And also you were talking in 1947, not 1946, when the main holdup came. Since currency reform things have moved fast. Right now, since last June, let's say September, when currency reform started to have effect and things started to move and you could notice the difference in the zone, since that started to move, then the retarding effect came out.

DR DORN: By that time all these people were back again.

MR CASSODAY: No, we had 8,000.

RG	<u>260</u>
Entry	_____
File	_____
Box	<u>11</u>

92

13 Jul 49

DECLASSIFIED
Authority: <u>NWD 775059</u>
By: <u>DR</u> NARA Date <u>10/6/99</u>

225550

MR HARTZCH: I think what this survey showed is perfectly logical. These people probably went to the larger plants. They were within, we might have taken under control, they did not go to the small baker or the one-man business or the 20-employee business. The 5,000 we admit should have been taken under control and the other 65,000, say less than 100 employees, I think you would find where it depends on one or two. Obviously Krupp had a lot of men who knew their responsibilities who were not Nazis.

DR DORN: The railways where we got out 70,000 in three months.

done by the only 1946

MR HARTZCH: Less than 100 employees let him run it, and submit reports. The big ones which were confiscated are being held because they were the tough nut cases. They were the big businesses. We had 65,000 smaller businesses, one-man businesses, two-man businesses, partnerships. On these others Krupp obviously needed raw materials, and I think this thing you say is perfectly logical. I think both of them are perfectly logical. I think the lesson is in your railway. We take the big ones under control, the ~~small ones~~ ^{CANNOT} be managed until the man is sentenced. These little firms although they are tiny are a big factor in a small town.

MR CASSODAY: Let me add one thing in that connection. We are in a lot of business because of somebody else saying somebody has to protect I G Farben. Duress properties, of course we handle both ends there. Duress properties, external loot. If when that condition exists, the group which does not have the problem itself, but the properties are being added always by another division, if they have to justify the retention of those things under control in six months periods, I think I G Farben has sat back and not worried themselves, we would say we have got to take a cut of personnel, we have got to get rid of properties, if they have got to justify retaining control, it might help. When we had 70,000, if every six months denazification had to come up with a justification, somebody would decide why don't you get going? There is an awful lot of that we are not responsible for but we are doing it as a service.

DR DORN: I think this is awfully useful when you get people from various divisions together on this. I think your comments are very much to the point on that. There is another question I would like to ask. How do you think the Germans are operating their internal restitutions organization?

MR PORTER: Actually I think it is a bit too early to tell. At this

93

RG	260
Entry	
File	
Box	11

DECLASSIFIED
Authority: NAD 775057
By: [Signature] NARA Date: 10/6/99

13 Jul 49

225551

point we have agencies existing under the law.

DR DORN: 59.

MR PORTER: Have been in existence approximately one year and actually I am giving you now a little bit of background to explain the slowness with which they have gotten started and functioning. Some of these cases involve the manner of serving notice upon interested parties that involves a period of two or three months, resident here in Germany or resident abroad. Actually they are beginning to handle cases in many instances and also they have been concerned with personnel problems, getting facilities, and handling the volume of claims that have been coming through from our central files agency. 200,000 claims are going through the mill. The agency as of the last report have received 32,000 of these claims. The Land Central agency, ourselves, the American agency set up to distribute these claims, are snowed under with this volume of work. It is going to be a case of moving those along.

MR CASSODAY: On the first of December we had 10,000 and at the end of December 216,000. Part of the delay has been due to the claimants themselves waiting until the last day of the deadline.

DR DORN: The British have a more generous one.

MR CASSODAY: They have just got a law now.

MR PORTER: They have been following our experience and trying, in fact, they are still very much in communication with us trying to learn what our experience has been. They have got a law but haven't set up agencies or courts yet. They have received only 25,000 claims so far. When they heard what we had received, they immediately sent out notice to their agencies to gear themselves to a volume of claims. They have a deadline of December 31, 1949.

MR CASSODAY: Although they just had a law a month ago, they have had General Order 10 since about 1947. They have had it for a year and a half and they have got only a few claims. There is a reluctance to file claims until the last minute. Our agencies have disposed of some 800 cases so far. There are 4,000 in the mill now.

MR PORTER: I think it is slightly over that.

MR CASSODAY: Of the 10,000 we are almost half through with the program as of the first of December. The flood is slowing up the work on those a little,

94

13 Jul 49

RG	260
Entry	
File	
Box	//

DECLASSIFIED	
Authority	NAD 775057
By	DR NARA Date 10/6/99

225552

although number wise while you say we have had restitution law a year and a half and we have got 216,000 claims, we have only settled 800 and it sounds very low, when you consider six months ago we had 20,000, we have disposed of 800 and have 4,000 in the mill, I think the Germans are doing a very conscientious job on it. I got a stack of opinions. So far I haven't heard of any abuses in the courts sabotaging the program. If you disagree with the restitutions agency, there is a separate chamber of the ordinary courts.

DR DORN: Is it under special scrutiny or is it just part of the ordinary German judicial system?

MR HARTZCH: It is part of the German judicial system.

DR DORN: I am frightened with the bogey of renazification.

MR HARTZCH: That argument has been advanced a lot and at this point you couldn't say.

DR DORN: In my opinion the general opinion given by people who are sober careful judges is that these judges, even though former FGs, are now, while public opinion is charged, lean over backwards and avoid Nazi concepts or Naz favorable decisions.

MR DANIELS: I think they do their duty and enforce their laws as well as under the circumstances anyone can be expected.

MR CASSODAY: Here is one thing I am surprised at, talking to German lawyers Schwenk and that gang, they say it is surprising about the ethics of the American lawyer. They are very ethical and proud of their ethics and having a judge even suspected in the States of being, currying favor by giving decisions one way or the other, that is unheard of, they just don't think of doing it. By and large I understand the bar is very good even though in Nazi time they carried out things that were legal but they were more or less working under threat, they took the smooth way out. They were not the kind who disregard their ethics, as that was the law and they knew they would get reversed higher up. We have heard that. We have this board of review on top of it. If it gets to being abused, the board of review -

DR DORN: Have there been very many appeals?

MR PORTER: Amicable settlements. Cumulative report as of the end of June we had 985 petitions; granted in appeal; 103; dismissed; 508; withdrawn cases; 572. There is a total of final decisions 2,198.

RG 260
Entry _____
File _____
Box //

DECLASSIFIED
Authority NWD 775057
By DR NARA Date 10/6/99

13 Jul 49

225553

MR CASSODAY: Out of the original 10,000.

MR HARTZCH: How many appealed to the top court?

MR PORTER: Appeals we have 8 pending.

MR CASSODAY: In the board of review restitutions chamber we have 1,078.

MR PORTER: In the Oberlandesgericht 42. Eight in board of review, 2 in transit.

MR DANIELS: I mean the fact that so many are settled, withdrawn, dismissed without appeal is very encouraging. It shows the persons must be pretty well satisfied that their case is so weak that they got a fair trial.

DR DORN: It is in just such cases that you will get an answer to this question that is troubling McCloy right now.

MR CASSODAY: We have not yet received any reports which can be backed up indicating that any place in our restitutions or property control that criticism is breaking forth. We have got this one report we cannot substantiate.

MR PORTER: There is nothing we can pin down, nothing actually manifested itself to such an extent that it seems to indicate that the administration of the law is breaking down. We are satisfied.

MR CASSODAY: We have got gripes. Kennedy. The administration can handle his case.

MR PORTER: That's been settled now with a little commendation to us.

MR CASSODAY: We don't want to lead you to believe that nobody has criticized. We haven't found anything in the administration that would indicate any sabotage or anything like that.

DR DORN: Is there anything -

MR CASSODAY: I have one other little thing here. We found after we started checking down these guys down to find out what property they have, I have a large mortgage on this German place -

DR DORN: A United Nations national?

