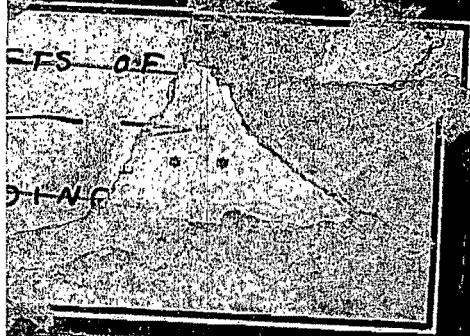


DECLASSIFIED  
Authority AN0968103  
By TJ NARA Date 5/2/00

RG 131  
Entry EFC Gen  
File miss Duff's Memos  
Box 388



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225810

DECLASSIFIED  
ANOG 968103  
By TJ NARA Date 5/2/00

RG 131  
Entry FFC GEA  
File miss Duff's Memos  
Box 388

Duff

Letter # 53

29 MAY 1945

**Enclosure**

There is enclosed a memorandum dated May 17, 1945, concerning the relations of the various bureaus to the CIO, and Treasury's participation in the activities of the Business Intelligence Committee (BIC). This Committee, consisting of representatives of State, Justice, Treasury, FBI, AFM, and Commerce, was organized primarily to channel requests by the interested agencies here for information from the CIO.

Attached to this memorandum is (1) a list of targets which had been submitted to the BIC for its approval, and (2) a list of the targets which have actually been dispatched to CIOs in London.

Sincerely,

(Signed) Harold Glasser

Harold Glasser  
Assistant Director of Security

Mr. William Taylor  
U. S. Treasury Representative  
c/o American Embassy  
London, England

BUREAU 5015/20/25

225811

DECLASSIFIED

Author NND968103  
By CN HARA Date 5/9/40

RG 131

Entry FFC Gren

File memos to Coe

Box B88

*Memos to  
Coe*

June 19, 1945

To: Mr. Coe  
From: Mr. Hoffman  
Re: Legal Status of Bretton Woods Resolution VI.

For your information, the Swedes have questioned the legal status of Bretton Woods Resolution VI among the United Nations and our Legation at Stockholm has requested to be advised with respect to this matter.

Apparently, Swedish officials have informally advised our Legation that they question the wisdom of publicly adhering to Bretton Woods Resolution VI, if this Resolution, as part of the over-all Bretton Woods Agreements, has never been approved by or adhered to by any of the United Nations. The Legation in reply informally advised the Swedes that Resolution VI must be considered apart from the rest of the Bretton Woods Agreements as it does not require, in the United States for example, Congressional ratification. It was further pointed out by the Legation that, as a matter of practice, the United Nations had adhered to Bretton Woods Resolution VI by (1) taking steps to control enemy properties and (2) requesting the neutrals to adhere to the Resolution.

225812

DECLASSIFIED

Authority NND968103  
By DU Dated 5/9/48RG 131  
Entry PPC Gen  
File memos to Coe  
Box B88*Re re to Coe*

20 June 1945

To: Mr. Coe  
From: M. L. Hoffman

It appears the neutrals are trying to find a new out on Bretton Woods Resolution VI by a collateral attack on its legality. The attached cable reports the Swedes have raised this question of the legal status of the Resolution as have the Swiss.

The Embassy seems to be on the ball in replying that the Resolution did not require Congressional approval here, and that the United Nations had adhered to the Resolution by taking the necessary steps to implement the policy declared therein.

*# 2113 from Stockholm*

JScullen:BDuff:gb 20 June 1945

225813

DECLASSIFIED

Authority: NND968/03  
By: [initials] HARA Date: 5/9/00RG 131  
Entry FFC Gen  
File memos to coe  
Box 388*Dear Mr. Coe*

16 June 1945

To: Mr. Coe  
From: M. L. Hoffman

The uncooperative attitude of the Swiss with respect to uncovering enemy interests in assets held in Switzerland is reported in Cable 3102, of June 9, from Mann. Swiss assistance was sought by the Belgians in this regard concerning funds held in Switzerland for Belgian account. The Swiss defended their position with the Belgians on grounds of (1) neutrality and (2) bank secrecy laws.

If this is really the state of the Swiss mind, then it means that the Swiss have not yet realized that they are not going to get their assets released from wartime controls in the U.S. and other countries.

No. 3102 from Bern dated 6/9/45

*BDD* BDDuff:gb 16 June 1945  
*SLB*

225814

DECLASSIFIED

Authority: NND968103  
By: GP HARA Date: 5/9/45RG 131  
Entry FFC Gien  
File memos to Coe  
Box 388*Memo to Coe*

June 27, 1945

To: Mr. Coe  
From: Mr. Hoffman  
Re: Swiss Census of Axis Assets

We are very much disturbed by the attached cable from our Legation at Bern concerning the Swiss census which, as you know, was provided for in a decree of May 29, 1945.

The Swiss, who are past masters at the art of stalling, are continuing their efforts to sabotage any true census of German assets by maintaining that disclosure of the rightful owner of German assets is not mandatory under the census decree. Further, it is clear that we are further than ever from obtaining Swiss commitment to disclose to us the results of the census.

The answer to this may lie in the proposed Swiss General License. We are presently exploring this matter in the Department.

225815

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Authority NND968103  
By GU HARA Date 5/9/60

RG 131

Entry FAC Gen

File memos to Coe

Box 388

16 June 1946

To : Mr. Coe  
 From : Mr. Hoffman

You will recall that the French recently objected to the blanket freezing of their assets in Spain and recommended that French funds be unfrozen upon the transmittal to the Spanish Government of a list of nationals whose assets should remain blocked.

Although we were prepared to support the French position with the suggestion that those French accounts which were created in Spain during the occupation would remain blocked, the State Department, without consulting us, instructed our Embassy at Paris to discuss with the French the suggestion that the freeze be retained and that specific accounts be unblocked after approval by the U.S., U.K., and French.

Attached herewith is a cable giving the French reaction to this question. For Your information, the French have authorized their Mission at Madrid to (1) resolve the question in consultation with the American and British Embassies; (2) endeavor to enlist the support of our Missions in French efforts to have a general unfreezing following transmittal to the Spanish Government of a list of firms and individuals whose accounts should remain blocked, and (3) in the event the foregoing is not acceptable to the Embassies, accede to the proposal as presented by the U.S. and U.K.

225816

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Authority: NND 968 103  
By: CN HARA Date: 5/9/45

RG 131

Entry FFC Gen

File memos to coe

Box 388

*Memorandum to  
Coe*

June 9, 1945

Mr. Coe - For Your Information

Mr. Delaney

Subject: Freezing of Axis Satellite Assets in Switzerland

1. State cable No. 733 of March 29, 1945 requested Harriman to approach the Russians for the purpose of obtaining their agreement to the extension of Swiss blocking decrees to the assets of Finland, Rumania and Bulgaria.

2. Harriman told Vyshinski that the U. S. was considering asking the Swiss to extend the decrees, but before making any definite decision, would like to learn the Soviet Government's views.

3. Vyshinski has now replied, saying that Russia does not "deem it possible" to block government assets of those countries in Switzerland since, having declared war on Germany and withdrawn from the war against the United Nations, they need all their resources. Vyshinski further states that the disposal of private assets owned by persons in those countries is expedient only with the approval of the proper central commissions and that the blocking decree should not be extended.

(Moscow, 1873, June 2, 1945)

## Comment:

On June 5, the State Department cabled Stockholm, referring to the fact that satellite assets in Switzerland had not been frozen pending Russian reaction, and suggesting that the Legation obtain unofficial Swedish reaction to their freezing.

(State to Stockholm, 1050, June 5, 1945)

cc: Baum, Locker, Scullen

FWD:mc  
5/9/45

225817

DECLASSIFIED

Authority NND968103  
By GM HARA Date 5/9/00RG 131  
Entry FFC Gen  
File memos to Coe  
Box 388*memos to  
Coe*Treasury Department  
Division of Monetary Research

Date June 11, 1945

To: Miss Scullen  
From: Mr. Delaney

For Your Information

*Gertrude  
See our  
conversation**WPA*

225818

DECLASSIFIED

Authority: NND968103

By: GN MARA Date: 5/9/40

RG

131

Entry

FFC Gen

File: memos to coe

Box

388

8 June 1940

To: Mr. Coe  
From: Mr. Hoffman  
Re: Blocking of Bulgarian, Roumanian and Finnish Assets.

As you know, Switzerland agreed, as part of the recent war trade negotiations, to block the assets of the subject satellite countries at any time it was requested to do so by the U.S.-U.K. Governments. Before making such a request, however, these governments agreed to consult with the Russians.

The attached cable from Moscow indicates that the Russians are opposed to having the assets of the satellite countries in Switzerland blocked inasmuch as (1) they feel the satellites "need all their resources now to increase their economic strength"; (2) assets owned by private persons and enterprises of the subject countries, irrespective of location, should be disposed of only with the approval of the proper control commissions; (3) With respect to the assets of territories formerly occupied by the Nazis (Yugoslavia, France, etc.) the Russians feel that such assets should remain at the disposal of the respective governments of these countries, and that the blocking decree should not be extended to them.

225819

RG 131  
 Entry FFC Gen  
 File MEMOS to Coe  
 Box 388

DECLASSIFIED  
 AUTHORITY: NND968103  
 BY: CN NARA DATE: 5/9/00

*trans to  
Coe*

June 19, 1945

To: Mr. Coe  
 From: Mr. Hoffman

You will recall that we recently advised Ambassador Braden in Argentina that (1) we felt unblocking of the Banco de la Provincia and the Banco de la Nacion would be unwise until we are convinced that the past inimical activities of these banks have been eliminated and they have taken effective action, consistent with our Safe-haven objectives, to control, immobilize and report to us all holdings of German assets; (2) Treasury was prepared to send representatives to Argentina to assist in determining our future action with respect to these banks.

For your information, we have just received a cable from Ambassador Braden indicating that (1) he is also opposed to the unconditional unblocking of the two banks and feels that persons raising the question of unblocking should be advised to take up the matter directly with the Embassy. In such cases, Braden intends to state that unblocking of the banks will depend on the results of a census of German assets held by the banks, the removal of all Axis interests, and access by our investigators to all pertinent records; (2) he would welcome Treasury experts in the Embassy to work "entirely" under his control in the examination of the bank records and on other related problems.

225820

RG 131  
Entry FFC Gen  
File memos to Coe  
Box 386

DECLASSIFIED  
AUDITOR: NND968103  
By: CN PARA Date 5/9/00

*Memo to Coe*

June 27, 1945

To: Mr. Coe  
From: Mr. Hoffman  
Re: Swiss Census of Axis Assets

We are very much disturbed by the attached cable from our Legation at Bern concerning the Swiss census which, as you know, was provided for in a decree of May 29, 1945.

The Swiss, who are past masters at the art of stalling, are continuing their efforts to sabotage any true census of German assets by maintaining that disclosure of the rightful owner of German assets is not mandatory under the census decree. Further, it is clear that we are further than ever from obtaining Swiss commitment to disclose to us the results of the census.

The answer to this may lie in the proposed Swiss General License. We are presently exploring this matter in the Department.

225821

RG 131  
 Entry FFC Gen  
 File MEMOS to Coe  
 Box 388

DECLASSIFIED

ABD: NND968/03  
 By CD DARA Date 5/9/00

*me too  
Hoff & Coe*

June 14, 1945.

To: Mr. Coe  
 From: Mr. Hoffman  
 Re: C.I.O.S. Investigative Work in Germany

For your information, the Business Intelligence Committee (BIC), a sub-committee of the subject, agreed on Tuesday that (1) the CIOS, as an organization responsible for economic and financial work in Germany, would cease to operate; (2) all economic and financial investigative work in Germany would be centralized in one organization under General Clay; (3) the BIC, however, would continue to function as a channel through which the interested civilian agencies can make known to the investigative organization their needs and desires, and through which distribution of incoming material can be made; and (4) the BIC will have in Germany a deputy officer who will represent the interests of the civilian agencies in working with the Military.

The first three parts were embodied in a cable intended for General Clay, subject to War Department clearance.

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RG 131  
 Entry FFC Gren  
 File misc June - Dec 1945  
 Box 388

DECLASSIFIED  
 Audit NND968103  
 By BN NARA Date 5/9/00

Muse

MEMORANDUM

September 25, 1945

Subject: Examples of British-American Divergences on Economic Warfare Policies

PROCLAIMED LIST

1. The British recently concluded a financial agreement with the Finnish Government, effective as of August 17, 1945, which relaxed trading with the enemy controls so as to allow the resumption of private commercial and financial transactions between Great Britain and Finland. The effect of this agreement, concluded without prior notice to the U. S., was that British firms have resumed their relations with Proclaimed Listed firms in Finland, and our Proclaimed List policy in Finland is being sabotaged. Our Legation has been forced to recommend the withdrawal of the List for Finland because U. S. commercial interests are being placed in a disadvantageous position.

2. In the spring of 1945, Allied listing policy in Sweden received sharp criticism from the Swedish public. This severe criticism was directed primarily at the American Legation because of British tactics which implied that the Americans were spearheading listing policy and the British were merely following American leadership.

3. Pirelli: In 1944, the U. S. Government recommended the inclusion of the Pirelli companies in Spain and Switzerland in the Proclaimed List on the basis of strong evidence indicating that the companies were controlled from Italy. The British, however, refused to concur in the listing action on the grounds that (1) our evidence was not sufficiently strong to counter-balance the statement of the Swiss company that it was owned only 30% from Italy, and (2) the companies were adequately controlled by undertakings. We had every reason to believe that the British action was not the result of superior evidence, but that rather the British were motivated by commercial expediency; i.e., the close relationship between the Pirelli firms in Great Britain and the company in Switzerland, as well as the position of the British firms in the Pirelli cartel.

4. Arpad Flesch: In June 1945, Arpad Flesch was deleted from the Statutory List despite the strong protests of the U. S. and despite the fact that his name was retained on the Proclaimed List. (Flesch was originally listed because of his close relations with I. G. Farben.) At the time, we found it extremely difficult to understand the British action, particularly because until October 1944 the British had strongly opposed deletion action. In the fall of 1944, however, the British, without warning and without adequate reasons apparent to us, changed their position. Shortly after the deletion of Flesch, the following information was received, throwing light on the British action: we were advised that an "employee" of the British consulate at Basle intended to marry Flesch's step-daughter in the near future and that Flesch planned to turn over his property and accounts to his step-daughter and her fiancee.

5. Withdrawal of the Proclaimed List: In September 1944 the U. S. and U. K. issued a joint public statement to the effect that the Proclaimed and Statutory

Lists

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NND968103  
 By DU MARA Date 5/9/60

- 2 -

Lists would be continued indefinitely after the termination of hostilities in Germany but that "the complete or virtual withdrawal of the lists will be possible at an early date with respect to those countries where adequate controls have been established and Axis spearhead firms have been eliminated."

In April of this year, as a result of a recommendation by the British that the Proclaimed and Statutory Lists be reduced immediately after V-E Day to a fraction of their former size, this Government's policy toward the implementation of the September 1944 statement was reviewed by the Proclaimed List Committee and it was agreed that this Government should press for continuation of the Lists substantially in the same form for at least a year after V-E Day. Subsequent negotiations with the British, however, resulted in a compromise known as the Foot-Rubin agreement, which provided for the elimination of the greater part of the Lists within four months after V-E Day.

Because of British pressure, we were forced to agree to an early withdrawal of the Lists, and subsequent developments have proved that this Foot-Rubin agreement has been an unwise and unsatisfactory move.

6. Johann Wehrli: In April of this year, the U. S. Legation at Bern recommended the listing of Johann Wehrli & Co., Switzerland, on the grounds that it had assisted the Germans in getting funds out of Germany. The British strongly opposed listing action and, as a compromise, it was finally agreed that Wehrli would be audited by Price Waterhouse and that on the basis of the results of this investigation we would determine the advisability of listing. This audit has dragged on for more than five months and the result is that because of clever British stalling Wehrli will probably not be listed in view of the current reduction program of the P.L. It is interesting to note that the daughter of the owner of Wehrli is married to the British vice consul in Lugano, Switzerland, and is the brother of Sir George Binney, an apparently well known figure in London.

#### SAFEHAVEN

1. Original Approach to the Neutrals: At the time of our original Safehaven approaches to the neutrals in the spring of 1945, the British were strongly opposed to the presentation of a comprehensive list of demands to the neutrals on the grounds that our demands were so complicated that they would confuse the neutrals, that we were asking for too much and would jeopardize our entire negotiations. Instead, the British argued, we should present a simple list of demands, as in the case of Switzerland, and then proceed step by step. The U. S. however insisted that the comprehensive list of demands be presented to the neutrals, and the British were forced to go along. Behind the British position was the fear that if a comprehensive list of demands were presented to the neutrals and the neutrals refused to accept them, the Allies would either have to follow through their program with sanctions, or else lose the entire program, as well as a certain amount of prestige in the eyes of the neutrals. The British clearly indicated that they were opposed to the use of sanctions in the achievement of

Safehaven

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 Audit NND968103  
 By FD NARA Date 5/9/00

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Safehaven objectives. They specifically stated that the supplies they were receiving from Spain, for example, could under no consideration be jeopardized by making Safehaven a condition of supply. The British further stated that we had a much better chance of gaining neutral cooperation through a "political" approach than by the immediate threat of cutting off supplies.