MR CASSODAY: So I think we have got a lot of things under control just with the idea of doing the utmost to protect UN interests. I think the next time, with Russia or Nicaragua, the government might say explicitly to all citizens exactly what rights would be protected and what wouldn't, in line with a minimum amount, not automobiles, hunting them up. Protecting a mortgage

RG 260
Entry _____
File _____
Box 11

96
DECLASSIFIED
Authority: NND 775057
By: DR NARA Date: 10/6/99

13 Jul 49

225554

is all right if the person is going to sell out and ruin the security behind the mortgage. Most of them is real estate and all he can do is sell the property. I think that now we found out certain things that if it had come up we would probably have said after the first year or so -

MR HARTZCH: We did correct that in our second Title 17. We put in there a provision that no mortgaged property would be taken under control due to the simple fact that there was a mortgage on the property unless the mortgage was more than 65 per cent of the value of the property as it stands today. In other words, if due to partial destruction the man had a terrific mortgage on it and there was an equity which would be wiped out and the mortgagee would stand a loss, we would take that property under control. Where the building was good, the mortgage well protected, we did not take it under control. That was put in in February, 1947. We wrote it in November. It took four months to get it through the Control Office. At that time Colonel Robinson was there, and he just didn't like a detailed Title 17. It was four months to get it through. We had it round and round.

MR CASSODAY: There is another thing you might mention when we turn things over to the Germans you can't tell them what to do. We finally snuck the thing through, and I think we are glad we did it. We gave them detailed instructions and said these will be supplanted when the German government comes through with an approved method of operation if they didn't agree or take ours if they were good enough.

MR HARTZCH: They worked for about four months on a revision of Title 17 and finally threw up their hands and said we are satisfied with the way it is going. They had the privilege of changing.

MR CASSODAY: So in connection with this turnover to the Germans I don't think it is so bad to allow detailed instructions with freedom to change them. These were just rules of reason in most cases. In other words, they were not imposing anything on the Germans, a guidebook for uniform practices. He is getting approximately the same treatment in any Land. One that we got through that turned out all right. If we had been forced to cross out all the details, we would have lost the uniformity, the continuity. We knew approximately how it was being handled without examining each case. One think that I think has

13 Jul 49

97

RG	260
Entry	
File	
Box	11

DECLASSIFIED
Authority <i>NWD 775057</i>
By <i>DR</i> NARA Date <i>10/6/99</i>

225555

been a great help is that we have had people in our Laender offices we could rely on.

DR DORN: Lord in Munich.

MR CASSODAY: We get a complaint in, a letter from Congress. My constituent has been kicked around by your man down there, denied his rights. Please investigate and report to General Clay. It was nice to know damn well he had a good reason for doing it. I would say 90 per cent of the complaints we have got that our guys have turned out on the right side. As a result we have been able to let them go on their own because they were not afraid to make a decision. I think that holds true for the LCH's, the German counterpart. They have been more or less on their own and they don't go in and question each case. I think it is important to get personnel and let them make their decisions because you can't run the whole damn thing. That is one thing that contributed very largely to our success. Speaking about turning over to the Germans being successful, I think the best example came about a week or so ago when we were trying to get the records at Bremen cut down and turned over to the Germans. We were told the Germans' offices had the records for the last two years. They have done a successful job. The Germans had actually been running it up there for two years. The German does the work. I think it has been damn successful in turning it over to the Germans. In all the dealings I have had with that man up there he can't be possibly accused of sabotaging anything.

MR PORTER: There is always a difference of opinion and so forth, but he is satisfied.

DR DORN: Have you any further comments on this property thing?

MR CASSODAY: You haven't said anything.

MR MILLER: I haven't anything.

DR DORN: How about this Safe Haven program?

MR MILLER: Safe Haven department is one I think represented by Mr Cassoday among other gold hunters who came over here, I guess they were camping in Versailles on the 8th of May. Now, the foundations of the Safe Haven program were laid in Washington, and Cass was working with them, and our people who came over had been working with the Treasury in Washington during the early war years and had developed a pretty well thought out plan as to the search for

98

13 Jul 49

RG	260
Entry	
File	
Box	11

DECLASSIFIED
Authority <i>NWD 775057</i>
By <i>DR</i> NARA Date <i>10/6/99</i>

225556

German external assets and assets in other countries and their own. The Treasury had gone to some pains I guess with the Foreign Funds Control Group to lay out plans for the location of Germany's assets abroad and the treatment of them once they should be discovered. And it is true that all of our plans, I mean ours not because I was associated with the operation but as a country, our plans were then for the discovering and investigating of external assets and interests and wiping out the economic power of Germany in all parts of the world. It was I think a much too idealistic plan; nevertheless, the plans were laid and I think that the first operation or the first direction in Germany was in the form of the Potsdam Agreement in which the reparations aims of the victors were made known and as you know we divided the field in two parts, the Soviets taking for the satisfaction of their claims the reparations to be found in their zone of Germany and other appropriate external assets.

MR CASSODAY: May I add one thing there that helps make things a little clearer. When we started in foreign funds in Washington, State Department, EW, Economic Warfare, State Department, with commercial attaches in each South American country and neutral countries, and Treasury Department, there was no interest in reparations. Their whole economic warfare program was to wipe out both during the war and for the future their ability to wage war, the economic control that the Germans had. The reason I want to put this is that at Potsdam it first took on this reparations aspect. A list was made out of firms which cooperated with the Germans during the war. Put them out of business. Force them to the wall. It was successful to the extent that Brazil and some of the others who were trying to cooperate with us came to us and asked us to relax the restrictions because it was hurting major interests in the country. It wasn't a question of getting money. It was to put them out of business.

DR DORN: As an instrument of economic warfare.

MR CASSODAY: With the idea in the future of keeping that wiped out so that I G Farben or its successor couldn't take the place in South American that I G Farben had or Siemens. It fits in successfully with the cartel thing and was part of that same division in 1945. I wanted to say that those activities after 1945 and after the Paris Agreement of 1945 took on double purpose, one of collecting money for paying war debt and the other was the continued interest

90

13 Jul 49

RG	260
Entry	
File	
Box	11

DECLASSIFIED
Authority <i>NAD 775057</i>
By <i>DR</i> NARA Date <i>10/6/99</i>

225557

of the US and Britain up to the time that they finally decided that they had to reestablish their foreign trade regardless of who they were dealing with, their economy was suffering too much, they had up to that time with us the idea of continued economic warfare against the possibility of rebuilding for the purpose of waging war.

DR DORN: What Rose calls to seek security and reparations.

MR CASSODAY: To see the different approach in going through. To see the dual purpose.

MR MILLER: So according to Potsdam the Soviets were going to get their reparations from their zone of Germany and from their zone of Austria, eastern zone of Austria, and also from assets to be found in Finland, Poland, Hungary, and Rumania, and they renounced all interest in assets located elsewhere. And conversely the western allies were to take their reparations from the western zones of Germany and from those countries which had not been renounced by the Soviets, in other words the rest of the world theoretically. Shortly after the Potsdam agreement in October, 1945, the Control Council met and enacted Law Number 5, which very ambitiously purported to vest in a creature of the Control Council the German External Property Commission, all right, title, and interest to German assets located outside of Germany and also to those properties which were owned by companies outside of Germany which were owned under German law or had their principal branches in this country. The law purported to be extraterritorial and as you know has failed miserably short of the effectiveness that was intended for it; however, it did not purport to invest properties in the big four countries, USSR, France, or the UK and the US, on the theory as it has been subsequently stated that a vesting of those assets had already been effectively done by the four countries during the war so that that was not needed. The German External Property Commission member was Mr Cassoday, who is still the American member.

MR CASSODAY: A big problem here is how do you appoint a successor in a defunct organization.

MR MILLER: That got off to a fairly good start, but it pretty soon became apparent that contrary to the language used by the Control Council in creating it, it was never going to actually take title to the properties which were said to have been vested in that commission, so within the period of a

RG	260
Entry	_____
File	_____
Box	//

30

13 Jul 49

DECLASSIFIED
Authority <i>NWD 775057</i>
By <i>DC</i> NARA Date <i>10/6/99</i>

225558

couple of years it became a body that debated certain issues as to the location and treatment to be accorded German assets, but it never actually took title to those assets or disposed of any.

MR CASSODAY: The closest we ever got to property was to send some powers of attorney to Turkey and Spain. We got the German record owner to issue the power of attorney and send an okay. In one case I think a Frenchman or a Russian said the power of attorney had to go through GBC because to do otherwise would recognize some title left in the German, so we compromised and sent both and said use the one that will get the most results. That was in Turkey in 1946. That is the closest we came to property. When you say debate, I think that is too strong a word. It is obvious that every delegate, the Russian, British, French, and American, were under instructions not to take any position vis a vis external assets. Nobody could even set up an argument, so when you say they fell short it is really true. DBC was only a formality as far as barring the Germans from anything with respect to foreign assets. You might as well abandon GBC.

MR MILLER: Actually it is what was done with reference to the assets which were vested by the Control Council. The next thing that happened I think chronologically was the sitting of the 18 members of the Interallied Reparations Agency at Paris at the end of 1945 and their agreement as to their 18 countries entitled to reparations from Germany, they would cooperate to locate German assets and liquidate them.

RG	260
Entry	
File	
Box	//

DECLASSIFIED
Authority <i>NWD 775057</i>
By <i>Dr</i> NARA Date <i>10/6/99</i>

MR. MILLER: That they proceeded to do assuming they hadn't already done so and they also agreed to a percentage division of the proceeds so that theoretically the proceeds of German external assets found within those countries and liquidated would be thrown into a common liquidation pool and each country would be accountable for its proportion charged to its reparation account against Germany. Our percentage as you know was 28% and I guess the British was also 28% and the French 16% and the rest dwindled off to nothing. However, we can say a little bit more about that later. Then in addition to that there were also pursuant to the act of Paris some accords with the neutral countries, notably Switzerland, Sweden, Spain, and Italy, after the -- well, actually before the Italian peace treaty, and an attempt with Portugal which to date I don't think has fully materialized. In any case these accords were signed by Britain, United States and France representing the other nations and they were simple agreements with these countries who didn't recognize the Control Council Law 5, but say, "We will do business with you people on a practical basis. I don't think that the terms of those accords are necessarily relevant to what we have done in Germany and so I don't suppose it is necessary to dwell on them. I want to tell you a little bit about the organization that we found here or which was developed here formed for the purpose of locating those assets or of establishing proof to the existence of assets which would exist abroad and which were believed to have been German owned. The Treasury had sent its people over here and when I got here in November '45 I was introduced into this -- --

DR. DORN: ^{Col.} General Bernstein?

MR. MILLER: Just after he had left.

MR. CASSODAY: Or before he resigned.

DR. DORN: Do you know anything about the background of that debate between the -- --

MR. MILLER: It was a -- --

MR. CASSODAY: I don't know anything besides hearsay. He went home in October and he had consultations with the War Department and as a result of those consultations -- wait a minute, after the consultations and in the opinion of a lot of people around here as a result, resigned from the Army and quit as head of the G-5 Finance or then it was head of the DICEA, Division of Cartels and External Assets, and Russ Nixon was appointed acting Director of the division and he went home about two weeks after that and quit the government, and Johnny Banning was

RG	260
Entry	
File	
Box	11

DECLASSIFIED
Authority <i>NND 775057</i>
By <i>DR</i> NARA Date <i>10/6/99</i>

appointed Deputy Director.

DR. DORN: He quit as a result of conviction, didn't he?

MR. CASSODAY: I don't know what the basis was, but I was in Nuernberg all during that time and I came up here after everything had happened so I just got in on the rumor.

DR. DORN: I wonder whether it involves any major policy discussions.

MR. CASSODAY: I can't tell you who around here would know right now either because most of the people who were with Finance Division at that time have left.

MR. MILLER: Cass, it certainly has effected ⁴⁸⁷ Dexter. He was very much perturbed I think at the attitude of the State Department and at least reading from Time Magazine and the newspapers which is the only written evidence I saw at the time he felt as I recall it that our efforts at the pursuit of German wealth wherever it was and decartelizing with which he was then associated were not nearly vigorous enough, and felt that at least -- at least he was reported to have said that we were falling far short of our objectives.

DR. DORN: I think ^{Nixon} he testified. I've seen that little booklet of hearings before a House committee.

MR. CASSODAY: He went home and before a week was testifying before a House committee; and I think you can get his side of the case and probably Bernstein's from that thing.

DR. DORN: I have seen it.

MR. CASSODAY: I had one other thing. Bernstein has always been connected with the delivery of the plates for the money to the Russians, which is a big controversy whether that was right or wrong, and it turned out bad. That was also in the air about the time and that may have had something to do with Bernstein aside from anything to do with the property measures or the external asset measure or anything like that. I just point that out because it was in the air at the time.

MR. MILLER: Well, in any case that was the DICEA that Mr. Cassoday spoke of, which was a very short-lived division. It had been formed in September, I think, of '45, and by January it had already been dissolved. Banning was not director of it but the Finance Division was at that time set up in Berlin.

DR. DORN: I remember going up from Frankfurt.

MR. MILLER: So then the program for the external assets having been divorced already from decartelization was assigned to the Finance Division and at that

RG	260
Entry	
File	
Box	//

33

13 Jul 49

DECLASSIFIED
Authority <i>NAD 775057</i>
By <i>DR</i> NARA Date <i>10/6/99</i>

225561

time the division had -- I think its largest branch at that time , it was always a pretty close balance between Property Control and External Assets. The branch consisted of over forty people most of whom were investigators, and one of the sections of the External Assets Branch was the United States Census Section, which had a deceptive title because the census that was conducted was a census of German assets located in foreign countries but to be reported by persons within Germany. So I think that you can break down the activities of the External Assets Branch in three major groups. One was the investigation within Germany, spot investigation actually, assigned investigations. The other was this systematic census of those assets which were reported by persons pursuant to Law 53, Military Government Law 53. And then there was an Intelligence Section which was disassociated from both the activities but the objectives were similar and it also dabbled pretty heavily in denazification.

DR. DORN: Szulig was on that, wasn't he?

MR. MILLER: And Salthagen was prominent in that for a long time and Dirks, whom you may remember.

MR. CASSODAY: Dirks was a separate branch for awhile.

MR. MILLER: That's right, but I regard the activities of the branch as twofold. The conduct of assigned investigations and the conduct of a census, both of which were very large programs. The assigned investigations were conducted by almost exclusively by German-speaking personnel, and by chance it seems that most of those investigators were men who had been over here at the end of the war in the Army, former Germans. I suppose refugees who were thoroughly familiar with the language and who were very well acquainted with the country.

MR. CASSODAY: We had two Swiss didn't we?

MR. MILLER: Yes, but in general -- --

MR. CASSODAY: I just mention that we had one Swiss banker and so --

(Off the record.)

MR. MILLER: The way^{in which}/the investigators worked, the out and out investigators, was on the basis of requests for information which generally originated with our State Department missions in various parts of the world and more particularly with missions which might be located in the eighteen IARA countries, later nineteen countries, in Western Europe principally, which had the big stake because of the former commercial connections with Germany in the assets which were located there. I think that those are the two main sources of requests for information that were

RG	260
Entry	
File	
Box	11

34

DECLASSIFIED
Authority NND 775057
By [Signature] NARA Date 10/6/99

13 Jul 49

225562

received by our people and then later as the accords were concluded with the neutral countries inquiries likewise came in from those countries and are still coming in.

DR. DORN: It was largely a servicing operation?