2. Current Safehaven Negotiations: Shortly after Rubin discussed with the British his proposed demarche to the neutrals regarding neutral recognition and enforcement of the vesting decree, the British adopted the position that no approaches could be made to the neutrals of any nature whatsoever because in so doing we might jeopardize our chances of obtaining neutral agreement to turn over all German assets. The result is that for the past month our Safehaven program has been virtually stymied and the British have categorically refused to make the following moves:

- a. Request the Portuguese to turn back the purchase price of the vessels sold by the Germans in 1943. (We have recently been advised that the British were aware in 1943 of the Portuguese-German arrangement permitting the escudos to be made available to the Germans, although they failed to advise us of this arrangement; if this charge is true, it constitutes a flagrant breach of faith.)
- b. Request the Portuguese to turn over German public funds.
- c. Demand control of Sofindus, (<sup>Portuguese</sup> a parastatal enterprise), and all holdings related thereto.
- d. Request the Swiss to plug up loopholes in their controls.
- e. Indicate to the Spanish the basis of our claim to title and control of German assets.

3. Objections to the Vesting Decree: Although the proposed vesting decree vesting title to German external assets in the Control Council has been approved for immediate issuance by the U. S., U. S. S. R., and France, the British continue to delay the early issuance of the decree on the grounds that the decree must be timed so that it will not interfere with Safehaven negotiations in the neutrals. There is reason to believe, however, that British objection to the issuance of the decree is not one of timing but rather is an objection to the decree per se. This view is strengthened by the following:

- a. In June, when we were contemplating advising the neutrals of our claim to title and control of German external assets, the British stated that since "freezing and census of German private assets in the neutrals were proceeding satisfactorily, no Allied claim to the assets should be made; that vesting order by the ACC in the near future would create difficult legal position which might involve adverse decisions by neutral governments and neutral courts; any such claim would raise immediate counter claims by neutrals to such assets, and such claims would diminish chances of neutrals doing their best to uncover German secreted assets."

b. Although

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By [initials] HARA Date 5/9/00

- b. Although the British finally yielded on presenting a note to the neutrals claiming title to German assets, they refused to permit any reference to our plans for ultimate vesting and further insisted that our claim be only to "title or control" rather than "title and control"---a major difference.
- c. After the issuance of the Potsdam Declaration, the British advised us that, while the Declaration envisaged the possibility of a vesting decree, "nothing definitely (has been) decided." At the same time, the British further stated that they were noncommittal on the possibility of establishing an international body under ACC to control or dispose of German assets in the neutrals.

GENERAL

1. Mr. Taylor recently reported that in connection with the proposed Anglo-Portuguese monetary agreement, the British Treasury stated that the British "wish to do everything they can for Portugal in consideration of Portuguese cooperation during the war."

2. Swiss Bankers Agreement: In the spring of 1944, the U. S. and U. K. Governments drew up the so-called Swiss Bankers Agreement, a proposed standard of conduct for Swiss banks, for submission to the Swiss Bankers' Association. The U. S. took the position that violation of the agreement by any of the banks should be followed by the immediate listing of the bank, but the British were strongly opposed to committing themselves to the use of the listing sanction. As a result of the U. S. threat to withdraw from the negotiations completely if agreement on this point could not be reached, the British finally concurred.

3. Gold Declaration: During the discussions with the British prior to the issuance of the Gold Declaration on February 22, 1944, the British gave every indication that they were stalling issuance of the declaration, in the hope that they could completely prevent it from being issued. After weeks of negotiations, the U. S. finally advised the British that it would issue a declaration with or without British concurrence, although it hoped the British would go along. As a result of this step, the British were finally forced into issuing a statement.

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Entry FFC Gren  
File misc June - Dec  
Box 388AUG 10 1945  
By [initials] HARA Date 5/9/60*Handwritten*  
Letter to  
file

DEC 20 1946

25  
Letter No. 20

Dear Jim:

1. Reference is made to Enclosure #1 to your letter No. 59 dated November 7, 1945.

Treasury files do not indicate that Gregori Messen Jacquin has any assets in his own name in the United States. However, he is alleged to be the sole owner of Vereinigte Industriebetriebe fuer Den Osten A.G., a Luxembourg corporation, which has an account with the Central Hanover Bank of New York, blocked as that of a national of Luxembourg and containing \$170,511 as of December 10, 1945.

No information was obtained relative to Sfinden or Han Glaub.

2. Attached for your information is a copy of a memorandum concerning a recent meeting held with State on the interim disposition of German property in the neutrals.

In reply to your recent inquiry with respect to action on the War Department cable concerning the located gold held by the Swiss National Bank and the Bank for International Settlements, there is attached a copy of the cable which State has sent. In this connection, you will recall that in September the Swiss replied internally to our request for information on gold transactions and holdings. (Reference your letter No. 35 of October 10, 1945.) While it is obvious that this information is completely inadequate for our needs, we feel that no new approach should be made to the Swiss on this matter pending their reaction to our request to be allowed to investigate the records of the SNS and BIS. Once the Swiss have made their position clear, however, we will advise you of the further steps to be taken.

3. Also attached hereto is an excerpt from a MA between Colonel Bernstein and his staff in Germany respecting their findings of BIS activities during the war. The report is very preliminary and is only for your personal information. We shall keep you advised of further developments.

Sincerely,

Frank Cee  
Director, Division of Monetary Research

Mr. James H. Mann  
U. S. Treasury Representative  
c/o American Legation  
Bern, Switzerland

SGoldblatt:JScullen:RRShwartz:gb 12/11/45

225827

RG 131  
 Entry FFC Gen  
 File misc June Dec  
 Box 388

DECLASSIFIED

Author NND968103  
 By (D) HARA Date 5/9/00

HQ U S GROUP C C  
 FINANCE DIVISION  
 APO 742

24 May 1945

## MEMORANDUM:

SUBJECT : Round-table Conference on SAFEHAVEN Matters.  
 TO : Files.

A round-table conference on SAFEHAVEN questions was held at the Ministry of Economic Warfare, Berkeley Square, London, at 1500 hours, 23 May 1945.

Present were:

A. F. Peterson	U. S. Embassy
A. H. Robbins	U. S. Embassy
John Brooke Willis	Economic Warfare Division, U.S. Embassy
Col. Koenig	U. S. Group Control Council
Lt. Col. E. H. Mackintosh	U. S. Group Control Council
Allan J. Fisher	U. S. Group Control Council
Edwin F. Rains, Lt. U.S.N.R.	U. S. Treasury
William Mr. Tomlinson	U. S. Treasury
Maj. Stephan C. Millett, Jr.	O.S.S.
John M. Phillips	O.S.S.
G. McR. Crosby	Roberts Commission, U.S. Embassy
J. A. Marshall	U. S. Staff- Reparations
M. Vyvyan	Foreign Office
J. E. Abbott	British Treasury
M. S. Gregory	Trading with the Enemy Department
D. Carter	Trading with the Enemy Department
Lt. Col. G. F. McFarlane	Economic Div Control Commission
W. H. Tregaskes (Lt. Col.)	Germany (British Element)
J. Midgley (Major)	Intelligence Sect., Finance Div., Control Commission Germany (British Element)
E. A. Radice	Control Commission Germany (British Element)
R. V. Palin	Economic Advisory Branch
Leonard Ingrams	Economic Advisory Branch (E.I.P.S.)
E. Bliss	Ministry of Economic Warfare (chairman)
W. A. Brandt	Ministry of Economic Warfare
R. C. Fenton	Ministry of Economic Warfare
C. H. Noton	Economic Advisory Branch (C.I.O.S.)

Mr. Ingrams of MEW, presiding, made an opening statement to the effect that the purpose of the meeting was to consider exchange of information rather than to discuss policy. The first object is to deprive the enemy of his assets abroad and the economic warfare objective is to prevent the enemy from bringing about a regeneration of war through his foreign holdings and activities whether these take the form of propaganda, what he designated as "tearwolves" or research.

#11 Encl to 379 from Taylor (London)

225828

RG 131  
 Entry FFC Gen  
 File misc June Dec  
 Box 388

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AUG 20 1968 NND968103  
BY G HARA Date 5/9/60

- 4 -

persons and this information has been turned over. Mr. Vyvyan of the British Missions had been asked for a list of persons who should be repatriated to Germany and that MEW had added economic information. This information had not been processed in London because of the lack of manpower. It had been considered to be a routine matter because the original concept was that these people were to be called back to Germany. Consequently the Foreign Office has merely been accumulating information. No instructions have been received on the number of persons to be deported and if the US Government desired to have a larger list the British would probably agree. Mr. Robbins commented that he had been informed that there had been little cooperation in Bern and Lisbon on the preparation of these repatriation lists. He stated that quite a lot of information has come in from Bern and Lisbon but nothing has been done about it. Mr. Bliss said that the Americans treat this as a SADEVHEN problem and handle it in the Commercial Office, but find that the British Commercial Officer is not handling the same material and consequently they have no point of contact. Mr. Vyvyan said that if the lists were collated in the field that would cancel out some of the work which had been done in London but he saw no objection to this development and suggested that an instruction might go out to the Missions telling the security officer to go through the list with his American colleague.

Mr. Robbins mentioned again that the instructions from Washington emphasized the question of persons and that cooperation in the field had been agreed upon with respect to assets, but not with respect to persons. It would make no particular difference whether the Foreign Office, MEW, or some other agency performed the function provided there was the same kind of cooperation with respect to persons as with respect to assets. Mr. Vyvyan replied that cooperation should be in the field. There was somewhat more doubt about cooperation in London. He repeated that part of the reason for the delay was that they had started with the idea that the Allied Control Council would recall these persons rather than have the neutral countries deport them. Mr. Robbins pointed out that even if the ACC followed the former program, it would still be necessary to approach the neutrals on a diplomatic level. Therefore the first thing to do is to instruct the Missions to cooperate and the second is to get together in London and exchange information and draw up lists. The Foreign Office insisted that if collation occurs in the field it would not be necessary to do it in London. Mr. Peterson pointed out that even if collation occurs in the field, certain criteria must be established, presumably at a central point like London. It would not do, for example, to have a list of four hundred persons for Portugal and only forty for Spain, as the result of the application of different standards in the field. It is also necessary to get information from the Allied Control Council as to whether they are in a position to receive these individuals. London should be a focal point for these activities. After some further discussion along the same lines, the Foreign Office agreed to cooperate with the American Embassy on this matter.

Mr. Ingrams said that the next problem was how we should get information from or to our other Allied. Mr. Bliss stated that it could be done in London or in the field and pointed out that there has been more liaison in the field than in London. Mr. Ingrams then asked how we would get to the French a clue which might be discovered which would be of interest to them. Mr. Bliss replied that this would be done through the French Liaison Officer at MEW. He was more doubtful about information coming the other way.

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 Entry FFC Gren  
 File misc June - Dec  
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- 5 -

Mr. Gregory stated that he was interested in cases involving British concerns which might be owned by Dutch concerns but in which there might be an ultimate German interest. He was not sure he wanted to "flush the bird" at the present time.

It was agreed that liaison on questions involving loot is quite good.

Mr. McCulloch stated that no attempt should be made to control German assets in the United Nations but that we are interested in information relating to such assets. He said that it had been agreed that the first charge on German assets should be occupation costs. Mr. Gregory demurred and stated that he, as the custodian of German property in Great Britain, would need a ministerial directive before he could accept any conclusion as to the disposition of German property in England. He added that "the Allied Control Council should keep its covetous eyes off German property in the United Nations." Mr. Ingrams commented that there must be a number of other claims against German property such as those of bond holders. The meeting ended rather abruptly upon this note.

(After the meeting, Mr. Gregory elaborated somewhat upon his remarks stating that German property in England constituted only a small fraction of the claims against Germany. He estimated that German pre-war commercial operations amounted to some one hundred million pounds sterling including perhaps forty million pounds frozen under the standstill agreements. He doubted whether German property amounted to more than twenty million pounds. He considered that commercial creditors should have the first claim against these assets and indicated that it would put to the British Government in a very unenviable position if it authorized the dissipation of these assets for other purposes. Even if creditors could only expect a small dividend from these German assets they would look to them for the satisfaction of their claims, whereas if the Government were responsible for the using up of these assets, bond holders and other creditors might feel they had a claim against the Government. He also added that it was his recollection that a Labor Government had been in power when the standstill agreements were promulgated).

ALLAN J. FISHER  
 Foreign Exchange & Blocking  
 Control Branch

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Aug 11 NND 968103  
 By [initials] HARA Date 5/9/60

I.G.

AUG. 11, 1944

My dear Mr. Crowley:

In your letter of May 12, 1944, you advised this Department that the Foreign Economic Administration is instituting a survey of transfers of Axis assets to neutral countries. I understand that representatives of your office arranged through Mr. White to borrow Mr. Samuel Klaus from the Treasury to work for FEA on this problem. I am advised that FEA now contemplates sending Mr. Klaus to Europe as a representative of FEA and that he is to be accompanied by a representative of State.

We feel that in view of the primary responsibility and interest of Treasury in questions relating to flight of Axis capital and financial activities of the Axis during and after the war, and the proposed representation of the State Department on the mission, it would be highly desirable to have the mission made a joint project of State, Treasury and FEA. The advantages of having a joint mission, representing the three agencies most immediately concerned, work on the problems of coordinating activities and of establishing procedures in the field for the collection of information are obvious. Accordingly, we would propose to designate as the Treasury representative, a Foreign Funds Control man familiar with conditions in the field. He should also be accompanied by a counterfeiting expert from Secret Service of the Treasury. We are also instructing our Treasury representative abroad to associate themselves with the mission. Such representatives are already familiar with, and are studying, the basic problems involved, and have established invaluable contacts.

It is, of course, understood that Treasury would have full access to all materials accumulated in the course of the project.

In view of the importance of the entire question, we feel that the function of the mission should be in the nature of a survey for the purpose of formulating recommendations. The mission should, of course, report back to Washington before a program is formulated and approved.

I am sending a copy of this letter to Mr. Dean Acheson, of the Department of State, for his information.

Very truly yours,

/s/ D. W. Bell  
 Secretary of the Treasury.

Honorable Leo T. Crowley,  
 Administrator,  
 Foreign Economic Administration,  
 Washington 25, D. C.

APL:OAS: EG:nrd - 8/11/44

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*Int'l Dept  
Correspondence*

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*4/26/45*

In reply please  
refer to: 78020

My dear Colonel Lay:

Reference is made to your letter of April 6, 1945 in which you invite the Treasury Department to appoint a liaison officer to represent this Department with respect to the distribution of reports and documents of the Combined Intelligence Objectives Subcommittee.

I am designating Mr. Bernard I. Feig to represent the Treasury Department on this matter. Mr. Feig is located at the District National Bank Building, 1406 G Street, N.W., Room 508. His telephone extension is 561-233.

Sincerely yours,

*AS/ Charles S. Bell*

Charles S. Bell  
Administrative Assistant to the Secretary

Lt. Colonel James S. Lay, Jr., Q.S.C.  
The Joint Chiefs of Staff  
Joint Intelligence Committee  
War Department  
Washington 25, D. C.

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JUL 3 1945

In reply please  
 refer to: 62320

My Dear Mr. Secretary:

As you know, this Department is presently participating in a program designed to implement Bretton Woods Resolution VI, under which the United Nations agreed to take all possible steps to uncover and control enemy assets, as well as to prevent the enemy from realizing on looted property.

It is my understanding that, as a security measure, the U. S. Coast Guard interrogates all seamen entering the United States. It would be highly desirable if you could take steps to arrange to have such interrogation include the ascertainment of any information relating to the acquisition of Axis assets or the disposition of looted property. Representatives of Foreign Funds Control will, of course, be glad to consult with representatives of the Coast Guard with a view to working out the most effective procedures for dealing with the interrogations relating to these problems.

Your cooperation in the matter will be greatly appreciated.

Sincerely yours,

Herbert R. Gaudin  
 Assistant Secretary of the Treasury

The Honorable,

The Secretary of the Navy.

JHScullen:m 6/29/45

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By GS HARA Date 5/9/80

Box 388 circ

D. A. Dugay - C. S. W.

Feb. 19, 1945

The Honorable  
 The Secretary of State  
 Washington, D. C.

Dear Mr. Secretary:

This Administration has on several occasions brought to your attention matters involving the utilization of war trade agreements and arrangements to ensure the attainment of economic warfare objectives and security against further aggression by Germany and Japan. Since these exchanges between the personnel of your Department and this Administration at the operating level usually pertain to specific countries, I want to take this occasion to state our views as to an appropriate general program of operations.