MR. MILLER: That's what it was, yes. It was not a matter of going out and going on a chase on the basis of rumor or other assumption, but specific requests. An instance, I think, will illustrate it very well. In Switzerland with whom we had concluded an accord there were assets which were known or reported to be German. The Swiss within their own borders had conducted a census of such properties and had required their citizens to declare them, so then they came to the point where they wanted to establish proof that they were German assets and because it was a very common device in Germany and I guess in Europe in general to cover agreements with reference to foreign holdings in the form of verbal agreements, verbal understandings, it became extremely difficult to prove what we were alleging to be the case, and that of course was heightened by the fact that during the war years and even preceding the war years the Germans having once burned their fingers weren't going to be caught the same way again, so they had their agreements worked out. One was on paper and said that this is an agreement which gives to Mr. X in Switzerland all right to title and interest to this plant. Okay, so they keep that in the drawer in the event that Germany loses the war. However, the two gentlemen got together and said, "That's very fine, but what we really mean is that that is an interest, a German interest, and that while the legal title is in the Swiss, in consideration for services as a German I will reserve control of the property and even disposition of the property." And it became extremely difficult to prove and in some cases there would be in existence duplicate documents. It is needless to say that these things were planned in advance for the very purpose of anticipating the outcome of the war in either of two ways and were extremely difficult to prove; but that was the job that our people had to run down. We had to locate witnesses. In some cases we had to arrange _____, we had to take depositions, we had to round up all the evidence that was possible to find here and then transmit it through channels to Switzerland where it could be used.

MR. CASSODAY: I was going to say when you say it was in somebody's head, I haven't been in the investigation field over here but in Washington we had the same kind of deal and we always found, we always suspected that if we would look far enough we found that they wouldn't trust each other far enough so they had

RG	260
Entry	
File	
Box	11

DECLASSIFIED
Authority <i>NWD 775057</i>
By <i>DR</i> NARA Date <i>10/6/99</i>

13 Jul 49

225563

always wanted something signed by the man and they always had something to go into court with in case they had to. I don't know if they had the same experience in Germany but we found too many of them to make it a matter of gentlemen's agreements.

MR. MILLER: I think that illustrates the nature of the operation; as it was obvious it was extremely difficult in many cases because of the wholesale destruction of records, and the boys that worked in External Assets were certainly pushed to the ends of their resources in many cases to get evidence that would hold up.

DR. DORN: They couldn't ever get any evidence from the Reichsbahn because the Russians had it?

MR. MILLER: Yes, the records of the Devisenstelle, many German records were searched quite systematically. That I failed to mention was one of the operations of the branch. There was a section called the Ministerial Records Section which made it a matter of its business to determine what records might be useful and to exploit them to examine them and they did actually take into custody many of those records over long periods of time.

DR. DORN: We made a pretty good sweep of the Devisenstelle?

MR. MILLER: Not too good. We never did get our hands on all of them.

DR. DORN: I raise the question because I saw one ^{Devisenstelle} completely intact in the city of Strassbourg in the Autumn of '44.

MR. CASSODAY: Once in a while just to show you that the arrogance of the Germans -- in the approval of the foreign transaction given by the Devisenstelle they would say this transaction is approved by the express condition that this is a transfer of title for a period of years or a certain happening and that the transfer will be made back after the event. They weren't even secret records. So we did get a lot of proof right there from their records. It was the same thing down in the Nuernberg trial. Many of the exhibits were found in the secret document room where they were just admissions of everything they had done that they were preserving to make their own history. And they confessed their own atrocities and everything else and fired back against them. It was the same proposition here. They were willing to go along as long as they weren't giving anything away.

MR. MILLER: We don't know what is the actual value of the work that was done by this group of people and that is true for two reasons, depending upon the objective toward which they were working. If it were to uncover a certain number

36

13 Jul 49

RG	260
Entry	
File	
Box	11

DECLASSIFIED
Authority <i>NWD 775057</i>
By <i>DR</i> NARA Date <i>10/6/99</i>

225564

of dollars worth of assets you can value it with some accuracy. We have placed a figure of 75 to 80 million dollars on the assets which we have proved to have been owned by this group of investigators, numbering from its forty down to its present size of four men. But that does not take into account things which it is impossible to value, patents, licensing agreements, good will, intangibles that simply cannot be accurately valued. So that when I mention 75 million dollars it is a figure which does not take into account the intangibles but which I think is a very safe figure and one which we have labored over fairly carefully to establish.

MR. CASSIDAY: It doesn't take into account what was found and confiscated on the basis of the MG census.

MR. MILLER: Well, that, I think, briefly indicates what the external assets investigators as a team did. They are still working, as I say, to the tune of four men, and they are still producing very satisfactory results, and it appears as though their needs to be continued because some of it, well, at least two of the accords with neutral nations are just getting off. The one with Spain was concluded within the last year, and the one with Switzerland, although it is quite old has not yet developed to the point of real liquidation of assets; and Italy is working very actively so that we find it a very substantial percentage of the requests for information are coming right from that part of the world right now. Well, the other big part of the external assets program in Germany was the census and that was a program which was undertaken pursuant to Military Government Law No. 53, which required all persons in Germany owning or controlling directly or otherwise foreign property to declare it to Military Government on a prescribed form. Now in our Zone there were over 750,000 of those reports received. And unfortunately at the time that the law was first implemented in the fall of '45 there was no idea, I think we can say that pretty safely, of what was the purpose of the execution of this law, what we were going to use it for when we got it and in what form it could be summarized so it could be of use to all of the countries in the world where it might be disseminated. It took a remarkably long time to arrive at a conclusion on that point, but nevertheless we were continuing to receive these reports. There must have been at least 300,000 of them submitted by persons who were expellees and refugees, Sudeten Germans, persons who had to flee from Eastern Germany or its occupied countries; and in many of those cases their reports consisted of nothing more than what their household equipment or perhaps bank accounts that they had in Czechoslovakia or Sudebanland or Austria

13 Jul 49

RG	<u>260</u>
Entry	_____
File	_____
Box	<u>11</u>

DECLASSIFIED
Authority <u>NWD 775057</u>
By <u>SR</u> NARA Date <u>10/6/99</u>

225565

if they came from there, or Poland if they were chased out of Poland. So far the real purpose of stamping out German economic influence abroad those things had little effect and after we saw how many of them we were going to get we decided not to take them into account but again that took us quite a little while to realize too. Nevertheless we did get a substantial body of useful information which we tabulated in IBM form and which required three years to do. It took much too long and one of the reasons was as I say that we didn't know what we were doing when we started out. If we had known and were given the proper guidance as to the distinct objectives of the execution of Law 53 we could have minimized the number of reports. We could have summarized them in a much quicker period of time and we could have disseminated them before the whole tempo or feeling about Germany had changed. In 1945 and '46 we had distinct ideas which were reflected in Control Council Law 5 to wipe out Germany's foreign economic connections. But by the time we got through with this tabulation finally in '47 when we had the first big result and in '48 a very large supplement, we found the statements from the State Department says, "As far as we are concerned you can forget about that because we are no longer interested in it." After having spent three years on it.

DR. DORN: The idea was, the thought or rumor that Goering had invested all his money and so on.

MR. CASSODAY: Before we got this pretty blunt statement from State Department they were no longer interested we were working at cross purposes really within OMGUS because Finance Division, which was charged with the external assets at that time and decartelization which is part of Econ were working still along the line of wiping out the German external influence. Economics on the other hand was working hard to build up the foreign trade. Well, it was just natural that every German wanted to renew trade contacts, so we would get dispatches in through POLAD. One example from Brussels in which the Embassy at Brussels were still working hard to put a _____'s firm out of business and along came what was later to be JEIA to execute a big export contract with them. So I took that up with a big tall fellow from Boston -- well, anyhow he is in Trade and Commerce, and he could see the point all right.

DR. DORN: Synchek?

MR. CASSODAY: No.

DR. DORN: Wynett. John Wynett.

MR. CASSODAY: He said, "I see the point, but which one are we working at?"