As you know, the subject of our economic policy toward neutral countries was treated by the State Department's Interdepartmental Executive Committee on Economic Foreign Policy, of which FEA is a member, on December 8, 1944. Although the problem of enemy assets and economic activities outside Germany (particularly in the neutral areas), and the general question of putting pressure upon neutrals for cooperation in this connection was referred to in the policy approved on December 8, 1944, no specific program of operations to utilize war trade agreements and arrangements as an immediate pressure device was spelled out.

With the progress of our military forces, the former economic warfare objectives diminish in importance and may, within a relatively short time, be of little significance (in the case of Germany). On the other hand, the progress of our military forces tends to increase efforts to remove assets and technical personnel from Germany, as well as efforts to place beyond reach those assets already outside the borders of the Reich. The problems of post-hostilities control of the defeated enemy become increasingly current, and a specific program for using powerful bargaining weapons at our disposal with countries who supply actual or potential Safe Haven to the enemy becomes highly important.

We have every reason to believe that the Germans, and perhaps the Japanese, are using, and will, if permitted, continue even more to use, the territories of sovereign nations outside Germany (and Japan) as places in which they may, with some impunity, conduct the transactions and activities that frustrate and evade allied controls over them following defeat. Therefore, we feel that the U. S., together with its allies, is justified in asking that, when neutral countries seek from us what we have in our power to deny, we should take advantage of their amenability to bargaining to insist upon the

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## 2 - The Secretary of State

maximum of concessions necessary to implement our External Security (Safe Haven) Program in addition to whatever economic warfare objectives may still remain.

For the purpose of clarity it may be noted that the concept of External Security or Safe Haven is deemed by us to include general problems of German assets (broadly defined) outside Germany, evasions of economic controls over Germany by activities carried on outside of Germany, the use of economic sanctions outside Germany for the enforcement of controls over German property and economic activities, the surveillance of the movements and activities of German nationals outside of Germany having economic security significance as well as such specific and restricted matters as loot, flight of German capital, assets of German war criminals, etc.

For example, in the case of Switzerland, it has been the view of this Administration, expressed informally to officials of your Department and the President's Special Representative to Switzerland (Mr. Currie), that in addition to the economic warfare objectives of cessation of the transit traffic, elimination of certain listed exports to Germany, and adoption of the gold clause requested of the Swiss Government in September 1944, a set of Safe Haven objectives should be presented to the Swiss, among them the following:

- (1) Public announcement by the Swiss Government of its intention to adhere to Bretton Woods Resolution No. VI and of its intention to prevent the use of Swiss laws and institutions and Swiss nationals for the purpose of cloaking with legal personality or the legal protection of secrecy, confidential relation, and the like, any transaction or activity directly or indirectly with an Axis interest except upon complete disclosure of all facts and as to future transactions and activities, prior clearance with designated Swiss Government officials. All such information shall be made available to the United States and United Kingdom or representatives thereof on request.
- (2) An undertaking by the Swiss Government to establish a procedure for providing to the United States and United Kingdom information regarding all matters referred to in the Bretton Woods Resolution. The Swiss may, while providing substantial and detailed disclosure, make appropriate arrangements for the protection of their national defense. The representatives of the United Nations interest may, if the information received is believed inadequate, have appropriate review by higher authorities.
- (3) Switzerland will promptly freeze all assets of Axis countries or their satellites subject to Swiss control, however indirect Axis

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3 - The Secretary of State

control may be, and will freeze ad hoc interests or transactions brought to the Swiss Government's attention by the United States or the United Kingdom.

(4) Switzerland shall prohibit the entry of all assets, the acquisition of interests and the migration of personnel from Axis countries and their satellites without the concurrence of the United States and United Kingdom. Whenever the United States and United Kingdom call to the attention of the Swiss Government the probability of cases of such entry, acquisition or migration, the Swiss Government will take all necessary enforcement steps.

(5) Switzerland will immediately conduct a census of assets (broadly defined and including both open and cloaked assets), technicians and managerial and industrial personnel of Axis countries and their satellites including, but not restricted to, business and security interests, patents, contractual rights such as management contracts, patent licenses and similar agreements, insurance policies and reinsurance contracts, bank accounts and deposits, embracing also trusteeship accounts and safe deposit boxes and vaults. The Swiss Government will agree to make available to the United States-United Kingdom authorities the information obtained from the census and registration.

Should assets not previously frozen pursuant to action prescribed in (3) above be disclosed by the census, they shall likewise be frozen.

(6) The Swiss Government will make available to the United States and United Kingdom Governments full information regarding its action under the foregoing paragraphs.

(7) The Swiss Government will make public announcement that it will not be contrary to Swiss policy for any person subject to Swiss law or any Swiss national agency to give information to United States or United Kingdom representatives concerning matters in the Axis interest referred to herein or for inquiries to be made in Switzerland by United States or United Kingdom representatives on such matters. Where such a policy would conflict with Swiss law the Swiss Government will undertake to secure the necessary amendment or repeal of such law.

(8) Switzerland shall give access to its judicial and administrative facilities on behalf of all United States or United Kingdom agencies and representatives seeking to discover, frustrate or claim Axis interests and activities.

(9) All cartel agreements, patent licenses and stockvoting agreements shall be registered publicly, or shall be otherwise made available to the United States and United Kingdom through appropriate procedure.

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## 4 - The Secretary of State

We feel that the same standard of cooperation, varied wherever necessary to meet a peculiar national situation, should be equally applied as quickly as possible to the other neutral countries including Sweden, Spain, Turkey, Portugal, Eire, and Argentina.

With respect to these countries with whom we shall hereafter negotiate future trade agreements, or continue existing supply arrangements, it is the view of this Administration that a major quid pro quo should be the adoption by the neutral countries of an appropriate and effective (External Security (Safe Haven) program along the lines outlined above.

We are of the view that with respect to those nations now enjoying interim or working arrangements for supply--that is to say, where the initiation of discussions with respect to a new agreement is not now contemplated--this government should give reasonable, but short, notice of a reconsideration of those current arrangements with a view to the incorporation of a program of cooperation on External Security (Safe Haven) objectives as necessary to a continuance of those arrangements or to a new agreement in substitution therefor.

I note from the Acting Secretary's letter (undated) in reply to my letter of January 17 that it is planned that the recently established European Neutrals Committee shall discuss the coordination of an External Security or Safe Haven Program with the other matters within the purview of that committee. I trust that, in view of the considerations above presented, the representatives of the State Department on the Committee will ensure that cooperation by neutral countries in an External Security Program of the character described shall be a prerequisite to any provision of supplies to such countries.

Officials of this Administration charged with the subject are ready and available to discuss these problems with officials of your Department, both in general and with respect to any specific neutral country. I should, in the meantime, be happy to receive from you an expression of your views on this subject.

Sincerely yours,

Leo T. Crowley  
Administrator

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2/8/45

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I G

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January 30, 1945

Dear Mr. Grew:

My staff has been informally advised that your World Trade Intelligence Division proposes to send Alfred W. Barth, formerly associated with the Chase National Bank, to the neutral countries to establish contacts with the banking interests with the aim of facilitating our joint efforts to uncover secreted German assets.

I am enclosing for your information a photostatic copy of a letter concerning Mr. Barth, recently received by this Department from the United States Attorney for the Southern District of New York. This letter describes Mr. Barth's participation in the violation of the freezing order for which the Chase National Bank has been indicted. It also indicates that Mr. Barth played a prominent role in the sale of Rueckwanderer marks in this country. I am sure that you will want to consider the proposed employment of Mr. Barth in the light of this information. Will you please inform me of your decision with respect to this matter?

Very truly yours,

(signed) H. Morgenthau, Jr.

Secretary of the Treasury

Mr. Joseph C. Grew  
Under Secretary of State,  
Washington 25, D. C.

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BY GO MARA Date 5/9/60

1/23/45

Secretary Morgenthau

FOR ACTION

Mr. White

As you know, we have been actively engaged, together with State and FEA, in dealing with the problem of uncovering secret German assets throughout the world, particularly in the neutral countries.

We were recently advised that State plans to use Alfred W. Barth, formerly Second Vice President of the Chase National Bank, as an intermediary in establishing contacts with the banking interests in neutral countries of Europe in connection with this problem.

In our opinion the employment of Barth for this purpose would not be in the best interests of this Government. He was directly involved in the Anton Smit transactions which formed the basis of the pending indictments against the Chase National Bank for violation of the freezing Order. Moreover, Barth played an important role in the Rueckwanderer mark business carried on by the German Government in the United States to raise foreign exchange.

I do not believe that the responsible persons in the State Department are aware of Barth's activities while he was employed by the Chase Bank. It seemed desirable to have a third-party statement concerning Mr. Barth. Accordingly, we obtained a letter on the subject from the United States Attorney for the Southern District of New York.

I recommend that this matter be called to Mr. Grew's attention and that he be furnished with a photostatic copy of this letter. If you approve, there is attached for your signature a letter of transmittal.

Attachment

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Int'l correspondence  
 Box 388

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 By GD  
 HARA Date 5/9/80

January 15, 1945

Mrs. Schwartz

B. I. Feig

Alfred  
George Barth - U. S. Commercial Corporation

Re:

For your information, I was advised of the following by Covey Oliver concerning State Department's plans for Mr. Barth of the U.S.C.C.:

(1) State proposes to hire Barth to visit Madrid, Lisbon and Bern.

(2) Barth will travel as a State Department employee, and will not be attached officially to the Foreign Service or any of the Missions.

(3) His principal function will be to establish contacts for Mission representatives with banking interests.

(4) He allegedly will not engage in any official negotiations or discussions. (Note: Oliver stressed this continually during our conversation.)

(5) In response to a specific inquiry concerning Barth's proposed activities in Bern, Oliver stated it is intended merely that Barth circulate in Swiss banking circles to learn all he can about the Swiss banking situation and to determine where and how our Government can best exert its efforts to overcome existing difficulties in this field. Barth is then to return to Washington where he will report his findings and make recommendations.

cc: Mr. Moskovitz

cc: 2/6/45 Messrs. Feig and Gilbert

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I 9.

January 15, 1945

To: Mrs. Schwartz  
 B. I. Feig  
 Alfred  
 Re: George Barth - U.S. Commercial Corporation

For your information, I was advised of the following by Covey Oliver concerning State Department's plans for Mr. Barth of the U.S.C.C.:

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cc: Mr. Moskovitz

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Auton NND968103  
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Z G

August 16, 1944

AIR POUCH

No. 54

Dear Mr. White:

With reference to Glasser's letter of August 5, 1944 concerning the present status of action in London on looted property and hidden enemy asset questions we have the following to report:

The Inter-Allied Commission, which we have from time to time been advised is dealing with the question of looted property, is in fact a "Commission" consisting of the Foreign Ministers of about fourteen of the United Nations which met in January, 1942 and issued the United Nations Declaration of January 5, 1942 with which Treasury is very familiar. This Commission never met again. A sub-committee, however, exists whose function is to implement the Declaration of January 5, 1942. This sub-committee consists of officials of U.S., U.K., French National Committee, Belgium, Netherlands, Norway, Poland, USSR, China, Australia, Czechoslovakia, Greece, Luxembourg and Yugoslavia. This sub-committee met a few times and prepared some reports of which we are obtaining copies. It has, however, not met since early 1944 because of the fact that the Polish Government insisted on bringing up for discussion the question of treatment of Polish property by the Russians, while the Russians refused to permit this subject to be discussed by the Committee. Inasmuch as neither the Poles nor the Russians have receded from their respective positions the Committee has not met since this dispute arose. Any progress which has been made in coordinating the activities of the various Refugee Governments has been done on the side. Our representative on this Commission was Harold Spiegel. His place has been taken by a Mr. Robbins, concerning whose personality and general attributes Bill Taylor can give you an adequate account, but the Committee has not met since Spiegel left London.

A few days ago I attended a meeting which was called at our request to try to find out what is going on in London with respect to the problems referred to in the Bretton Woods Resolution No. 6. The meeting was in Robbins' office and was attended by Robbins, Becker of FEA (who has been in Spain and Portugal and is now in London and seems to be very much concerned with a lot of economic warfare problems which were important about two years ago), two junior people from Robbins' office who were not identified and myself. I read aloud the Bretton Woods Resolution, which was new to the group, and spent some time asking questions and discussing the problems of looted enemy property and hidden enemy assets.

The upshot of this meeting was that nothing effective is being done in the Embassy or anywhere else about implementing either the United Nations Declaration of January 5, 1942 or the Bretton Woods Resolution No. 6. Another consequence was that Robbins agreed to pass

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all communications relating to these problems through this office. The people at the meeting were not aware of the French plans to deal with various property transfers or the ideas which the Dutch held on the matter and had done no concrete thinking about the possibilities of getting at the problem through information which will become available in Germany itself or through steps which might be taken by the Allied authorities in Germany with respect to German property in neutral countries. It was thought that there had been some talks between the various Refugee Governments outside of the above mentioned Committee, but no one in the meeting seemed to know what these Governments were doing.

*Selby*

With respect to the British position, I remember seeing a cable shortly before my departure from Washington which, if my recollection is accurate, stated that the British Government had issued some instructions to its Missions in neutral countries with respect to looted assets. Among other things this British instruction was said to have advised the neutral countries that such looted property would be regarded by the British Government as legitimate contraband. In seeking to investigate the sources of this information and the British position generally I tried, as a first step, to locate this cable in the Embassy. In spite of an elaborate search I find no record of such a cable and no one who remembers having originated such a cable, although it seemed to be a routine matter.

We would appreciate it, if such a cable does in fact exist, if you could give us a reference number or send us a copy or paraphrase of the cable.

In searching for the above mentioned cable I did, however, come across cable No. 6472 of August 11 from the Embassy to the State Department transmitting the preliminary British reaction to Resolution No. 6 of the Bretton Woods conference. I did not have an opportunity to copy this cable but it stated that Ronald of the Foreign Office had advised the Embassy that the British were reluctant to take any measures to implement the Resolution which could not be enforced without continuing censorship, blockade and similar measures. Ronald inquired what the State Department (sic) proposes to do and said that although he felt that his objections to the Resolution, which had been presented at Bretton Woods, were still valid the Foreign Office would do its best to cooperate with the State Department. Robbins did not mention this telegram to me at our recent meeting.

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By G.W. HARA Date 5/9/60

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- 3 -

We propose to continue to make inquiries concerning these matters and to try to find out what the various Refugee Governments are doing in order that we may report more fully thereon. We would appreciate any suggestions from the Treasury as to the manner in which we might best further the objectives of Bretton Woods Resolution No. 6 from this end.

Very truly yours,

Michael L. Hoffman  
U.S. Treasury Representative

Mr. Harry D. White  
Assistant to the Secretary  
Treasury Department  
Washington, D. C.

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Author: NND968103  
 By: GP MARA Date 5/9/80*I.G. Inter Departmental Correspondence*

COPY

FOREIGN ECONOMIC ADMINISTRATION  
 BUREAU OF AREAS  
 WASHINGTON 25, D. C.

JUN 13 1944

In reply refer to:  
 BA-813-SHjr.CONFIDENTIAL

Mr. Orvis Schmidt  
 Director, Foreign Funds Control  
 Treasury Department  
 Room 501, Sloane Building  
 709 Twelfth Street, N. W.  
 Washington, D. C.

Dear Mr. Schmidt:

Confirming recent discussions with you and Mr. Saks, with Mr. Klaus of your General Counsel's Office, with Mr. Fisher of Monetary Research, and with Mr. Ben Lewis and other officials of FEA, we shall attempt herewith to catalog the various divisions and subdivisions into which this topic may conveniently be divided. It is hoped that further discussions will add to this catalog and that through the joint interest of Treasury, FEA and other agencies a constructive program will be forthcoming.

German assets abroad may be catalogued in three different ways: the physical nature of the assets, the geographical location of the assets and the geographical location of the ownership.

The physical nature of these assets may be described as follows: (a) subsidiary corporations; (b) minority interest in business enterprises; (c) bank balances; (d) deposits of wealth in the form of gold, gems, currencies, etc.; (e) securities; (f) real property; (g) stockpiles of merchandise or raw materials in warehouses; (h) claims; (i) commission agreements, patent rights, license agreements, annuities, etc.

These assets may be (a) enemy owned by legal title, or (b) cloaked assets held in the names of neutrals or United Nations nationals, or (c) assets controlled by the enemy through intangibles such as technical skill, trade secrets, traditional trade channels, personal loyalties, or unwritten agreements.

The problem of dealing with these German assets abroad will differ widely according to their geographical location, as follows: (a) located in territory of U.S., U.K. and certain other United Nations. Such assets, so far as they are known, are generally sequestered. Concealed assets will be subject to sequestration upon revelation of enemy interest. (b) Located in liberated areas. Such assets will presumably be sequestered by United Nations governments in exile at the time of reoccupation in a manner roughly analogous to present U.S.-U.K. procedures.