RG	260
Entry	
File	
Box	//

DECLASSIFIED
Authority NND 775057
By Dr NARA Date 10/6/99

13 Jul 49

225566

So we got a cable off and never got an answer to the cable. Evidently they were being handled by two different people in the State Department and we could never until we got the statement through our own on our own problems we could never find out that State wasn't really interested in wiping out external influence anymore. So there again is one of those things that if we could get a direct statement of which is to be the primary objective, why it would be very helpful. I know one case came up under the trade mark situation. We in OMGUS could not agree between the two divisions and one branch in one division as to whether we would allow Zeiss and _____ and Bayer to use their trade marks, which were a very strong method of controlling the world market. And Econ was all for it. Decart-alization Branch of Econ was against it, and Finance was against it. And there again we referred it to State and they came back and they said to submit it. They did go along in kicking out IG Farben mark and Bayer mark, but they weren't ready to say to forget the trade mark program and so forth, and they weren't ready to say go ahead and wipe them all out. And dealing in the drug trade alone there were 66,000 trade marks. We figured we couldn't refer each one to State. And a lot of cross purposes were due to a lack of a definite statement as to the use to be made of things or the relationship between two programs. I'll tell you about the Goering thing after he finishes up there.

MR. MILLER: I think the reason was because we had never won a war like this one before. We didn't face the situation in 1918 that we faced in 1945. Here we had one of the most powerful countries in the world and we were trying to make a book inventory of its foreign assets. The British and French having been a couple of laps behind us on this program looked and saw what we were doing and in addition to that we had all the IBM machines, so they decided they would use a similar system of tabulation under 53 and in fact they did do that and what we resulted with was an identical tabulation from each of the other two zones. Well we were on the lead in that all the way through and they took the benefits of our experiences and mistakes. They were completed late last year. And that was also done to include Berlin. So what we have then is a compilation of the assets reported by Germans in three zones and these have been mutually exchanged and in addition to that they have been sent to each of the countries where the assets are located and although I have talked down the value of them and exaggerated the mistakes and deficiencies I think they have been of tremendous value and they have been indicated by various countries to that effect. For instance the Alien Property Custodian in Justice in

30

13 Jul 49

RG	260
Entry	
File	
Box	//

DECLASSIFIED
Authority <i>NAD 775057</i>
By <i>DR</i> NARA Date <i>10/6/99</i>

225567

Washington and a similar office for the Canadian government told us that information that we had produced through this operation was in more than 50% of the cases new to them and enabled them to locate properties of which they had no previous information. There is one thing that I have to point out at this point only because I had forgotten to do it before, that is that the Alien Property Custodian had a group over here which is now quite large, consisting of about 40 people, I think, doing independent investigations. All of our investigations dealt with other countries, but we didn't conduct any investigation with reference to German assets in the United States.

MR. CASSODAY: They got here in '46.

MR. MILLER: So that there has been working alongside of us an independent separate group whose principal work has been to locate assets lying in the United States. Well, anyway we completed this census as of last year and copies of the results have been shipped to Washington to the Treasury Department as well as the original copy of each declaration that was filed by the persons in Germany. There is a duplicate copy here made available to the Germans, that is to the Bank Deutscher Laender under our wing, but there for their purposes. For the reason that some day these Germans are going to have to be compensated for the assets and this is probably the best guide that has come forth to date as to what a German owned abroad. So we are keeping those as a record upon which to compare the claims of Germans in the future when they want to get paid for the house or the business they lost outside of Germany.

DR. DORN: It includes everything, bank accounts and -- --

MR. MILLER: As a matter of fact it also includes foreign liabilities of Germans and actually I don't think that should have been put in there because it amounted to a tremendous pile of statistics which have not been used, with the exception of the British.

MR. CASSODAY: They will come into one thing, not anything to do with external assets but at the signing of the peace treaty and the adjustment of foreign debt claims. They will have some idea of what the foreign commercial debt is.

MR. MILLER: Well, we've tabulated this all and again we have the same difficulty there that it is impossible to place an intelligent value upon the product of our work for various reasons. You have for instances, currencies you can't value at all. You have the Greek drachma and the Hungarian pengo. Yet a man might have bought a house in 1926 and paid 2,000 drachma. He says, that's the

RG	260
Entry	
File	
Box	//

40

13 Jul 49

DECLASSIFIED
Authority <i>NAD 775059</i>
By <i>DR</i> NARA Date <i>10/6/99</i>

225568

value. It may be an astronomical figure today.

MR. CASSODAY: He might have reported an astronomical figure, reporting it as of a 30¢ Mark as to the million or so of the drachma.

MR. MILLER: You have absolutely non-valuing. You have assets which you can not value which have a great value, but which can't be named, patents and all of the others that I have mentioned. And as to those we have assigned no values although we have included them in our statistics. Copyrights, licensing agreements -- what is it worth, nobody knows. But it is in the books so that it can be found. But regardless of that as to the United States Sector and the US Zone we arrived at a very highly-qualified figure as to the assets represented by the census that we conducted and converting them into American dollars we arrived at about four billion dollars excluding the assets in the countries with runaway currency like Greece and Hungary. Now, that is for the United States area of control and we don't know the British haven't made a combined total, so it's only a matter of speculation what was uncovered there. I don't think that these figures have any significance because the real value is in pointing to the country where the assets are to be found, pointing to them and indicating that they are there so that that country can see that they are liquidated, can examine them if they are dangerous to the welfare of that country and to liquidate them. We have never placed a high monetary value on _____. It would be ridiculous to do so as assets might be reported under Law 53 by as many as five different people and might be in here that many times. Others very simply might not be declared or at improper values for devious reasons. A man might feel that if he marks the value down it would escape attention in the foreign country. A refugee coming from the East would like to build^{it} up as high as he can. Our purpose in this program has never been to say, "Well, we uncovered so many dollars of assets." It has been the security objective. On the other hand to point to these countries and say, "Look you have something here, look it over and see what you want to do with it." So I think that from that point of view it has been worthwhile, and it's certainly given the Treasury Department and the State Department at home a body of information that I don't know just what purposes it will serve but it is very complete and if they wanted a census they surely have one. Now I think as I said before that our approach to this thing was, I think, too idealistic because at the end of the war we were going, we were speaking in lofty language of wiping out the German

RG	260
Entry	_____
File	_____
Box	//

DECLASSIFIED
Authority <i>NWD 775057</i>
By <i>DR</i> NARA Date <i>10/6/99</i>

economic ties and I think that, if I can view this thing impartially, I think our objective has been quite unselfish because we get no return from countries, to any of the ^{IARA} countries to which we gave statistics prepared at the expense of the American government, but we'll never get anything for that. And as a matter of fact we didn't even get their cooperation. They wouldn't advise whether they had liquidated the assets and at what figure so that we could talk business with the Germans. We got I would say very little cooperation and I think that can be particularly emphasized on the IARA countries who gave us nothing in return and in fact took all the information that we produced and in some cases denied there were any assets there.

MR. CASSODAY; I think we ought to distinguish that. We are talking about IARA countries. IARA and IARA countries are two different things.

DR. DORN: By IARA you mean the Brussels organization?

MR. CASSODAY: Yes. They have been cooperative. The countries they represent have not been cooperative.

MR. MILLER: A country of course has an interest in wanting to keep its cards close to its chest. If we show them assets of a million dollars and if they can find them and not charge them to their reparations they are much better off. That is my private opinion but I don't think without basis.

MR. CASSODAY: I think that will come out some day if and when we get a compensation law here because when they file a claim in Germany for a loss in Holland we can get a figure and they will have to prove that they lost that asset but they got no compensation from Holland. We will then get a figure from Holland. If that figure alone is higher than Holland reports then is the time -- it could be time for IARA to go back and say, "Look here, we have paid out more money in Germany compensating these people than you have reported. Where is the discrepancy?"

MR. MILLER: I think my conclusions on this program are that we were inexperienced. That we had never confronted such a situation before and we didn't know exactly what we wanted to do, that we bit off much more than we could properly chew and that we would have been much wiser had we as in the case of property control fixed our sights much higher, picked out things that could be clearly demonstrated to be of greater value, and then give them expert attention. Whereas over here, and I think I can include that within my observation, we took what we had in hand in the way of personality at the end of the war. We were trying to

42

13 Jul 49

RG	260
Entry	
File	
Box	//

DECLASSIFIED
Authority <i>NAD 7750571</i>
By <i>DR</i> NARA Date <i>10/6/99</i>

225570

deal with some of the most intricate industrial complexes that the commercial world has seen and we didn't send experts over here to my knowledge with very few exceptions.