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2--Orvis Schmidt

(c) Located in neutral countries and certain United Nations territories which do not maintain sequestration procedures. Such assets will present special difficulties, as discussed below.

All of these German assets abroad can again be subdivided according to geographical location of ownership: (a) looted assets, rightful ownership of which is lodged in occupied territory, and (b) non-looted assets. This distinction will probably be important when the ultimate disposition of such assets is determined. Efforts will be made to return looted assets to the governments of those countries from which they were looted and possibly to the original private owners. On the other hand, German assets which were not looted will be subject to a different type of disposition. Substantial assistance may be expected from the governments of occupied countries in tracing and recovering looted assets, and the original private owners of such assets will lend important aid. On the other hand, the recovery of non-looted assets will be a more generalized and intangible problem as no individual group will have the same active interest. For purposes of taking a census of such German assets abroad, however, and for purposes of preventing further transfers there need be no practical distinction between looted and non-looted assets. Furthermore, a precise label will be difficult in many cases.

Action on this problem falls into two broad categories: (a) discovering the existence of German assets abroad in order to compile a census for future disposition and (b) preventing further transfers of enemy wealth from enemy territory to neutral territory and from neutral territory through the blockade to the Western Hemisphere. At present the former is largely a matter of research and investigation, while the latter is a field for present action. Much is now being done by Treasury, MEW, FEA and other agencies to prevent uncontrolled flight of enemy assets.

The sources of information leading to a census of German assets abroad may be subdivided into four parts as follows:

(a) A large catalog probably comprising most German assets abroad could immediately be made from data on hand in Washington revealing known and recorded enemy subsidiaries, bank deposits, royalty claims, etc.

(b) Substantial additional information will be obtainable, at such time as enemy territory is occupied, from the enemy himself, from enemy records and from interrogation of individuals as a logical corollary to armistice terms of unconditional surrender.

(c) Far greater difficulty will be had in obtaining records held in neutral territories. However, United Nations' bargaining power vis-a-vis the neutrals will presumably be great and it can be made to the

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neutrals' advantage to cooperate fully with the United Nations in effecting a full revelation of German assets. It will probably be appropriate presently to propose negotiations with the neutrals along these lines.

(d) Finally there will be a body of German assets abroad which will have been so carefully concealed that they will escape procedures described in (a), (b) and (c) above. This may not be a large segment of German assets but it will surely be an important one. In order to cope with this aspect of the problem, investigations along the lines which Mr. Klaus has described to us would seem essential. They should include a thorough review of censorship intercepts, intelligence, cables, enemy trade papers and investigations in the field including interrogation of the European underground and of Allied sympathizers in neutral countries.

Turning finally to the second field of action, that of controlling the movement of enemy assets, there is listed herewith the principal methods by which this may take place and some of the programs of counter action which are now underway or contemplated, as supplementary to existing Foreign Funds Control:

(a) The smuggling of small items of value such as jewels, currency and gold out of German territory to neutral countries and out of neutral countries to the Western Hemisphere: There is no present program to prevent transfers into European neutral territory. There is, however, an elaborate program to prevent their re-transfer through the blockade. This is based on the British system of navicerts and certificates and on U.S. Treasury regulations. FEA has recently proposed increased inspection at Gibraltar of neutral vessels penetrating the blockade west-bound, and has requested renewed vigilance by Customs and Censorship in the matter of parcels west-bound and money brought by neutral vessels to this Hemisphere.

(b) Transfers of bank balances out of Germany and occupied territories and satellite countries to the European neutrals and re-transfer to the Western Hemisphere: The most suitable currency for such transfer is the Swiss franc which is virtually the only free and interchangeable currency and which Germany can readily use to acquire goods, fixed assets, bank balances, or securities in the Western Hemisphere or elsewhere. To meet this problem arrangements are now being negotiated with private banks in Portugal and Switzerland to conform to a standard of conduct which will prevent their collaboration in the acceptance or transfer of enemy funds. Threat of blacklisting is being used against banks which do not comply. In addition, negotiations are underway which would require the Swiss government to refuse to

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4--Orvis Schmidt

convert further German gold into Swiss francs. If this is not acceptable, it has been proposed to have the rightful owners of looted German gold file legal claims in Switzerland and elsewhere to all imported enemy gold. This may have the effect of preventing the purchasing of this gold by the Swiss National Bank in the light of the United Nations' declaration of February 1944.

(c) Stockpiling of goods in the Western Hemisphere by the European neutrals following which warehouse receipts may be sold to the enemy thus giving the enemy ownership of readily marketable goods in the Western Hemisphere: To cope with this negotiations are proposed or underway with certain of the neutrals relative to their stockpiling which would require clear proof of neutral ownership of all stockpiles and would force revelation of enemy taint. It may even be possible, because of certain evidence of enemy taint, to announce a policy that all such stockpiles shall be presumed to be enemy owned unless proved to the contrary and unless they are maintained in coordination with United Nations procedure.

(d) Shipment to the Western Hemisphere by the European neutrals of merchandise of strictly neutral origin which is sold in the Western Hemisphere and the proceeds left as bank deposits in the Western Hemisphere which deposits are in turn sold to the enemy: In order to cope with this, it has been proposed to MEW that financial questions be added to all applications for navicerts and certificates. This would permit tracing of methods of payment and would reveal transfers of capital.

(e) The development of cloaks or other forms of indirect ownership whereby enemy or Proclaimed List assets may be transferred into concealment, in particular through holding companies, trusts and similar devices: To cope with this the cooperation of the neutrals will be required. At such a time as neutrals are entirely surrounded by United Nations territory more complete Proclaimed List enforcement will be possible especially as it is now proposed to continue the Proclaimed Lists into the armistice period. It will then be greatly to the neutral's benefit to cooperate in creating conditions whereby the productive facilities of neutral industries can be fully utilized in import and export trade. This will require the removal of all suspicion of enemy taint and the submission to joint control of such neutral enterprises as have enemy taint.

We hope you will make a special effort to add to the above preliminary summary of the problem. We are looking forward to cooperating with you in developing this program in which we have a mutual interest. We

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5--Orvis Schmidt

are also writing Mr. Klaus of your General Counsel's Office who has made a number of specific suggestions to us on this topic.

Sincerely yours,

/s/ Sidney Homer, Jr.

Sidney Homer, Jr.  
Chief, Enforcement Section  
Blockade Division

copied:ems - 6/17/44

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By GO HARA Date 5/9/60

T G

Mr. Duff  
William Dulle

May 17, 1944.

In reply refer to  
BA-813-SHjr.CONFIDENTIAL

Mr. Livingston T. Merchant, Chief  
Eastern Hemisphere Division  
State Department  
Washington, D. C.

Subject: Enemy Wealth in  
Neutral  
Countries

Dear Livy:

Later this year military developments may threaten trade communications between Germany and the Iberian Peninsula or Turkey or other European neutrals. One of the problems which will then arise will be a last minute flight of German capital for safe keeping in neutral territory. Enemy firms, officials and individuals will, no doubt, attempt to transfer legally owned wealth and loot in their various forms such as gold, gems, securities and money, and will be under special pressure to accelerate such exports while it is still physically possible. German assets in neutral territory will no longer be usable for purchases of war supplies and hence will be available for other purposes, possibly for transfer to the Western Hemisphere.

Our government will no doubt wish to consider taking stronger measures than heretofore to offset this form of enemy activity! It might be decided, for example, to exert pressure on the neutrals to refuse such enemy capital exports or alternatively to catalogue existing caches as part of a joint program in preparation for ultimate post-war settlements.

While it might now be too early to take final action, I believe a useful purpose would be served if informal preliminary discussions on this problem could be inaugurated. I am sure that the Treasury will be actively interested, together with the British Embassy, yourselves and ourselves. I would suggest, therefore, that interested officials of these agencies be called together for preliminary discussions in order to lay the groundwork for definite, prompt and effective action when the occasion arises. Your comments would be appreciated.

Sincerely yours,

William T. Stone  
Director, Special Areas Branch

SHjr:mp  
5/15/44  
CC to Mr. Schmidt

Distribution: cc: Luxford, E.M.Bernstein, Schwartz, Richards, Fox, Bennett, Aarons, Moskovitz, Gilbert, Sachs.

Control Copy: To Mr. Sachs.

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( C O P Y )

THE WHITE HOUSE  
WASHINGTON

February 16, 1944

Respectfully referred to the Secretary  
of the Treasury for attention and appropriate  
acknowledgment.

225851

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Entry FFC *Gen*  
File *Int'l department  
Int'l correspond  
encl*  
Box 388Authority NND968103  
By *GO*: MARA Date 5/9/00

COPY

OTTO ABRAHAM  
120 Broadway  
New YorkFebruary 14th,  
1944.Hon. Franklin D. Roosevelt,  
White House,  
Washington, D. C.

Dear Mr. President:

I am taking the liberty of referring to a conversation I had the honor to have with you about the S.S. Bremen about 13 years ago in which you discussed the finances of Germany and in the course of which you asked me to submit to you at any time data on this subject. I have spent a great deal of thought on how to overcome some of the mistakes made in the Versailles Treaty on a topic with which I am familiar and I have written a short memorandum which the New York Herald Tribune published. I take great pleasure in enclosing a copy for your consideration.

Believe me to be, dear Mr. President

Yours respectfully,

(Sgd.) Otto Abraham

Ottie Abraham  
Enclosure

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 BY GO. PARA Date 5/9/60

(C O P Y )

When discussing peace terms to be imposed upon a defeated Germany, it seems to me that one very important matter has been lost sight of, namely, German bank balances and investments in neutral countries. Had this matter received its deserved attention after the last war, then Germany would have been unable to camouflage its finances in order to prove to the victors that she was unable to pay reparations unless the money were lent to her by her former enemies.

There are no statistics in existence which give a fairly accurate picture of the amounts German nationals and banks have on deposit in the banks of Argentina, Portugal, Spain, Sweden, Switzerland and Turkey, the six principal neutral countries of the world, and we have no means of ascertaining either these amounts or the capital German investors and industry have invested in shares of companies domiciled in the above-mentioned countries. The total, if known, probably would show an amount which would stagger the world and these are the funds on which Germany will rely to lay the foundation for a third World War.

Get hold of these amounts and it will be a large contribution to make Germany helpless, perhaps more helpless than by the occupation of her territory by hundreds of thousands of Allied soldiers.

Of course, we shall not be able to confiscate the bank balances Germans have in neutral countries, without the consent of these countries which it will be probably impossible to obtain, but we can insert a clause in the armistice which will force the German Government to immediately promulgate a law to force its citizens to declare such balances and stockholdings as of a certain future, as well as of a certain past date. The latter provision would be imposed in order to be able to ascertain what happened to some of these balances and securities which will no doubt "disappear" as soon as the public gets wind of the intentions of the victors. I am well aware of the existence of German laws forbidding, on the penalty of death, the holding of such balances, but we know that the corrupt Nazi Government as well as its predecessors closed their eyes when it came to the holdings of "favored" citizens, in other words, the "man in the street" was not allowed to keep even 100 francs in Switzerland but the Krupps, Stinnes and their ilk could keep millions in the "interest of the Fatherland."

All bank balances as well as stockholdings of German individuals and corporations in enterprises incorporated in neutral countries should be immediately transferred to the German Government and turned over by them to the Allies. Most of the large German companies possess wholly-owned subsidiary companies in neutral countries; these must cease to exist as far as Germany is concerned. Whether the Allies want to liquidate such companies or sell them to their own nationals is a question to be decided by a Supreme Economic Council of the Allies.

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This council should also appoint a group of foreign exchange experts to supervise the dealings of the Reichsbank in foreign exchanges for a long period of time, say 25 to 50 years. The cost of maintaining such a commission would be infinitely small compared to the cost of even a very small occupation force. The German General Staff through dummies, with the secret sanction of the Reichsbank started in 1920 or thereabouts to accumulate funds abroad which later were used to amass raw materials with which another war was started.

I am quite well aware of the fact that my suggestion will be branded as radical and socialistic by some bankers and industrialists who are anxiously awaiting the day when they can finance Germany and do business with her. In my opinion, based on an intimate knowledge of German finance, the only way to treat Germany is not to believe one word any German says prior to the most careful investigation of its truth. Germans - business men and politicians alike - have learned since 1918 that not honesty but crookedness pays large dividends; they were dishonest toward their own nationals as well as toward foreigners. They cheated all of them through the devaluation of the mark, by which only a very small group profited; had this group not been able to hide its profits outside of Germany, and thus avoid taxation, they would not have been successful in their maneuver.

What we need over more than a moral cordon of Germany is a financial one. Are we awake to our responsibilities towards our children?

Otto Abraham

February 1944.

225854

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Entry FFC Gren  
File Gold Note

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NND968103

Author

By

Date

5/9/80 HARA Date

Treasury Department  
Division of Monetary Research

Date 5/28 1945 X

To: ~~Mr. Scullen~~

From: Mr. Maloney

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By CN. HARA Date 5/9/80

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WASHINGTON, D. C.  
INTELLIGENCE DISSEMINATION

NUMBER

A-55730

ORIGINAL RPT. SUB-1011

DATE OF INFO. 6 April 1945

DATE OF RPT. 15 April 1945

DISTRIBUTED 15 May 1945

CONFIRMATION  
SUPPLEMENTNO. OF PAGES  
ATTACHMENTS

1. The gold reserves, valued at 600 million lire and previously evacuated from Rome, are at Fortezza (Venezia Tridentina).  
 2. These reserves amount to 31 gross tons, or 27.6 net tons, of which 22.94 tons are in fine gold.

This document contains information affecting the national defense of the United States within the meaning of the Espionage Act, 50 U.S.C. 31 and 32, as amended. Its transmission or the revelation of its contents in any manner to an unauthorized person is prohibited by law.

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by (b)

HARA Date 5/9/80

11/27/80

ANNEXATION.

3

DEPT.

FROM DEPT AND TREASURY.

*Shows*

1. A report from the US Group Council in Germany states that the following has been uncovered: (a) the German Reichsbank maintained an important depot of gold in the Swiss National Bank throughout the war; (b) the major part of all German gold shipments abroad during the war were destined for the Swiss National Bank; (c) ~~approximately \$3,000,000~~ <sup>approximately \$3,000,000</sup> Belgian gold stolen by the Germans in France about ~~\$1,000,000~~ <sup>\$1,000,000</sup> worth ~~was~~, after remelting, sent to the Swiss National Bank; and (d) part of the gold looted by Germany during the war was sent to the Bank for International Settlements. The US Group CO, for the purpose of obtaining information necessary for formulating policy concerning the disposition of gold found by the Allies in Germany, has recommended that experts be sent to Switzerland to examine the gold in the possession of the Swiss National Bank and the Bank for International Settlements and all relevant books, files and records.

2. Dept and Treasury agree with the recommendation of the US Group CO. Accordingly, after informing your Brit and French colleagues and <sup>open Britain</sup> and French advice and they will ~~have an opportunity to act concurrently with you, you should approach the~~ Swiss Govt and indicate (a) that info uncovered in Germany indicates that a substantial amount of the gold looted by the Germans was transferred to the SNB and the BIS and that (b) in order to ascertain the true facts it is desired that a team of technical experts be permitted to examine the

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Entry	FFC Gren	Authority NND968/03
File	Gold Note	BY GN HARA Date 5/9/80
Box	388 ex	

*Gold Note*

25

To: Mr. Collado  
 From: Mr. Coe

Kindly send the following cable from the Department and the Secretary of the Treasury to the American Legation and Embassy:

"Following are our comments reur 12547.

"One. Information submitted in table one is inadequate as stated in reference despatch. Treasury desires complete description of present gold holdings including mint marks, bar numbers, weight of each lot of coin, year of issuance, and denomination.

"Two. Regarding acquisition of gold since January 1939, Treasury also desires complete details regarding each purchase or transfer. Information should include date of each transaction, name of institution from which gold was purchased, origin and disposition of gold, date of cessation and to whom sold. We are, of course, only interested in those acquisitions of gold from Axis countries, countries occupied by Axis and countries which on February 22, 1944 had not broken relations with the Axis.

"Please inform Swiss foregoing information is needed if the spirit and terms of our original request are to be fulfilled. Also report reaction of Swiss."

Charge Appropriation to TZ-495.

Forwarded 11/20.  
 Los Angeles

*sent out because of following  
 slip of BT's 5 N.B  
 Gull*

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File Gold Note

Authority

NND968103

By

GJ

HARA Date 5/9/60

**FOR TWX CONVERSATION WITH BERLIN**Re: Status of Investigation of BIS and SNB

Several weeks ago Treasury drafted a cable through the American Legation in Bern, advising them generally the facts uncovered as a result of investigations of the U.S. Group Control Council and the disposition of the British gold looted in France by the Germans. The cable concurred with the recommendation of the U.S. Group CC that an immediate investigation be made of the SNB and the BIS and recommended that a team of experts be sent to carry on the investigation in conjunction with members of the American Legation in Bern.

This cable was cleared through the economic side of State Department but Culbertson of the European Political Division objected to the cable on the ground that he would not approve any investigation unless the British and French agree to join. This matter has been discussed further with the State Department and the cable has been redrafted. In its present form the cable states that the investigation should be made upon receiving advice from the British and French that they will join in the investigation. However, the cable also provides that if the British and French do not join that the Legation should report promptly so that the matter can be considered further. Under such circumstances Treasury is prepared to urge that a unilateral investigation be conducted. In this connection, however, State Department representatives have advised us that Angell has discussed the matter with the British and French and they have agreed. We are now awaiting State clearance of the cable and you will be further advised when the cable has cleared.

Treasury states that it will recommend that Curtiss and Dunkel and Volkman participate in the investigation. You will also be advised further.

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 AUTO BY GP MARA Date 5/9/60

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gold in the possession of these institutions and all relevant books, files and records. (c) The Swiss Govt should be requested to transmit this request to the BIS and the BIS, and to facilitate direct contact with officials of these banks.

3. In your approach, the Swiss should be reminded of the affirmation of their decision to assist in the recovery of loot as expressed in the letter of March 8, 1945, signed by Prof. Rappard on the occasion of the Currie Mission, and that the evidence uncovered by the US Group CC is strong.

4. The Swiss may contest our demand by referring you to Section III, QUOTE Agreement on Financial Matters between (letter of March 8 signed by Prof Rappard) whereby we acknowledged their continuing gold purchases in restricted amounts for diplomatic and Red Cross purposes. Such acknowledgement did not imply a waiver of our position re loot.

You might also expect that the Swiss will refuse investigation of the BIS by referring you to the Hague Convention of Jan 20, 1930, Article I, providing for exemption of BIS from any measure which would prohibit gold exports and imports. The position should be taken --

If this point is made -- that the provision under reference did not include looted gold. (In particular, report promptly if British and/or French Govts do not agree to join investigation as the matter can be clarified further)

5. Please keep Dept informed of progress. Should question come up concerning French, Brit and US exports to examine bank records, we contemplate a term of French, Brit and US exports to examine bank records, should these govt's join in approach.

Sent to Bern, repeated to London and Paris with the request to take up the matter with the govt you are accredited to in order that the UK and French Mission respectively be instructed to join us in the approach to the Swiss Govt.

cc: Scott  
NYC: AYB/MS/AM 11-13-45

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By GJ MARA Date 5/9/45

JUN 9 1945

MID-R-252-45

~~SECRET INTELLIGENCE MATERIAL~~  
~~CONFIDENTIAL~~

~~Report No. MID-R-252-45 Dated May 24, 1945 At Cairo~~

~~Re: Rise in the price of Gold~~

~~Source: Usually reliable--Probably true report.~~

A dangerous sign effecting the high cost of living in Egypt has made its appearance during the past few days. It is the rapid rise in the price of gold. On the eve of the termination of the war in Europe, the Gold Sovereign was valued at 507 PT's. After it was officially announced that Germany was beaten, there occurred during the next 24 hours a heavy liquidation of gold and, especially, jewelry, and the price of gold, in consequence, dropped approximately 5%. After that and for no apparent reason, the trend completely changed and a rapid and steady increase occurred, as is shown by the following table:

10 May	.....	515
11 May	.....	527
12 May	.....	532
13 May	.....	537
14 May	.....	548
15 May	.....	555
16 May	.....	560
17 May	.....	595

It is interesting to see why this occurred. Primarily, to speculation. Fantastic rumors were circulated around the small gold market in Cairo and Alexandria which created a fictitious demand. Secondly, in spite of precautions taken by the Authorities, smuggling has not been checked. The export of precious metals is carried on clandestinely with Greece, Palestine, and the Levant States. Of this, the reports in the local press are enough proof.

Anyone can see that the unchecked rise in the price of gold will cause inflation and that it will be very dangerous if this situation is allowed to worsen. The present crisis created by the high cost of living, which with the end of the hostilities in Europe, should have improved risks instead of getting worse.

For further information call Extension 5622 or 5623.

cc: 9/June/45

For Information - Messrs. Parke, Richards, Delaney (4), Miss Scullen, Robinson, Arnold, McNeill, Brenner, Miss Burnett, Zimmerman, Locker, NY Fed., General Records.

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 Entry FFC 960  
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 By [initials] MARA Date 5/9/60

- 2 -

In spite of the affirmation of modern economics, gold, especially in the Middle East, is always the basis for commercial transactions. When it rises, the price of goods and, especially, vital goods follow the same trend. When it drops, there is deflation. All commerce and especially the small businesses are regulated by the price of gold. When, as is the actual case, the rise is caused by artificial means, it is imperative that drastic measures be taken to control it; not so much on account of the gold itself but because of its drastic influence on the cost of living.

The Egyptian Pound is bound to the Sterling block, and there is every reason to believe that it will remain so for some time to come. This is not the moment now that the war is ended in Europe to believe that the expenses of Great Britain will lessen or to lose confidence in a system which has stood the test during six years of dire troubles. The cessation of hostilities should have, if one sticks exclusively to the field of political economics, brought about a lowering in the value of gold and the fact it didn't proves definitely that in Egypt there has been artificial factors at work.

The Egyptian gold market is, without doubt, narrow; the exchanges limit themselves to several thousand pounds and even several hundred per day. But, nevertheless, its influence on the cost of living must not be ignored and for that reason, an end should be made to this dangerous speculation for which there is no valid reason and for which there is no economic basis. If, for instance, certain people desire to put their money into gold, it should be allowed but only on the condition that it does not effect the cost of living. When the gold market begins to have a direct influence on several million people, it is obvious that it should be controlled and this dangerous condition has manifested itself in Egypt during the last few days.

0602

JOHN BRINTON,  
 Capt., MI,  
 Asst. Military Attaché.

APPROVED AND FORWARDED

JOHN W. DREGGE  
 Lt. Col., G.S.C.,  
 Military Attaché.

JB/eet

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 BY CP MARA D315 5/9/60

## PARAPHRASE OF TELEGRAM RECEIVED

OCT 23 1944

FROM: American Embassy, London  
 TO: Secretary of State, Washington  
 DATE: October 13, 1944  
 RE: 8397

SECRET

RE URGENT - Message given below is for SWA, Treasury and the Department.

Reference is made herewith to the Department's September 29 telegram No. 7566.

Today SWA has, after further discussion with British Treasury, instructed representatives at Madrid, Lisbon, Ankara, and Stockholm to join in efforts to have these governments adopt the desired gold policy by presenting a note terms of which are given below in summary form. However, not until the missions are given final instructions by SWA and themselves and you have had an opportunity to consider the present telegram is this note to be presented.

Reference is made in the first paragraph of the note to February 22 declaration relative to looted gold and October 2 note on resolution six of Bretton Woods Conference. In paragraph two the statement is made that there is ample evidence that all of Germany's pre-war gold stocks have been exhausted and therefore it is presumed gold in their possession now is looted gold. Paragraph three states that British Government "expects" neutral governments concerned to take steps which are outlined in exact terms of the formula contained in Department's September 1 instructions to missions.

It is felt by SWA that matter could be handled best by the simple presentation of a note, reply to which would not be expected, rather than by initiating discussions which might possibly be prolonged, or the demanding of an undertaking which could only be considered negotiating in fact. Although instructions from SWA to U.K. missions do not appear materially to conflict with the Department's September 1 instructions to American missions, a desire on the Department's part to have missions urge adoption of the policy and obtain an undertaking as is actually being done with the Swiss, is indicated in the exchange of telegrams with the Department. There is no desire on the part of SWA to change policy towards the Swiss since the effort is under way already and if the views expressed above meet with Department's approval Embassy will arrange to have immediate instructions to ~~present~~ sent to both missions in each country.

No Action Required

Action Taken attached memo

for file of 10-3844

WILANT.

DRAFTED 10/19/44

Refer to Application No.

In Process

cc: 10-21-44

Distributed to: Mr. Bell (Mr. Fishwick); Mr. Waite (Mr. Fisher-Craig.); Mr. Luford; Mr. Bohuncik; Mr. Fisher; Mr. Tominson; Mr. Cutrow; Mrs. Gold; Mr. Bernstein; Mr. Glasco; Mr. Moss.

FROM Mrs. Pontaine - Room 3457

cc: 10/2/44 For Information - Messrs. Schmidt, Richards, Gilbert, Miss Sullivan, J. C. Jones, Mrs. Lewis, Greene, Lynn, Blane, O'Flaherty, Brenner, Bennett, Robinson, alk, Lesser, Ball, May, Mrs. R. Smartz, Rockovits, NY Fed., General Records, "Garrison"

For Action: Mr. Feig

JB/3b

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 BY GO HARA Date 5/9/80

O P Y

2 copies

October 23, 1944

MEMORANDUM FOR THE FILES

**Subject:** Presentation of a Note on Gold Policy  
 to the Neutrals

Reference is made to cable No. 8897, October 18, 1944 from London which states that MEW has instructed representatives at Madrid, Lisbon, Ankara and Stockholm to endeavor to have those Governments adopt the desired gold policy by presenting a note which (1) would refer to the February 22 Declaration on looted gold and the October 2 note on Resolution VI of the Bretton Woods Conference, (2) would state that there is ample evidence that all of Germany's prewar gold stocks have been exhausted and that it is therefore presumed that gold now in Germany's possession is looted gold and (3) would state that the British Government "expects" neutral Governments to take the steps which were outlined in our September 1 instructions to the Missions. MEW feels that the matter should be handled by the simple presentation of a note, reply to which would not be expected, rather than by initiating discussions or demanding an undertaking. MEW suggests no change in procedure vis a vis the Swiss since discussions have already begun with that Government. Although the cable indicates that instructions have been sent to the British Missions, no action would be taken until our views were obtained.

Since the British proposal represents a change in procedure whereby the technique adopted in conjunction with the presentation of Resolution VI of the Bretton Woods Conference would be employed in lieu of asking the Governments concerned to accept an undertaking, the matter was recanvassed with Treasury with Messrs. Glasser, DuBois, Schmidt and Richards. The consensus that there was merit in the British proposal, inasmuch as there was considerable doubt as to whether the neutral Governments would formally adopt the policy proposed, and that in order to expedite action it would be desirable to authorize our Embassy in London to issue instructions similar to those already issued by the British. The matter was then discussed with State and FEA. In both instances there was some reluctance to accede to the change in procedure but both agreed that in the interest of expediency the alternative proposal was acceptable. The following text of a cable was therefore agreed upon:

"Although this Government feels re your telegram 8897, October 18, 1944 that it would be desirable to obtain commitment from the neutral Governments, in a procedure similar to that now being followed with respect to Switzerland, this

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Author: NND968103  
 By: GN HARA Date: 5/9/00

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Division of Monetary  
Research

Government is not (repeat not) prepared to insist upon this matter in view of the position now taken by the British. In the interests of expediting action on presentation of the gold notes you are authorized to inform the British and the Missions in Stockholm, Lisbon, Ankara and Madrid that immediate action should be taken along lines indicated by MEW. Without further consultation with the Department you may therefore issue instructions to the above-mentioned Missions and arrange for simultaneous action by the British and our Missions in the countries named. Please request Missions to inform the Department, Treasury and FEA of action taken and of any subsequent developments."

While Treasury considered that the first sentence (authored by State) did not add anything to the message and unduly stressed the idea that we were giving in to the British on this matter, it was not felt that an issue should be made of this question. Treasury's objection was presented to State but State insisted that it was desirable to reserve our position and to indicate that this was an instance in which we had deferred to the wishes of the British so that it could be used as a bargaining point in future discussions on other matters. In view of State's insistence on this point the issue was not pressed and Treasury clearance was given to the above message. The cable still requires clearance from the political department in State and copies of the outgoing cable will be distributed when received.

Allan J. Fisher

cc: Mr. Glasser  
 Mr. Taylor  
 Mr. Richards  
 Mr. McNeill

AJF:er 10/28/44

copied to: Mr. Bennett  
 Mr. Sachs  
 Mr. Gilbert  
 Mr. Feig ✓

ems - 10/30/44

225865

RG 131  
 Entry FFC Gen  
 File Gold Note  
 Box 388 circ

DECLASSIFIED

NND968103  
 BY GO MARA D-15 5/9/60C  
O  
P  
YIN  
October 28, 1944MEMORANDUM FOR THE FILES

Subject: Presentation of a Note on Gold Policy  
 to the Neutrals.

Reference is made to cable No. 8897, October 18, 1944 from London which states that MEW has instructed representatives at Madrid, Lisbon, Ankara and Stockholm to endeavor to have those Governments adopt the desired gold policy by presenting a note which (1) would refer to the February 22 Declaration on looted gold and the October 2 note on Resolution VI of the Bretton Woods Conference, (2) would state that there is ample evidence that all of Germany's prewar gold stocks have been exhausted and that it is therefore presumed that gold now in Germany's possession is looted gold and (3) would state that the British Government "expects" neutral Governments to take the steps which were outlined in our September 1 instructions to the Missions. MEW feels that the matter should be handled by the simple presentation of a note, reply to which would not be expected, rather than by initiating discussions or demanding an undertaking. MEW suggests no change in procedure vis a vis the Swiss since discussions have already begun with that Government. Although the cable indicates that instructions have been sent to the British Missions, no action would be taken until our views were obtained.

Since the British proposal represents a change in procedure whereby the technique adopted in conjunction with the presentation of Resolution VI of the Bretton Woods Conference would be employed in lieu of asking the Governments concerned to accept an undertaking, the matter was recanvassed with Treasury with Messrs. Glasser, DuBois, Schmidt and Richards. The concensus that there was merit in the British proposal, inasmuch as there was considerable doubt as to whether the neutral Governments would formally adopt the policy proposed, and that in order to expedite action it would be desirable to authorize our Embassy in London to issue instructions similar to those already issued by the British. The matter was then discussed with State and FEA. In both instances there was some reluctance to accede to the change in procedure but both agreed that in the interest of expediency the alternative proposal was acceptable. The following text of a cable was therefore agreed upon:

Although this Government feels re your telegram 8897, Oct 18, 1944 that it would be desirable to obtain commitment from the neutral Governments, in a procedure similar to that now being followed with respect to Switzerland, this

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Auto NND968103  
By GS HARA Date 5/9/00

- 2 -

Division of Monetary  
Research

Government is not (repeat not) prepared to insist upon this matter in view of the position now taken by the British. In the interests of expediting action on presentation of the gold notes you are authorized to inform the British and the Missions in Stockholm, Lisbon, Ankara and Madrid that immediate action should be taken along lines indicated by MEW. Without further consultation with the Department you may therefore issue instructions to the above-mentioned Missions and arrange for simultaneous action by the British and our Missions in the countries named. Please request Missions to inform the Department, Treasury and FEA of action taken and of any subsequent developments."

While Treasury considered that the first sentence (authored by State) did not add anything to the message and unduly stressed the idea that we were giving in to the British on this matter, it was not felt that an issue should be made of this question. Treasury's objection was presented to State but State insisted that it was desirable to reserve our position and to indicate that this was an instance in which we had deferred to the wishes of the British so that it could be used as a bargaining point in future discussions on other matters. In view of State's insistence on this point the issue was not pressed and Treasury clearance was given to the above message. The cable still requires clearance from the political department in State and copies of the outgoing cable will be distributed when received.

Allan J. Fisher

cc: Mr. Glasser  
 Mr. Taylor  
 Mr. Richards  
 Mr. McNeil

AJF:er 10/28/44

copied to: Mr. Bennett  
 Mr. Sachs  
 Mr. Gilbert  
 Mr. Feig

ems - 10/30/44

225867

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 Entry FFC Glen NND968103  
 File Gold Note BY GO MARA Date 5/9/60  
 Box 388 exx

Received Monetary Research - CAS

PARAPHRASE OF TELEGRAM SENT

OCT 23 1944

FROM: Secretary of State, Washington  
 TO: American Embassy, London  
 DATED: September 29, 1944  
 NO.: 7066

CONFIDENTIAL

FEC, Department, and Treasury send the following.

Message given below refers to proposed statement of a gold policy and especially refers to questions which the British raised and which were discussed in your cable of September 15, 1944, No. 7635.

(1) In the Department's telegram of September 1, 1944, No. 7080, it was not intended that the use of the word "negotiations" should carry the implication that our missions in Portugal, Turkey, Spain, Sweden, or Switzerland should accept a compromise undertaking or bargain with the governments concerned. We intended to give our missions in the above named countries instructions to present to governments to which they are accredited the statement of the gold policy and to urge them to adhere to it without offering any inducements to them in connection with such an adherence. Neither did we intend to consider any modification or weakening of the statement proposed.

(2) The proposed gold policy's adoption will not result in our condoning past dealings in looted gold. Countries adhering to the proposed gold policy will not be free from questioning regarding gold transactions. The United States and other United Nations, after the war, must face the problems involved in clarifying the position of looted property, including looted gold, which neutral countries acquired during the war from the Axis. Furthermore it would not be possible for us to foreclose nations from whom gold has been stolen from taking appropriate action.