MR. CASSODAY: They came over in '45.

MR. MILLER: And went home, too, in six months. And we took the people who were closest at hand; and I say that knowing what I am saying because when I came over here in '45 I came over when I was in the Army and I got out of the Army at the end of '45 and it was just a case as you probably know of going down a hall and sticking your head in the office and getting a job. They didn't ask me if I knew anything about it. I got a job and by one means and another I hung onto it. I don't think that is a very intelligent way for a country to run a program of this size. I think that's a pretty serious mistake that was made that in view of all planning that was done in foreign funds in '40, '41, '42, '43, that we should have taken people with years of training in precisely this kind of work and had them come over here. I think that Justice has done that much more consistently than we have.

DR. DORN: It was Justice that sent Jimmy Martin, wasn't it, and Treasury that sent Bernstein over here?

MR. CASSODAY: He was in the Army. He was a Division of the Treasury man. It gets back to the same thing. There they trained a group and set them over and didn't keep them here. They had two things. They recruited hard in Treasury among the people that had the experience and probably about, oh, altogether one time or another about fifty people came over, outside of people like Jack Bennett. The original bunch that came over in '45 that stayed around more than about six months.

(Off the record.)

MR. CASSODAY: When they came over they only came over on a six-month basis and there wasn't any regular training program that they were to train some new people in the theater to do it, and as Frank said, they picked up to replace these people what they could. And I would say that we had a very high percentage -- --

DR. DORN: I think you seem to have done rather well in this outfit.

MR. MILLER: I think under the circumstances the results were very good.

MR. CASSODAY: I would say that about over half of them were damned good men, the kind that after a little training that you couldn't have got much better from people that were trained before.

43

13 Jul 49

RG	260
Entry	
File	
Box	//

DECLASSIFIED
Authority: <i>NWD 775057</i>
By: <i>SR</i> NARA Date: <i>10/6/99</i>

225571

MR. MILLER: Oh, I can name the gold-brickers.

MR. CASSODAY: I can name a dozen, too, but what I mean is that we did get pretty well in personnel and we we have had in the last year or so have been pretty good.

MR. MILLER: As the group grew smaller the best men were retained. I think the surprising thing is the good work that has come out considering the way in which the recruitments were made.

MR. CASSODAY: I think one of the biggest mistakes is the Law 5 as it was passed was fine except there weren't any exemptions, so in this report we got household furniture, stored clothes, and there wasn't a minimum of 1,000 or 5,000 or 10,000 dollars. The TRR program in the United States was everything over \$10,000. The whole damn bulk would have gotten rid of, 85% of the reports.

MR. MILLER: We had experience to work on from home, but we simply threw it overboard. Here you were up against a problem that if you leave a loophole for the German he will say he didn't think it was worth anything. But I think we could have counteracted that. If we had a penal system in the early years and fined a few examples and really go after them. There is no question that we fell down because we were in charge of determining everywhere we could through the census reports, violations of Law 53, and I think the number of actual court punishments was miserably deficient and the Germans found that out and they get away with murder. If we had set our requirements pretty high, 5,000 or 10,000 Marks and given them the opportunity to cheat if they wanted to, but to really let them have it upon violation, I think that we would have been on the whole much more successful and would have had our job completed in one year.

MR. CASSODAY: Less than that because you would have been dealing with only 75,000, because you don't get as many duplicate reports, the small bank accounts, and so forth. As you say, the foreign obligations, that accounted for a large amount. If you got it down to something you were dealing with something commercial in that nature then you could go into court and say this guy has a lot of money and he has failed to report it and you get some sympathy, whereas here you ask, "Have you got a trunk down in Switzerland filled with clothes?" and you walk in with a guy who hasn't reported and you try to prosecute against him, they say, "You have asked for too much." In other words in Treasury in the United States we had a \$500 a month living allowance for ordinary living expenses. Everybody could come in and say, "\$500 a month, look what they can do with it." We got rid of all the

13 Jul 49

RG	260
Entry	
File	
Box	//

DECLASSIFIED
Authority NAD 775057
By DC NARA Date 10/6/99

225572

big problem by general license and had time to concentrate on the others. The same thing here. Right now there is still pressure to get out from under these reparations program, external assets program, the small things, the little house or cottage on the lake in Switzerland. We don't want it. It's not external influence. We want the corporations.

MR. DANIELS: You have the German woman who worked for a household as maid in Switzerland and saved up those few little francs and then risked her life hiding it from the Nazis and then we come along and grab it. That should have been left out, too.

DR. DORN: The Swiss haven't been very cooperative with us?

MR. CASSODAY: We are hoping to make them more cooperative in the next month or two.

MR. MILLER: I think a mistake that could be corrected should the occasion arise again would be to require of any country to whom we furnish these statistics either in the way of a general census report or in the way of inquiries which we make for them, require from them as a condition that they be accountable for the disposition of information received so that if we give them information on 50,000 properties we should be entitled to ask at a reasonable time thereafter what they found, was there anything there or wasn't there. And I think if we hold the material back until we get such an agreement we would be in a much better position than we now find ourselves.

MR. CASSODAY: Especially confiscation.

DR. DORN: That problem is going to come up sooner or later.

MR. MILLER: That is all I can think of generally.

MR. CASSODAY: One thing I was wondering what your recommendation would be if we have a bi- or tri- or quadripartite occupation again would you suggest that the census be centralized under uniform conditions or work out under separate tripartite.

MR. MILLER: My experience has been that it worked very satisfactorily separately.

MR. CASSODAY: We kept egging the Russians, "When are you going to have yours done?", and they said 1st of December or some odd date like that, so we tried to convince them they should put it in the IBM and we would do it for no cost if they would give us their declarations. So they hummed and hawed and meanwhile we organized a trip out to Templehof to show them how an IBM worked and after going

RG	260
Entry	
File	
Box	//

45

13 July 49

DECLASSIFIED
Authority NND 775057
By Dr NARA Date 10/6/99

225573

around all of the afternoon with their nose in the machine their piece de resistance was the one -- what was his name?

MR. MILLER: Hendricks.

MR. CASSODAY: Hendricks said through the interpreter, he spoke German too once in awhile; finally through the interpreter he said, "Would you like to find out how this stack of cards, what German assets there are in Hungary?" And ^{then} their eyes brightened up and in two minutes out come these cards and he puts them over on the printing machine and he hands it to them and they all smiled like this and he said, "We have machines just like this in Moscow." (Laughter.) We never did get them to cooperate on it and we never figured out how they did it, but they did meet their deadline and did the whole damned thing by hand; and they asked whether we wanted it in Russian or German, so they had to translate it.

MR. MILLER: They did a good job all by hand.

DR. DORN: Well, I didn't know that they offered assistance to you through the material that had to be registered in the Reichsbahn.

MR. MILLER: They didn't.

MR. CASSODAY: This is a result of their census. This comes from individuals and banks and so on. We never got what was in the Russian Sector.

DR. DORN: Oh, you didn't. That was one place you could have gotten all the information.

MR. MILLER: That was one mistake of gigantic proportion that was related to it actually because many of these very documents that would have furnished the basis of the declaration or under our Berlin order which corresponded to ^{it} ~~the~~

just disappeared and we can't find out at all even though we promised Sam Rose. He went over one day and ^{they} said, "What records are you talking about? We never heard of it." The records that were previously available in Berlin which would have assisted us, of incalculable value to us. It was just typical of other instances of cooperation. They just weren't available to us.