(3) We are reviewing here the suggestion by FEC that expression of our views on this matter should go to the governments of Latin America. The problem of bringing our policy to Argentina's attention will be given special attention in this connection.

(4) We request that the desirability of bringing the gold policy to the attention of the above mentioned neutral governments without delay be impressed by you upon the British in view of the urgency of this matter. It is believed that there is no reason for not making a substantially simultaneous approach to all the countries concerned. In Washington, consideration has already been given to the different position of Turkey because of the rupture of relations with Germany by that country. An extract (in paraphrase) from our airgram to our mission in Ankara, dated September 2, 1944, No. A-146, is given below for your information:

No difficulty in obtaining Turkey's concurrence in desired gold policy should be encountered in view of Turkey's break with Germany. Immediate action by Turkey to refuse to purchase axis-tainted gold from neutral countries in Europe (it is assumed that Turkey will not knowingly now purchase gold from Germany) would be a substantial contribution toward making more difficult

cc: 10/27/44 For Information: Messrs. Schmidt, Sachs, Richards, Feig,  
 Miss Scullen, Luxford, Crenner, Blake, Robinson, Bennett,  
 O'Flaherty, Mrs. Schwartz, Hartwig, DuBois, J.C. Jones,  
 Gilbert, Lunn, Alk, Ball, Lesser, Day, NY Fed.,  
 General Records "Gold"

JD:e

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 File Gold Note BY GP HARA Date 5/9/80  
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- 2 -

the attempts of Germany to obtain needed foreign exchange by sale of gold. Furthermore, gold which was imported before break in relations with Germany might be in process of transfer within the border of Turkey.

Possibility that an approach to less than all of these countries might result in Germany focusing attention upon those countries or that country to which an approach had not been made emphasizes the importance of making substantially simultaneous approaches to the countries involved. However, if it is strongly felt by the British that an approach to Turkey should be modified or postponed for reasons which are not apparent here, it is strongly desired to achieve a joint and simultaneous approach to Spain, Portugal, and Sweden rather than delay such an approach until such time as the Turkish matter is eventually solved. Therefore, it is our position that there should be pressed upon the British the advisability of a simultaneous approach to all countries concerned with an explanation that in recognition of Turkey's rupture of relations with Germany an additional statement might be made in presenting any note to Turkey. It is urged that a simultaneous approach to the other three countries be made without delay if simultaneous approach to all countries involved should not be advisable.

(5) Without further reference to Department, you are requested to advise our missions in the countries concerned, as was indicated in Department's telegram of September 1, No. 7080, as soon as British concurrence on these matters is received.

(6) British reactions to these proposals, including special attention to their attitude on the Turkish matter, should be reported to the Department.

HULL

The above message was repeated to AmLegation Bern as No. 3364 with the following concluding paragraph:

We are repeating to you for your information the above telegram, believed to be self-explanatory, which has been sent to London in further explanation of the gold policy which was the subject of Department's telegram of August 7, 1944, No. 2713, and subsequent communications. Please indicate in this connection what, if any, reaction has been noted or received in the Swiss Government with respect to the presentation of your note, reference your telegram of August 24, No. 5549.

The above message repeated to AmbEmbassy, Madrid, as No. 2666, with following concluding paragraph:

For your information and in answer to your telegram of September 11, 1944, No. 3105, we are repeating to you the above message which has been sent to the American Embassy in London.

The above message also repeated to AmLegation, Stockholm as No. 1952 (for the attention of Mr. Olsen) and to AmbEmbassy, Lisbon, as No. 2637 (for the attention of Mr. Wood) with the following concluding paragraph:

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Auton. NNN968103  
 By EN MARA Date 5/9/00

- 3 -

We are repeating to you for your information the above cable, believed to be self-explanatory, which was sent to the American Embassy in London in further explanation of the gold policy which was the subject of Department's airgram to AmbEmbassy, Lisbon, dated September 2, No. A-706 and Airgram to Amblegation, Stockholm, No. A-286.

FSA:JSR:jd  
 Paraphrased:  
 DGR:IDE:krm 10/6/44

ef:copy  
 10-18-44

Distributed to: Mr. Bell(Mr. Dietrich); Mr. White (Mr. Glasser-orig.); Mr. Luxford; Mr. Schmidt; Mr. Casady; Mr. Ostrow; Mr. Fisher; Mr. Nathan; Mrs. Gold; Mr. Tomlinson; Mr. Bernstein; Mr. Glazner; Mr. Ness.

From Mrs. Fontaine - Room 3457

225870

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Authority NND 968 103  
by GD HARA Date 5/9/60

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Box 388 enc

IN

September 19, 1944

## PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMBASSY, London  
 TO: Secretary of State, Washington  
 DATED: September 15, 1944  
 NUMBER: 7635

SECRET

Department's 7080, September 1, 1944

This message is for Treasury, NSA and the Department.

The Embassy is advised by MHW that, in consultations with other departments, there have been raised certain objections to the method of attaining the end of inducing neutrals to adopt the policy desired. Basis of the objections which we believe come from the British Treasury are (A) the utilization of the word "negotiations" in the instructions of the Department to the Missions which might carry the implication that we should be ready to bargain with the governments concerned and possibly might accept a compromise undertaking which might tie our hands in the future and (B) a fear that there might be implied the acceptance of undertakings a condonation of past dealings in looted gold on the part of the countries concerned before an undertaking is given. The belief is expressed by MHW that you do not imply negotiation in the sense of bargaining or the offer to the neutrals of any inducement to give us an undertaking and if, as they suppose, the proposal is that we should propound the Swiss formula to the governments concerned and simply invite them to accept it, they will, on this basis, make an additional approach to the Treasury. In addition, MHW adds that it may not be expedient, in view of other present or pending discussions, to make representations on the subject simultaneously to all concerned neutrals. This reservation, the Embassy believes, refers only to Turkey. Confirmation that the above is in conformity with the views of the Department is requested by the Embassy, which points out that it would be necessary to make minor amendments to the instructions to the Missions.

It is pointed out by MHW that Nazi industrialists and leaders might utilize submarines to find safe places for loot outside of Europe. Therefore, MHW asks if like approaches should not be made in Latin American countries also.

WIGANT

9-18-44

HCR:MS

225871

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 File Gold Note  
 Box 388

DECLASSIFIED  
 Authority NND968103  
 By GP HARA Date 5/9/80

September 19, 1944

IN

## PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMEMBASSY, London  
 TO: Secretary of State, Washington  
 DATED: September 15, 1944  
 NUMBER: 7635

SECRET

Department's 7080, September 1, 1944

This message is for Treasury, PEA and the Department.

The Embassy is advised by MEW that, in consultations with other departments, there have been raised certain objections to the method of attaining the end of inducing neutrals to adopt the gold policy desired. Basis of the objections which we believe come from the British Treasury are (A) the utilization of the word "negotiations" in the instructions of the Department to the Missions which might carry the implication that we should be ready to bargain with the governments concerned and possibly might accept a compromise undertaking which might tie our hands in the future and (B) a fear that there might be implied by the acceptance of undertakings a condonation of past dealings in looted gold on the part of the countries concerned before an undertaking is given. The belief is expressed by MEW that you do not imply negotiation in the sense of bargaining or the offer to the neutrals of any inducement to give us an undertaking and if, as they suppose, the proposal is that we should propound the Swiss formula to the governments concerned and simply invite them to accept it, they will, on this basis, make an additional approach to the Treasury. In addition, MEW adds that it may not be expedient, in view of other present or pending discussions, to make representations on the subject simultaneously to all concerned neutrals. This reservation, the Embassy believes, refers only to Turkey. Confirmation that the above is in conformity with the views of the Department is requested by the Embassy, which points out that it would be necessary to make minor amendments to the instructions to the Missions.

It is pointed out by MEW that Nazi industrialists and leaders might utilize submarines to find safe places for loot outside of Europe. Therefore, MEW asks if like approaches should not be made in Latin American countries also.

WINANT

9-18-44

EGR:EMS

cc: 9/25/44 For Information - Messrs. Schmidt, Sachs, Miss Scullen, Feig, Luxford, Brenner, Blake, Robinson, Fisher, Hartwig, DuBois, NY Fed.

JB/t

225872

RG 131  
 Entry FFC Gen  
 File Gold Note  
 Box 388

DECLASSIFIED

Author: NND968103  
 BY: 60 MARA DGA 5/9/60

I N

Recd from.

Nov 13 1960

## OFFICIAL TEXT OF SWISSIAN NOTE

To: Secretary of State, Washington  
 American Legation, Bern  
 Dated: September 8, 1944  
 File No.: 3104

RECORDED

From the Department, Treasury and F.R.A.

For your information, the Missions in Portugal, Spain, Sweden and Turkey are being authorized, provided the British Concur, to commence negotiations with the governments to which they are accredited, looking toward the immediate acceptance by those governments of a gold policy similar to that outlined in our cable No. 2398 of July 26. In the further consideration of the subject, it has been deemed desirable to substitute Axis for Germany in the statement of policy, and to extend the prohibition in each instance to governments, entities and persons. (changed) In order to make the statements of policy uniform, however, you may desire at an appropriate time during the discussions to substitute the following statement for that contained in Department's 2398, unless Swiss acceptance of the program would be jeopardized by such substitution.

'On their own behalf the Government of Switzerland will not acquire any interest in or receive for deposit gold in which any government, entity or person in occupied territories or Axis and associated countries has an interest and will prohibit the receipt or liquidation of such gold or of any interest in such gold by entities or persons within Swiss jurisdiction, including the Swiss National Bank. Moreover, the Swiss Government will not permit the import into Switzerland, for safe-keeping or for storage in bond, of gold in which any government, entity or person in occupied territories or Axis and associated countries has an interest, nor will they permit Swiss francs or other currencies to be made available for or against gold already held in Switzerland for or on behalf of any such government, entity or person.'

You will be kept informed of the progress of negotiations in the other European neutral countries so that appropriate use of the information may be made in your conversations with the Swiss Government.

Reproduced to Bureau 27272.

RECORDED

of copy  
11-11-44

Distributed to: Mr. Bell (Mr. District); Mr. Blaue (Mr. Fisher); Mr. Linsford; Mr. Bohunick; Mr. Fisher; Mr. Gouraud; Mr. Goldin; Mr. Mikusell; Mr. Bernstein; Mr. Gasson; Mr. Hans.

From Attn. Fontaine - Room 2437

cc: 11/16/44 For Information: Messrs Schmidt, Richards, Gilbert, Feig (3), Miss Scullen, J. C. Jones, Mrs. Lewis, Greene, Dunn, Blaue, O'Flaherty, Preanner, Hartwig, Bennett, Robinson, Alt, Lesser, Guterman, Daniels, May, Mrs. R. Sharts, Beckwith, Mr. and General Headquarters "Gold"  
Other:

225873

RG 131  
Entry FFC Gen  
File Gold Note  
Box 388 exx

DECLASSIFIED

NND968103

FD 590 MPA Date 5/9/00

IN

Rec'd from [unclear]

Nov 13 1944

## ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington  
TO: American Legation, Bern  
DATE: September 8, 1944  
NO.: 5104

SECRET

From the Department, Treasury and SWA.

For your information, the Missions in Portugal, Spain, Sweden and Turkey are being authorized, provided the British concur, to commence negotiations with the Governments to which they are accredited, looking toward the immediate acceptance by those Governments of a gold policy similar to that outlined in our cable No. 2558 of July 26. In the further consideration of the subject, it has been deemed desirable to substitute Axis for Germany in the statement of policy, and to extend the prohibition in such instance to Governments, entities and persons. (changed) In order to make the statements of policy uniform, however, you may desire at an appropriate time during the discussions to substitute the following statement for that contained in Department's 2558, unless Swiss acceptance of the program would be jeopardized by such substitution.

"On their own behalf the Government of Switzerland will not acquire any interest in or receive for deposit gold in which any Government, entity or person in occupied territories or Axis and associated countries has an interest and will prohibit the receipt or acquisition of such gold or of any interest in such gold by entities or persons within Swiss jurisdiction, including the Swiss National Bank. Moreover, the Swiss Government will not permit the import into Switzerland, for safe-keeping or for storage in bond, of gold in which any Government, entity or person in occupied territories or Axis and associated countries has an interest, nor will they permit Swiss francs or other currencies to be made available for or against gold already held in Switzerland for or on behalf of any such Government, entity or person."

You will be kept informed of the progress of negotiations in the other European neutral countries so that appropriate use of the information may be made in your conversations with the Swiss Government.

Repeated to London 67372.

HILL

cc: copy

11-11-44

Distributed to: Mr. Bell (Mr. Dietrich); Mr. White (Mr. Fisher); Mr. Luxford; Mr. Bohunick; Mr. Fisher; Mr. Untrow; Mr. Tolinson; Mr. Gold; Mr. Mikusoff; Mr. Bernstein; Mr. Glasser; Mr. Hess.

From Mrs. Fontaine - Room 2457

cc: 11/16/44 For Information Messrs Schmidt, Richards, Gilbert, Feig (3), Miss Scullen, J. C. Jones, Mrs. Lewis, Greene, Lynn, Blake, O'Flaherty, Brenner, Hartwig, Bennett, Robinson, Ali, Lesser, Zimmerman, Lubois, Day, Mrs. R. Schwartz, Moskovitz, NY Fed. General Records: "Gold"

JDi:CR

225874

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Entry FFC Gen  
File Gold Note  
Box 388 ex

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Auton NND968103  
By GJ MARA Date 5/9/00

IN

AUG 30 1944 *Good*

## PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern  
 TO: Secretary of State, Washington  
 Date: August 12, 1944  
 No.: 5238

CONFIDENTIAL

The message given below has been repeated as Cable No. 1427 to London.

Reference is made herewith to the Department's June 9 telegram No. 1978 which was repeated as Department's cable No. 4579 to London; and to the final paragraph of Department's August 7 cable no. 2713.

We have been advised by American international lawyer, with whom question was raised, and Paragraph 3 in first reference cable was discreetly discussed, a third party claiming ownership of looted gold, of course, could file suit in Swiss courts in effort to establish legal claim to gold which has been brought from enemy territory into Switzerland. However, lawyer's option is that unless gold against which claim of ownership was filed bore distinctive markings, which claimants could prove to be these which identified gold in documents proving claimants ownership thereto, claimants would obviously have little or no chance to obtain favorable decision from court; lawyer believes claimants would have no chance whatsoever in obtaining favorable decisions of court in case of gold currency unless they bore distinctive markings by which claimants could prove ownership and substantiated by documentation clearly referring to such identifying markings.

HARRISON

DCR:EBH 8/14/44

ef:copy  
S-25-44

Distributed to: Mr. Bell (Mr. Dietrich); Mr. White (Mr. Fisher-Orig.); Mr. Luxford; Mr. Schmidt; Mr. Fisher; Mr. Tomlinson; Mr. Bernstein; Mr. Glasser; Mr. Taylor; Mr. Ness.

From Mrs. Fontaine - Room 225

cc: 9/4/44 For Information: Messrs. Feig, Gilbert, Sachs, Schmidt, Eremmer, Robinson, Hartwig, DuBois, Miss Scullen (2), NY Fed.

FOB:e Note: Telegrams 1978 and 2713, herein referred to have been requested from State Department. When this material comes in a copy will be forwarded to you.

225875

RG 131  
 Entry FFC Gen  
 File Gold Note  
 Box 388 excc

DECLASSIFIED

Authority NND968103  
 By GU MAPA Date 5/9/80

IN  
August 7, 1944

This telegram must be paraphrased before being communicated to anyone other than a Governmental Agency. (SECRET O)  
 Foreign Economic Administration

AUG 30 1944

AMEMBASSY,  
 LONDON.

6224 - FROM DEPARTMENT, TREASURY AND FEA.

SECRET. Your 3853, May 11, Department's 4579, June 9, Bern's 4137, June 29, and Department's 5332 and 5333, July 6 to London, repeated to Bern as 2308, July 6, and A-2558, July 26, respectively.

One. We have cabled Bern our #2713 of 8/7/44 substantially as follows: QUOTE  
 One. We consider the early adoption by the Swiss Government of a gold policy which would be in conformity with the objectives of the gold declaration of February 22, 1944, of greatest importance. Since present trade negotiations with the Swiss may be prolonged, we are now proposing to London that the discussions with respect to gold be divorced from the trade negotiations forthwith. You are authorized to commence negotiations with the Swiss directed at the immediate acceptance by the Swiss Government of the gold policy set forth in our 5333 of July 6 to London repeated to you as Department's A-2558 and commended upon in Department's 2308 to Bern. We are requesting the London Embassy to obtain the agreement of the British Government similarly to instruct its minister at Bern. Accordingly, you should wait until you have been advised by the American Embassy in London that instructions have gone forward from the British Government before approaching the Swiss on this matter. Two. So far we have not received comments from you on the suggestion in paragraph 3 of the Department's 1978, June 9 to Bern repeated to London as 4579 of June 9. Your comments on this suggestion are urgently requested, repeated to London. END QUOTE.

Two. You are hereby authorized to divorce the gold clause issue from the trade negotiations forthwith. As we consider this matter to be urgent, we hope you will succeed in obtaining British concurrence at the earliest possible date to the proposal in the cable quoted in One above. You should advise our Minister at Bern as soon as parallel instructions have gone forward from the British Government. If any delay is indicated please cable us full details immediately.

Three. You are also requested to discuss with the British the desirability of instituting negotiations with the Governments of Sweden, Portugal, Spain and Turkey of a similar gold policy. The gold clause accepted by Sweden last year fell considerably short of the presently proposed gold policy.

cc: 9/5/44 For Information: Messrs. Blake, Miss Scullen, Feig, Schmidt, Luxford, Brenner, Fisher, Robinson, Hartwig, DuBois

EOB:e

225876

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Entry FFC Gen  
File Gold Note  
Box 388

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Auto NND968103  
By GD HAPA Date 5/9/80

- 2 -

Four. It is suggested that you discuss with the British the advisability and feasibility of lawsuits in Swiss courts which could be initiated forthwith jointly or severally by the Governments-in-exile who are the rightful owners of this gold. If the British agree, it is suggested that an approach be made forthwith to the Governments-in-exile, and that the advantages of immediately filing suit in the courts of Switzerland and other neutral countries be pointed out to them. It is our view that such suits would provide the Swiss Government with additional reason to refuse the purchase of German gold because title is actually questioned in their own courts. Negotiations with the Swiss Government directed toward adoption by them of a satisfactory gold policy should not be delayed however, pending decision on the matter of lawsuits.

Five. If the desired gold policy is not adopted by the Swiss prior to the conclusion of current trade negotiations, a clause providing that no gold will be accepted as payment for Swiss goods exported to Germany should be incorporated in the trade agreement in order to force the enemy to increase exports.

STETTINIUS  
(ACTING)  
(RH)

WT Stone  
Liaison  
BA-813-S Homer Jr:mp  
7-26-44

DCR:RH:ATM FMA WE MCN

NEA WT ME EH

ef:copy  
8-26-44

Distributed to: Mr. Sell (Mr. Dietrich); Mr. White (Mr. Fisher-Orig.); Mr. Luxford; Mr. Casaday; Mr. Fisher; Mr. Tomlinson; Mr. Ostrow; Mr. Schmidt; Mr. Richards; Mr. Bernstein; Mr. Glasser; Mr. Taylor; Mr. Ness.

From Mrs. Fontaine - Room 225

225877

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Entry FFC Gien  
File Joint Trustee  
Account 288DECLASSIFIED  
Authority NND96803  
By GIN HARA D3155900

225878

MOVEMENT OF FOREIGN CURRENCY DEPOSITSUP TO 31ST AUGUST, 1945.

1. Official German funds released by the Spanish Ministry of Foreign Affairs from the Instituto de Moneda and placed in safe custody with the Anglo South American Bank Ltd., Madrid on 1st August, 1945:-

In notes :-

(a)	German Reichmarks	327,630.97
(b)	French Francs	927,130.15
(c)	English Pounds	2,927.18.1
(d)	U.S. Dollars	5,721.50
(e)	Dutch Florins	2,615.00
(f)	Portuguese Escudos	100,000.00

In gold coins :-

(g)	Belgian Francs	35,360.00	{ 1,768 pieces of 20
(h)	French Francs	25,190.00	{ 1,141 " " 20
			{ 8 " " 40
			{ 1 piece of 50
(i)	Italian Liras	28,320.00	{ 1,416 pieces " 20
(j)	Greek Drachmas	160.00	{ 8 " " 20
(k)	Austrian Florins	240.00	{ 30 " " 8
(l)	Spanish Pesetas	40.00	{ 2 " " 20
(m)	Russian Rubles	7.50	{ 1 piece of 7.50)
(n)	English Sovereigns	1,184.-	{ in various pieces )
(o)	U.S. Dollars	730.00	{ 25 pieces of 20)
(p)	Tunisian Francs	180.00	{ 23 " " 10)
			{ 9 " " 20)

2. Various amounts deposited in the American Embassy, Madrid :-

- (a) 40,000 Gold Francs (in approximately 2,000 pieces) handed over by former German Embassy employee on 11th May, 1945.
- (b) 50,000 Swiss Francs handed over by former German Embassy employee on 14th May, 1945.
- (c) 1,000 English Pounds handed over by former German Embassy employee on 14th May, 1945.
- (d) 13,600 French Francs found at ex-German Ambassador's residence, Hermanos Becquer 3, Madrid on 11th June, 1945.
- (e) 1,000 English gold Sovereigns found at ex-German Embassy, Av. Generalissimo 4, Madrid on 20th June, 1945.

3. Deposited in Central Fund Offices, Madrid :-

- (a) 49.25 French Francs found at ex-German Ambassador's residence, Hermanos Becquer 3, Madrid on 9th June, 1945.

Withdrawals.

- 1(f) The 100,000 Portuguese Escudos placed in safe custody with the Anglo South American Bank Ltd., Madrid, were withdrawn on the 11th August, 1945 and were transmitted to the British, American and French Embassies in Lisbon to be utilised by them in regard to the Trusteeship of the Allied Control Commission in Portugal.

We, the undersigned, designated as local representatives by the British and American Embassies in Madrid, which are acting as Trustees for the Allied Control Commission for Germany, jointly certify that to our best knowledge and belief, the above is a true record of all movements of foreign currency deposits up to 31st August, 1945.

(Sgd.) Charles Gilbert.

(Sgd.) G. Sangster.

Vice Consul of the U.S.A.

Financial Secretary of the Br. Embassy.

## BRITISH &amp; AMERICAN EMBASSIES

JOINT ADVISORY ACCOUNT NUMBER  
Serial No 1031st August 1945.

225879

Receipts & Payments Account As At 22nd No 1031st August 1945.		Total	Official	Parastatal	On
		Total	Official	Parastatal	
Madrid District.					
Repairs to Properties		180.60	59.40	101.20	
Water Rates		770.10	770.10		
Electricity		265.75	265.75		
Telephones		809.05	545.15	363.90	
Bundaries		252.40	252.40		
Transport		1,407.00	1,407.00		
Habes		9,306.00	6,502.00	804.00	
Administration.					
General Preliminary Expenses		392.00	392.00		
Transport		28.00	28.00		
Salaries & Expenses (Intelligence)		10,775.75	10,775.75		
Wages		4,162.00	4,162.00		
28,627.65		27,158.55		1,869.10	
Advances recoverable :-					
Consulates, Barcelona		16,000.00	16,000.00		
" " Malaga		3,400.00	3,400.00		
" " Vigo		3,500.00	3,500.00		
" " Las Palmas		2,000.00	2,000.00		
" " Valencia		5,000.00	5,000.00		
" " Bilbao		3,500.00	3,500.00		
30,000.00		30,000.00			
Madrid District					
Advances to Sofindus & Subsidiary Companies, recoverable		63,672.90			
Balance carried down :-					
Anglo S.A. Bank No.1 20,476,035.15		16,000.00			
Anglo S.A. Bank No.2 10,806,999.00		3,400.00			
Cash in hand 19,499.42		3,500.00			
31,202,533.60		30,000.00			
155,900.55		90,558.55			
21,428,024.15		21,052,349.05			
21,052,349.05		21,052,349.05			
402,685.10		402,685.10			
31,202,533.60		31,202,533.60			
brought down					
21,428,024.15		21,052,349.05			
21,052,349.05		21,052,349.05			
402,685.10		402,685.10			
31,202,533.60		31,202,533.60			

We, the undersigned, designated as representatives by the British and American Embassies in Madrid, which are acting as trustees of the Allied Control Commission for Germany, jointly certify that to our best knowledge and belief the above Receipts & Payments Account up to 31st August, 1945 is correct.

(Sgd.) Charles Gilbert.

Vice Consul of the  
United States of America.(Sgd.) G. Sangster.  
Financial Secretary of the  
British Embassy, Madrid.

REF ID: A1147705

REF ID: A1147705

REPRODUCED AT THE NATIONAL ARCHIVES

BUCHEN OF AMERICAN EMBASSIES

Receipts & Payments Account 1A

Madrid District.

Proceeds from Sales of  
Furniture

Proceeds from Sale of part  
stock of Paper (printing)

Administration.

Official German Relief Funds

Official ex-German Embassy  
Funds

Official ex-German Embassy  
Funds

Official ex-German Embassy,  
Lisbon Funds, transferred  
from Lisbon

"Luftwaffen" Spain, Funds

JOINT TRUSTEE ACCOUNT, MADRID.  
Positive in the Year April 1, 1945.

REPRODUCED AT THE NATIONAL ARCHIVES

RG 131  
Entry FFC Gren  
File Joint Trustee  
Box 388

DECLASSIFIED  
Avion NND968/03  
By G.N. HARA Date 5/9/80

31,302.50  
31,458.00

Total	Official	Parasitato
Proceeds from Sales of Furniture	53,900.00	53,900.00
Proceeds from Sale of part stock of Paper (printing)	240,470.00	240,470.00
<u>Administration.</u>		
Official German Relief Funds	9,000,000.00	9,000,000.00
Official ex-German Embassy Funds	20,476,035.15	20,476,035.15
Official ex-German Embassy Funds	84,000.00	84,000.00
Official ex-German Embassy, Lisbon Funds, transferred from Lisbon	1,200,943.90	1,200,943.90
"Luftwaffen" Spain, Funds	402,685.10	402,685.10

Advances Recoverable :-  
Consulates, Barcelona  
" Málaga  
" Vigo  
" Las Palmas  
" Valencia  
" Bilbao  
Madrid District  
Advances to Sofindus &  
Subsidiary Companies, recoverable

Balance carried down :-  
Anglo S.A. Bank No. 1 20,476,035.15  
Anglo S.A. Bank No. 2 10,606,999.00  
Cash in hand 19,499.45

31,302,533.60	30,964,790.30	337,743.10
31,458,034.15	31,055,349.05	402,685.10

Balance brought down

225880

RG 131  
Entry FFC GénDECLASSIFIED  
Authority NND968103RG 131  
Entry FFC Gén  
File Instructions to  
Intelligence Agencies  
Box 388DECLASSIFIED  
Authority NND968103  
By GS HAPA Date 5/9/00*Just to Intelligence Agencies*

## MEMORANDUM FOR THE FILES

March 22, 1945

Subject: Conversation with Lt. Putzell and Mr. Hullwinkle of O.S.S.

*General*

Some time ago the Secretary put me in touch with Lt. Putzell of O.S.S. who is in the office of Col. Donovan. Lt. Putzell came to see me today to discuss O.S.S. plans for carrying on investigations in Europe relative to the Safehaven project. Lt. Putzell brought with him Mr. Hullwinkle who is developing the O.S.S. plans for this field of activity.

During the course of our conversation, we discussed briefly the significance of the accomplishments of the Currie Mission in Switzerland. Apparently, O.S.S. had had a few reports from Allen Dulles who heads their office in Switzerland. Lt. Putzell felt that by getting Switzerland to freeze the German assets, to take a census, and to investigate any German undercover financial operations, the scope of the O.S.S. had been substantially increased in that O.S.S. would now be able to obtain from the Swiss much valuable information concerning German operations that would otherwise have been very difficult to obtain. Lt. Putzell renewed the offer of O.S.S. to obtain for us any information that would be valuable to our operations and suggested that should we so desire, Mr. Hullwinkle would talk to a group of treasury people concerning O.S.S. plans and possibilities.

(Initialed) O.A.S.  
Orville A. Schmidt

Discussed with Mrs. Schwartz desirability of exploring further closer liaison with O.S.S. Mrs. Schwartz was opposed to establishing any closer relations.

Fees  
4/19/45cc: Mrs. Schwartz, Messrs. Abbons, Glaser, Richards, Moskovitz,  
J. Friedman

225881

RG 131  
 Entry FFC 161  
 File INSTRUCTIONS TO  
 INTELLIGENCE AGENCIES

DECLASSIFIED

Authority NNN968103  
 BY 60 NARA Date 5/9/00

288

**CONFIDENTIAL** File: # FEA

I-1

INSTRUCTIONS FOR DIVISION HEADS:

The Government's intelligence and economic agencies are executing strenuous efforts to "go underground" before Germany is defeated. These efforts may take several forms, including the building up of capital and credits in "safe haven" abroad, the escape of party leaders, and the development of Nazi "cells" in countries outside Germany.

Censorship already has provided helpful information on this subject, but we must remember that the German war is not over, and further material could have very great value if events took a turn for the worse. Consequently, in our task of helping to defeat the enemy, we must do all we can to uncover facts about Nazi underground and safe haven activities. When hostilities in Europe end, the situation will be reexamined to determine whether continued censorship reporting is advisable.

To assist in focusing the attention of censors and examiners, the attached introductory outline of the subject has been prepared from material submitted by interested agencies. The Subject Matter Guide is being revised to point up agency requirements, and, as identifications of suspicious persons and firms are developed through submissions, names will be added to the watch list. The FBI already has safe haven plans.

Because it is impossible to separate the economic from the general intelligence interests, all censoring personnel should be familiarized with the entire subject. For example, financial censors and examiners now are reporting on the safe haven aspects, but they should also be acquainted with the motives behind the flight of capital, such as the setting up of a Nazi organization abroad.

Similarly, personnel in the Special Security Department should become conversant with the economic aspects of safe haven, as an aid in seeking the identification, plans and activities of individuals or small groups capable of espionage, sabotage or subversion. Concealed messages in secret ink and code are expected to be used by individuals within the underground. Significant security intercepts may be found in any class of communication or subject contained in the attached outline, but special examination and analysis should not exceed the present scope of selective referral and consultation.

Care should be taken to keep reporting within the limits of general censorship policy. Reporting must be based not on mere conjecture or vague rumors but on reasonable grounds for suspicion. Since underground and safe haven activities involve enemy interest, they are reportable even if of a post-war nature. The restrictions on post-war reporting should, of course, be observed if there is no well-founded suspicion of enemy interest.

Byron Price,  
 Director.

January 1, 1945.

**CONFIDENTIAL**

225882

RG: 131  
 Entry FFC Gen  
 File INSTRUCTIONS TO  
 Intelligence agencies  
 Box 388

DECLASSIFIED  
 AUTHORITY NNN968103  
 BY (60) HARA Date 5/9/80

**CONFIDENTIAL****OUTLINE**  
of**USER AGENCY REQUIREMENTS FOR GERMAN UNDERGROUND**

services whereby safe haven is secured.

## a. Trade and finance.

- (1) Exporting or transferring German goods or services to neutral countries under these conditions:
  - (a) The importer or user pays only a fictitious low price, keeping on his books, for post-war payment, the difference between this and the real price.
  - (b) The importer or user defers the entire payment until after the war; especially when the goods have high specific value; for example, jewels, securities, properties, art objects, etc.
  - (c) The importer or user ships German goods (chiefly arms, munitions and chemicals), to the Western Hemisphere under some kind of signature to make them appear to be neutral goods.
  - (d) Subsidiaries of German firms, located in neutral countries, ship goods (chiefly chemicals) to their own subsidiaries or representatives in the Western Hemisphere.
- (2) Stockpiling by the enemy in neutral countries, especially Argentina; or warehousing goods in one neutral country when the goods allegedly are en route to another neutral.
- (3) Investments of enemy new capital in any form; circumventing neutral countries' laws, prohibiting foreign ownership of certain industries in those countries, by placing investments in such industries in the form of loans.
- (4) Dealing in Swiss or free currency:
  - (a) Acquisition of free currency as a reward for facilitating the shipment of critical war materials from occupied countries to neutral countries.
  - (b) Transfer of funds to banks in the Western Hemisphere from German deposits held with Swiss banks by: (1) transferring a Swiss franc balance to the account of an Argentine bank; or (2) acquiring a peso balance with an Argentine bank through sale of Swiss francs.
- (5) Through the medium of a free currency (such as Swiss francs), exchanging locked gold for gold already located in the Western Hemisphere.

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 BY 10 HARA DGA 5/9/60

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Rendition of services, such as acting as depository for assets or effecting financial transfers or transactions by missions of neutral countries. (There is no interest in actions clearly in line with responsibilities as a Representing Power.)

## 1. Travel.

- (1) Activities, names, or clues to identity of local Nazi party members who have fled or have been evacuated from countries recently Nazi occupied and now Allied occupied.
- (2) Activities, names, or clues to identity of people moving, or planning to move, between Germany and (1) German-occupied or recently liberated areas, or (2) neutral countries.
- (3) Activities, names, or clues to identity of people moving, or planning to move to the Western Hemisphere from (1) Germany, or (2) German-occupied or recently liberated areas, or (3) European neutral countries.