MR. CASSODAY: If you're through I'll just add that one thing. He pointed out that we didn't go on any wild goose chases, but I think during the fall of '45 there were some investigations made that weren't necessarily wild goose chases but absolutely unproductive and we knew they were going to be unproductive. Some of them were these combination decartelization and external assets investigations where they put a whole team into Krupp or Farben and investigated everything. And

RG	260
Entry	
File	
Box	//

46

13 Jul 49

DECLASSIFIED
Authority <i>NWD 775057</i>
By <i>Dr</i> NARA Date <i>10/6/99</i>

225574

when you get a bunch of amateurs and a few experts in name -- quote, unquote -- trying to find out what a bunch of smart Germans that for years didn't want you to know, even though you had the right to go in there and all the records were there you weren't going to find an awful lot. They went in to see if they could find out anything and to that extent it was a wild goose chase. But one thing about this story of Goering and the rest. "uring the war, especially from about 1943 on, we continued to get reports through the Safe Haven program of all the transfers of capital to neutral countries and to foreign countries. But the neutrals were the only place they could really operate then because it was too dangerous to get into an enemy country and also a sale of assets that were immovable especially patents and patent rights. They suddenly started selling their patent rights, making exclusive contracts, converting into something that was easily concealed. And so the British or French government in exile and the Americans -- I mean the French representative, they weren't a government in exile -- and some of the others got together and they advised each of the neutrals that they would be putting them on notice that they would take all steps necessary to destroy the effect of any transfer made by Germans in order to conceal their external assets. We didn't know how far it would go but some of the reports we got the governments did start to worry because most of these cloakings were done in connection with this Swedish firm or a local firm and if we just actually blocked all their assets in the United States or England because of the German interest it would take a long time to straighten out and hurt the economy. So it did have an effect of retarding it. But it also tied in with the whole question. The Swedes and the Swiss, which were two of the countries involved, didn't know exactly what conditions the funds in the United States would be unblocked; so we kept getting these reports of some of these things and then Izzy Stone started riding it. He had personally talked to the person who had seen Goering's famous painting on exhibit down in Argentina and it was there for safekeeping and so forth. So when we came over here to Germany in '45, here is the point. There were so many of them that we couldn't possibly have answered any Congressional inquiry or anybody else's question by saying we didn't bother to investigate them, but we knew that some of the boys were smart enough that they weren't going to write a letter and send a photostat to the bank and say transfer so many francs to my account. They weren't

47

13 Jul 49

RG	260
Entry	
File	
Box	11

DECLASSIFIED
Authority <i>NND 775057</i>
By <i>Dr</i> NARA Date <i>10/6/99</i>

225575

going to make it that easy. We started out with Goering. We had more information and hit the Von Ribbentrop case and the German Foreign Ministry case, which was supposed to be a big method of them getting it out for official persons and for future use, and we touched on Hitler. We hit those first two cases pretty thoroughly and went down on every lead and we found exactly what we expected to find which was nothing. But we satisfied ourselves that when you got in to find the records and find the witnesses on these rumors that when you filled in the rumor everything in the rumor was true but there wasn't enough there, so you drew the wrong conclusion. And two or three of the things that I worked on they were things that Goering was interested in and they were selling everything else and when you got to the end of it, when you found out that it was a good legitimate business transaction they had to have Goering in to help swing it with the foreign country, but we never found out side of two possibilities anything that looked like it was tangible. And those two were around the end of our rope in Germany. All these art deals so far as we could find out, why, Goering was selling art in Switzerland that was true, but then he was using the Swiss francs to buy art and bring it back and put it in his collection. And we found records that balanced it out and they had the pictures that he got and the things that he was selling were more or less junk and he was trying to buy good stuff for the junk. We didn't ever expect to find anything because it would mean for the guy anything lower than Goering or Hitler or somebody that they were robbing the Nazis' government of foreign exchange and they would therefore have to conceal it from them. It would be bad publicity for them. So they would have to conceal it pretty well. So we got down to the point where it was just trying to find the matter in writing that was confided to somebody to allow him to establish an account or whatever was going to be necessary and he had no interest in revealing it with Goering being tried, with the death sentence over his head he could probably go south with the money himself. So it was a wild goose chase. But with much substantial truth to the rumors.

DR. DORN: Is there anything else?

MR. CASSODAY: Is there anything you can think of?

MR. BURGESS: You have covered everything.

DR. DORN: I wanted to be sure to bring up everything that may help us to get a perspective.

MR. HARTZCH: Can't think of anything else.

RG	260
Entry	
File	
Box	11

48

13 Jul 49

DECLASSIFIED
Authority <i>NAD 775057</i>
By <i>DR</i> NARA Date <i>10/6/99</i>

225576

*RO 4466
Property Office
Recs. Relating to Restitution
of Property under MGL
59 Box 3
"Court Decisions" file*

OFFICE OF THE UNITED STATES HIGH COMMISSION FOR GERMANY
OFFICE OF ECONOMIC AFFAIRS
PROPERTY DIVISION
INTERNAL RESTITUTION SUPERVISION BRANCH
c/o Office of the Land Commissioner for Hesse
APO 633

MONTHLY REPORT ON ANALYSIS OF COURT DECISIONS

November 22, 1949

PART I

STATISTICAL REPORT

1. Decisions received in the month of October from

a)	Bavaria	21
b)	Hesse	30
c)	Wuerttemberg-Baden	20
d)	Bremen	2

TOTAL 73
=

2. Decisions received in the month of October from

a)	Restitution Chambers	53
b)	Oberlandesgerichte	20

TOTAL 73
=

3. Decisions adjudicated cases of which were received by the courts:

a)	from Restitution Agencies pursuant to Art. 63	41
b)	on appeal filed by claimant	24
c)	on appeal filed by defendant	8

TOTAL 73
=

4. Number of decisions by which

a)	Restitution was ordered	39
b)	the petition was dismissed	22
c)	another disposition was made (such as remands, stay of proceedings, etc.)	12

225577

PART II

LEGAL ASPECTS

1. Aggravated and Simple Confiscation.

No uniform interpretation has as yet been reached on Art. 30 in connection with Art. 2 of MG Law No. 59. (Aggravated confiscation also in cases of seizure due to a governmental act or by abuse of such act; see report of September and October, Legal Aspects, Item 1.) The inclusive interpretation of Art. 30 is given preference by

- a) OLG Frankfurt/Main in Kaiser vs. Deutsches Reich, 2W 173/49, dated September 5, 1949,
- b) OLG Frankfurt/Main in Kaufmann vs. Deutsches Reich, 2W 165/49, dated September 19, 1949,

whereas the mitigated theory on aggravated and simple confiscation, which is more favorable to the restitutor, is sustained by

- a) Restitution Chamber Munich in Lion vs. Lenz, I WKV 96/49, dated June 23, 1949,
- b) Restitution Chamber Ulm in Goldschmidt vs. Theile, Rest. U. 136(41), dated August 30, 1949.

OLG Munich has, in the decision

Klein vs. Lang, Wi 7/49, dated May 4, 1949

also supported the latter interpretation. So this is one more case where OLG Frankfurt/Main and OLG Munich subscribe to divergent theories and render different decisions on the same issue in law.

2. Power of Avoidance if Transfer was Made by a Person Living Outside Germany.

Godin, in Note 4 to Art. 4 of his commentary, holds that it must be assumed that only such transactions are voidable which have been made by Jews who were living in Germany, since only such Jews were subject to collective duress after enactment of the Nuernberg Laws. Restitution Chamber Mannheim does not agree with Godin's opinion and deems it a

thorough misinterpretation of the law:

"It is an obvious misunderstanding to assume that Jews were placed under special duress only with the date of the first Nuernberg Laws (September 15, 1949) and that the situation was created by the Nuernberg Laws. In reality, those laws and the numerous regulations issued thereunder at a much later date, were no more than a manifestation of the duress imposed on that class of persecutees. Such duress continued with regard to the property which all Jewish emigrants had to leave behind inasmuch as the Jewish property was still subject to confiscation and in a danger of liquidation under governmental control. Such deprivation could be avoided only by hasty transfer prior to confiscation, whereby it was often not possible to transfer the purchase price received. Consequently, the power of avoidance must be granted pursuant to Art. 4 of the Restitution Law also to those Jews who, at the time of the transfer, did not live anymore in Germany."

(Restitution Chamber Mannheim in Rothschild vs. Kraus K.G., Rest. M 213 /66/, dated September 12, 1949.)

3. Restitution of Real Estates by Reconveyance.

Pursuant to Art. 15, Par 1, of MG Law No. 59 a judgment directing restitution has the effect that the loss of the property shall be deemed not to have occurred. This provision raised the question whether the restitution of real estate pursuant to Art. 4 of MG Law No. 59 has to be effected by means of correction of the Land Title Register or by reconveyance. Restitution Chamber Ulm, thus dissenting from Restitution Chamber Frankfurt/Main, holds reconveyance indispensable since the avoidance pursuant to Art. 4, the Chamber argues, could not affect the validity of the transfer of title but merely annihilates the contractual obligations of the parties concerned.

(Restitution Chamber Ulm in Goldschmidt vs. Theile, Rest. U 136(41), dated August 30, 1949.)

4. "Historical" Entries in Land Title Register.

Land Central Office Hesse had, in its Legal Opinion No. 28 (Mitteilungsblatt Hessen No. 11/12, dated September 1, 1949), taken the view that if it had been omitted to enter the acquirer of confiscated property into the Land Title Register the appropriate entry should still be made after restitution has been ordered. The official translation of the respective part of the opinion reads as follows:

6. Conversion of Reichsmark Obligations.

The provisions of MG Law No. 63 in their relation to the Restitution Law are still causing greatest difficulties and problems to restitution authorities. Attempts made by the agencies to settle cases amicably are often frustrated on the ground that no agreement can be reached on the conversion of Reichsmark obligations arising for both, restitutors and restitutees, within the scope of the restitution proceeding. OLG Munich has delivered a very exhaustive opinion on the issue which, for its general significance and numerous references, should be quoted:

"Different opinions have been delivered by the commentators and the courts on the conversion of the adequate compensation pursuant to Art. 32 of the Restitution Law for profits enjoyed by the holder of the property, of the compensation for necessary expenditures and other than necessary expenditures in the meaning of Art. 34, Pars 2 and 3, and of the consideration received for confiscated property pursuant to Art. 44 (see also Pabst "Currency Reform and Restitution" in NJW 1949, No. 4, p. 121, with references to further literature, and Harmening Duden, Commentary "The Conversion Law", p. 186). According to a decision rendered by the Restitution Chamber Konstanz (Mitteilungsblatt of Bavarian LGO No. 4, p. 56) the price received has to be refunded upon restitution in Deutsche Marks at a rate of one Deutsche Mark for every Reichsmark. That decision is based on the equity clause contained in Art. 5 of Regulation No. 120 and No. 165, dated November 10, 1947, resp. June 10, 1948. In the French Zone, by virtue of that clause, the parties are equitably replaced into the same position resulting from their rights which existed prior to the now void act of confiscation. The decision is of no particular importance here since the Restitution Law takes another route than Regulation No. 120 and especially since Law No. 59 does not provide for an equity clause like Art. 5 of Regulation No. 120.

"That the principle should be a conversion granting one Deutsche Mark for every ten Reichsmark is, in cases of Art. 32, advocated by OLG Stuttgart (SDJZ 1949, No. 4, p. 345) with the reasoning that the compensation claim in money arises already at the effective date of the Restitution Law and that, consequently, a Reichsmark obligation in the meaning of Art. 13, Par 3, of the Conversion Law has existed at the time of the currency reform (other opinion Harmening Duden and Petrich, Commentary on Restitution Law, Note 3 to Art. 32), since the debt had fallen due within the Reichsmark time. Furthermore, it is held by Petrich that the compensation for expenditures pursuant to Art. 34, Pars 2, 3, should be converted ten to one (see Petrich, *ibid.*, Note 1 to Art. 34). According to a decision of OLG Frankfurt (see

225580

Mitteilungsblatt of LGO Hesse No. 11, p.98) the consideration to be refunded pursuant to Art. 44 shall be converted at a higher rating than ten to one only then if the restitutee has invested the purchase price in stable value. This view is consented to, in cases of Art. 34, by Pabst (see Pabst, *ibid.*). According to Petrich, Note 1 to Art. 44, the consideration has generally to be converted ten to one. (For a conversion ten to two in accordance with the General Claims Law, dated August 12, 1949, GVBl, p. 195, see Art. 3, Par 1, of that law.) This Senate consents to the above decisions and opinions, namely that the aforementioned claims in accordance with the provisions, quoted above, of the Restitution Law have generally to be converted ten to one if money has been used or if the consideration has been paid in Reichsmark, for the following reasons:

"1. Starting from the spirit of MG Law No. 59 the following must be stated:

"The Restitution Law and the Conversion Law are laws of the Occupation Forces. The Restitution Law shows in some respect, so particularly in Art. 1, Par 2, which excludes the provisions for the protection of the purchaser in good faith, and in Art. 44, Par 1, according to which the restitutor will receive the consideration even then if his purchase price was lower than that of the person who first acquired the property, traits which are unfamiliar to German law. It is, therefore, not possible to attempt a solution of a difficult problem of the Restitution Law with German legal concepts first (like "Wertschuld" and "Bereicherungsanspruch") or with references to opinions in connection with the Revalorization Law (RGZ 126, p. 190). Such a question must primarily be clarified on the basis of the Restitution Law and its spirit. Now the Restitution Law unmistakably stresses on the advantage of the restitutee. If, in principle, one would admit, in connection with the aforementioned claims, a conversion one to one this would mean that the restitutee would bear the risk of the conversion, the restitutor would derive to the disadvantage of the claimant a profit from the currency reform which would evidently be contrary to the Restitution Law in its friendly attitude towards the claimant. This has been duly recognized by Restitution Chamber Munich in its decision, dated May 3, 1949, (see Mitteilungsblatt of LGO Bavaria No. 4, p.53). The return of the consideration received one to one would mean no more than repurchase which would be inconsistent with the provisions of Art. 44 and especially with Para 3 and 4 thereof.

"A relatively close timely connection exists between the issuance of the Restitution Law and the Conversion Law. The purposes of the currency reform have certainly been taken into consideration when the Restitution Law was issued. Therefore, no regulation and no formula in those laws can be construed to the effect that the conversion in the aforementioned cases should be one to one. (See also Kuester in SDJZ No. 88/49, p.559.) From this it follows that the claims in the provisions, above referred to, are monetary claims in the meaning of Art. 13 of the Conversion Law and not "Wertforderungen" or "Bereicherungsansprüche" in the meaning of German Law. Although the chamber shall, pursuant to Art. 67, Par 1, adjust the legal relations of the parties in interest, those claims are already by virtue of the acts of confiscation, or by the exercise of the power of avoidance as provided for by the Restitution Law, existing at the time of the issuance of that law, and the adjudication renders those acts or transactions pursuant to Art. 15 void "ex tunc" (see Petrich, Note 11, p. 19 to Art. 1 and SDJZ 1949 No. 8, p. 536). Other opinion Harmening.) Consequently, the value of confiscated profits (Art. 32), of expenditures (Art. 34), or of consideration paid in Reichsmark (Art. 44), has to be, pursuant to Art. 16, Par 1, of the Conversion Law, generally converted ten to one, since only "the consideration received shall be refunded", subject to the restrictions as set forth in favor of the claimant by Pars 3 and 4. As to the amount of the consideration to be refunded and the rate of the conversion, it must pursuant to Art. 44 be generally considered irrelevant whether or not the restitutees have procured material goods with the price received.

"The conversion ten to one in general, and the above reasoning in particular, can, in cases of Arts. 44 and 34 of the Law also not be rejected from the standpoint of equity. The Judge is bound by the law. The legislator himself has ruled with his measure of equity and provides for such a regulation in the aforementioned provisions of the Restitution Law. Moreover, whether one finds such a regulation equitable or inequitable depends on whether one takes the viewpoint of the restitutor or the restitutee. However, one may, from a higher level, regard the regulation as an emanation of distributive justice. One may demand here as equitable, or reject as inequitable, that a person, who participated personally or through the circumstances, although without personal guilt, in a grave injustice to the disadvantage of another, suffers damage at the end and that the formerly prejudiced has an advantage. At any rate, this must not be considered inequitable, even not then if claims for indemnification are existing. Whether under particular