## 2. Political activities and propaganda.

- (1) Concerted Nazi efforts to undermine a recognized government in liberated territory.
- (2) Activities, names, or clues to identity of collaborators in all areas which were once German-occupied and are now Allied-occupied.
- (3) All evidence of Nazi units in Allied POW camps trying to further German resurgence, as provided by prisoners of war in their will. (Anti-Nazis in the camps often indicate forming of pro-Nazi cells in their camps.)
- (4) All evidence that religious groups or fraternal organizations are trying to convey information on German underground activities.
- (5) Information on people apparently, or known to be, engaged in making, distributing, or encouraging enemy propaganda anywhere.

## 3. Agents involved in safe-haven activities.

## A. Commodities.

- (1) Stockpiles of merchandise or raw materials in warehouses.
- (2) Art objects; jewelry and privately owned precious metals.

## B. Investments, equities, options, contractual rights, etc.

- (1) Long-term investments of enemy new capital, such as properties, mines, industrial plants, banks, warehouses, shipyards, railroads, and any other kind of industrial or commercial enterprise, whether in the form of an individual firm, partnership, or corporation.

**CONFIDENTIAL**

225884

RG 131  
 Entry FFC Gen  
 File INSTRUCTIONS TO  
 Intelligence agencies  
 Box 388

DECLASSIFIED

Author NND 968103  
 By (D) HAPA Date 5/9/00

**CONFIDENTIAL****CONFIDENTIAL**

and whether wholly or partly owned. (Special attention to ownership in subsidiaries of munitions factories, or in pilot or shadow plants.)

- (2) Gold holdings, securities, and bank deposits.
- (3) Contractual rights, such as:
  - (a) Cartel agreements.
  - (b) Claims of all kinds with or without collateral (for example, mortgages and similar instruments).
  - (c) Accounts receivable, whether due or deferred.
  - (d) Patents and trademarks.
  - (e) Rights to future delivery of pre-war goods.
  - (f) Options to re-purchase, after the end of hostilities, assets allegedly sold to neutral parties.
- 4. Technical personnel.
  - (1) Transfer of technical skill or enemy influence by sending engineers or managerial personnel to neutral countries or to the Western Hemisphere.

**REF ID: A6565****CONFIDENTIAL**

225885

RG 131  
 Entry FFC Gen  
 File INSTRUCTIONS TO  
 Intelligence Agencies  
 Box 388

DECLASSIFIED

Author NND968103  
 BY (W) MARA Date 5/9/00

Mr. Behunick

November 3, 1944

Samuel S. Gilbert

Reference is made to your memorandum to Mr. Sachs of October 9, 1944 concerning outstanding directives to the Office of Censorship on Safehaven material, and to Mr. Richards' note of October 20, 1944 that "it would be well to send a new instruction to Censorship concerning this problem, rather than to rely upon instructions which are scattered about in various Censorship documents". Reference is also made to Miss Scullen's conversation with Mr. Davis, who stated that, if we would outline the type of material we want, he would prepare the necessary directive to Censorship.

We are interested in obtaining all pertinent Censorship material, both postal and cable, which indicates the following types of activity by or on behalf of the Axis Governments or their nationals:

- (1) Investment of new capital in any form. This should be broadly interpreted to include establishment of new business enterprises, acquisition of majority or minority interests in neutral companies, purchase of real estate or other properties, purchase of securities, currency, gems, art objects, gold, patents, trademarks, etc.
- (2) Sale of assets, suggesting in any manner inadequate compensation, cloaking or continued enemy interest.
- (3) Transfers of enemy capital to or through neutral countries - include bank balances and gold holdings, as well as precious stones, currency, securities, art objects, etc.
- (4) All transfers or sales of enemy-owned patents and trademarks or agreements thereunder.
- (5) Creation in neutral or friendly countries of new credits by the delivery of merchandise or performance of services, real or fictitious, for which payment is made by book entry.
- (6) Any other information which reflects the flight or transfer of Axis assets, looted or otherwise.

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Entry FFC Gen  
File INSTRUCTIONS TO  
Intelligence agencies  
Box 388DECLASSIFIED  
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By (0) HARA Date 5/9/80  
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- 2 -

We are also interested in receiving all pertinent Censorship material, both postal and cable, which indicates:

- (1) Use by business enterprises, irrespective of the nationality of their ownership or control, of enemy technicians or managerial help.
- (2) Plans of the Governments of neutral or other countries for inviting enemy technical or managerial help to build up the industrial and military potential of their countries.
- (3) The existence of Axis assets, regardless of location or form.

I would appreciate being advised of the action taken by you with respect to this matter.

JLS:fb 11/3/44

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Entry FFC Gén

Auto NND968103

File INSTRUCTIONS TO  
INTELLIGENCE AGENTS

By CP HARA Date 5/9/60

Box 388

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In reply please  
refer to: (76690)

Dear Mr. Price:

The Treasury Department is presently making an intensive study of enemy plans, as well as operations under such plans, to seek safe haven for their assets, looted or otherwise, in frustration of anticipated allied controls following the cessation of hostilities. In order to insure that the fullest coverage of information is obtained from Censorship sources, the Treasury Department desires to correlate and amplify previous instructions relative to this subject.

We are interested in obtaining all pertinent Censorship material, both postal and cable, which relates to the following types of activity by or on behalf of the Axis governments or their nationals and Axis collaborationists:

A. Information relating to Enemy Property

1. Investments of new capital in any form, whether cloaked or open. This should be broadly interpreted to include establishment of new business enterprises; acquisition of majority or minority interests in new or established companies; purchase of real estate, including households (e.g., industrial, commercial, mining, agricultural and residential properties); purchase of securities, gold, patents, trademarks, etc.
2. Transfers of property and capital to or through neutral countries. This may include bank balances, gold holdings, precious stones, currency, securities, art objects, etc.
3. Sale of assets suggesting in any manner inadequate compensation, cloaking or continued enemy interest.
4. All transfers or sales of patents and trademarks, or agreements relative thereto.
5. The disposition of looted assets, such as currency, gold, art objects, diamonds, precious stones, etc., regardless of current ownership.

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Entry FG 62a

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File INSTRUCTIONS TO  
INTELLIGENCE AGENCIES

By 60 HAMA DIB 5/9/80

Box 388

- 2 -

6. The creation in neutral or friendly countries of new credits by delivery of merchandise, performance of services or otherwise, where such credits may be retained in the neutral or friendly countries for post-war collection or liquidation.

7. Rendition of services, such as acting as depositary for assets or effecting financial transfers or transactions, by Missions of the neutrals, particularly Spanish Missions. (Exclude items concerning actions clearly in line with duties and responsibilities as a Representing Power.)

8. Any other information which reveals the existence, flight or transfer of Axis assets, looted or otherwise.

b. Use of Enemy Technical Personnel and Services

1. Use by business enterprises, irrespective of the nationality of their ownership or control, of enemy technical or managerial help.

2. Plans of the governments of neutral or other countries for inviting enemy technical or managerial help to build up the industrial and military potential of their countries.

Although it is recognised that outstanding censorship documents and directives cover to a great extent the categories listed above, the Treasury Department is submitting the present request in order to clarify the current requirements of Foreign Funds Control.

Your cooperation in allocating the desired types of information in the usual manner will be greatly appreciated.

Sincerely yours,

Orvis A. Schmidt  
Director

Mr. Byron Price,  
Director,  
Office of Censorship,  
Washington, 25, D. C.

EJBehnecik:mb 12/15/44

225889

RG 131  
Entry FFC Gien  
File Instructions to  
Intelligence agencies  
Box 388

DECLASSIFIED

Authority NND 968 103  
By (U) HARA Date 5/9/03

MATTERS NOT CLEARED BY STATE WITH TREASURY

225890

RG 131

Entry FFC 1450

DECLASSIFIED

Author NND968103

RG 131

Entry FFC 1450

File by State w/Treasury

Box 388

DECLASSIFIED

Author NND968103

By GN HARA Date 5/9/60

FEB 19 1945

## PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington  
 TO: American Embassy, London  
 DATED: February 13, 1945  
 NUMBER: 1107

SECRET

The following message for Allison is transmitted.

It is the wish of the Department to submit to C.I.O.S. a request for information to be secured in liberated and enemy areas in Europe, which relates to external German assets and holdings, and which is relevant to the objective of control of such external holdings of the Germans and restitution of property which the Germans have looted. Along with FEA and the Treasury, the Department has been taking part in the Safehaven project by means of which an effort is being made to conduct a census of the external assets of the Germans, especially in the countries that are neutral, and to secure information which will be useful in the control of such assets after Germany has ultimately collapsed. Obviously it is important that the Department secure information from Germany which can be checked with the records that are being kept and which will be compiled in Washington, as soon as that information becomes available. In large part these latter records will be based on information coming to us from British and American Missions in the neutral countries of Europe. For this reason you are directed to request that a procedure be set up for securing information along the lines outlined herewith, by C.I.O.S.:

(a) The desired data is information which relates to every aspect of German foreign holdings and to German plans with regard to investments in foreign countries, plans for the preservation of the economic power of Germany, contractual relations with companies or persons abroad, German accounts in the clearings in the neutral countries of Europe, German technical personnel sent to other countries or to be sent to such countries, information with regard to disposal of property of any type which might have been looted by the Germans or which has been transferred to the Germans by nationals of an occupied country during the period of enemy occupation, and plans of Germany with regard to concealment and preservation of assets held abroad or to be sent abroad. The contractual relations of German nationals are as important as direct German holdings abroad, it is pointed out, also that special attention should be paid to the methods which the Germans used to dispose of works of art, looted securities, etc.

cc: 2/24/45 For Information - Messrs. Schmidt, Gilbert, Foig, Bohuncik (Shwartz), Mrs. Henderson, Miss Scullon, Dolaney, Lockor, Blako (2), Bronnor, Miss Burnett, Zimmerman, Moskovitz, Ny Fed., Gen Rec. SAFEHAVEN

EOB/m

225891

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Entry FFC GenDECLASSIFIED  
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Entry FFC GenDECLASSIFIED  
Authority NND968103  
By CN MARA Date 5/9/60RG 131  
Entry FFC Gen  
File by State w/treasury  
Box 388DECLASSIFIED  
Authority NND968103  
By CN MARA Date 5/9/60

FEB 19 1945

## PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London  
 TO: Secretary of State, Washington  
 DATED: February 15, 1945  
 NUMBER: 1627

SECRET

US URGENT

Alison has discussed with both the British and the American members of CIOS the desire of the Department to secure Safehaven information through CIOS, as outlined in the message of February 13 from the Department, No. 1107. Emphatic agreement with the importance of securing information on this subject was expressed by the representative of MEW, which is the British agency most concerned in the matter, and he feels that there is enough machinery already set up by which such information can be secured, as the American members who were consulted also feel. Opportunity for the inclusion of specific Safehaven targets is furnished by Items 30 and 31 of the Grey List (government and party organizations and business institutions) and Item 28 of the Black List (personnel and documents). Safehaven interests in industrial and technical items which come in other categories of the Black List can easily be superimposed on those categories, the representative of MEW pointed out. At the next meeting of CIOS, on the 28th of February, this entire matter will be brought up and in pushing for consideration of Safehaven targets we are assured of MEW's support.

Neither the working parties of the Grey List nor those of the Black List, which are responsible for placing targets on their respective lists, will take any action, however, until the time comes when it is possible to give them definite information and lists of specific targets, including their location. If before the next meeting, to take place on February 28th, the Department can furnish at least a part of the information mentioned in Paragraph C of its telegram under reference, it will be extremely helpful. Furthermore, it will be important to secure the names and the number of personnel for investigation (as mentioned in paragraph D of the telegram from the Department) as soon as possible. It is deemed important in the selection of such personnel that they should be young and strong enough to undergo possible hardships during the course of the investigations in Germany, in addition to having the necessary technical qualifications.

225892

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By GN HARA D314 5/9/60

R-7 388

- 2 -

(b) In order to enable the United States in collaboration with the other United Nations and with the Allied countries who are taking part in the Allied Control Commission, to prevent the concealment of German property outside of Germany and to control such property, information of this sort is urgently required. The Germans, it is anticipated, will make every effort to retain such property for their future use, to utilize such property for the preservation of a strong economic German position in other countries and to conceal such property from the Allied authorities. German enterprises have for any years been disguised under the name of nationals of neutral countries, it is known, and the information requested in paragraph (2) above will be of great value in compiling an accurate census of German property abroad, a difficult task under any conditions but particularly because efforts of the Germans to conceal such holdings have been intensified and as the ultimate defeat of Germany becomes more apparent may be expected to increase tremendously. In addition, information on technical personnel is essential in order to prevent the establishment in neutral countries of Europe of industrial plants and organizations capable of contributing to the plans of Germany for future activities inimical to the security of the postwar world and capable of preserving a strong German position. A substantial and immediate flow of information from Germany, it is pointed out, will make possible the cross-checking of information with regard to German foreign holdings coming from sources in the neutral countries as well as from sources in Germany.

(c) It is probable that the information in question is chiefly located in the files of large industrial concerns, foreign exchanges clearing institutions and banks. In a subsequent communication a list of specific sources of such information will be compiled and forwarded to you.

(d) Names of personnel who can be made available for technical investigation of the sources of the above information and their number cannot be stated adequately as yet. Subsequent communications will also deal with this subject.

(e) You are directed to bring up this matter with the C.I.O.S. in order to initiate on a combined basis the establishment of procedures for securing information of the kinds described from the enemy and liberated countries, notwithstanding the deficiencies indicated in paragraphs (c) and (d) above. It is requested that you make urgent report as to the steps taken to implement the above request, also the reaction of the C.I.O.S.

GREW  
(Acting)

FMA:SJR:vc

DC/L:LCW:AN  
2-16-45

225893

RG 131  
 Entry FFC Gen  
 File by State Wtreasury  
 Box 388

DECLASSIFIED

Author: NND968103  
 By: CN HARA Date: 5/9/00

Not Cleared - File

JAN 3 1945

## PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington  
 TO: AMEMBASSY, Paris  
 DATED: December 30, 1944  
 NUMBER: 886

CONFIDENTIAL

Your 907, December 13, 1944; Department's A-252, dated December 4, 1944

We are transmitting by air mail the basic instruction concerning the reporting on looted property and the flight of Axis capital. In connection with your 907 please make acknowledgement of the note reported therein and express appreciation for the action taken and assure the French that we wish to cooperate with them. French may be advised that we are the British prior to recognition by neutrals have established basis for future French action by formally invoking January 5, 1944 United Nations Declaration concerning property brought in from France under conditions which indicate that looting had occurred. It will be gratifying to us to continue our aid to the efforts of the French to secure recognition of France's right to control such property and to exchange information. Also, we desire to cooperate with France to establish the facts concerning the extent of German foreign investments, especially in Argentina and European neutrals and in regard to the flight of Axis capital.

STETTINIUS

WT:CTO:mf  
 PARAPHRASED:  
 DC/L:EMS  
 1-2-45

cc: 1/4/45  
 For Information - Messrs. Schmidt, Gilbert, Mrs. Schwartz, Feig (3), Miss Scullen, Fisher, Arnold, Blake, O'Flaherty, Brenner, Miss Burnett, Zimmerman, Moskovitz, NY Fed., General Records: "Safehaven".

CIS/t

225894

RG 131  
 Entry FFC Gen  
 File by State w/Treasury  
 Box 388

DECLASSIFIED

Author: NND968103  
 By: GN HARA Date: 5/9/00

Dec 19 1944

## . AVAILABILITY OF TELEGRAMS RECEIVED

TO: American Embassy, Paris  
 TO: Secretary of State, Washington  
 DATED: December 19, 1944 (Rec'd 15th)  
 SUBJECT: 907

CONFIDENTIAL

From the Foreign Office I have received a note informing me of the signature of a convention with the Government of Monaco for sequestering enemy goods and capital improperly transferred to the Principality and placing them under the administration of the French dominion. There are involved considerable amounts which were removed from France and the government intends to recover these. The note warns of the possibility that an attempt may be made to use neutral and allied nationals to cloak these transactions. It states further that the French Government will not recognize transactions which might have been made to the detriment by transfer to third parties. The note ends by saying that the French Government will keep us advised of the facts as they become known and in controlling such transactions our cooperation is requested.

CONFIDENTIAL

DRAFTED 12/16/44

cc: 12/29/44 For Information: Morris Balford, Richards, Mrs. A. Gilmars, Gilbert, Folg (3), Miss Sullivan, Brainer, J. C. Jones, All, Bunker, Gribble, Bennett, Bay, Zimmerman, W. Red.

Box

Revised 12/16  
 T. James

225895

RG 131  
 Entry FFC Gen  
 File Jan '43 - Dec '44  
 Box Miscellaneous  
 388

DECLASSIFIED  
 Author NND968/03  
 BY [initials] HARA Date 5/9/80

FOREIGN ECONOMIC ADMINISTRATION  
 BUREAU OF AREAS  
 WASHINGTON 25. D. C.

*No reply  
necessary*  
 In reply refer to:  
 BA-813-SHjr.

JUN 13 1944

CONFIDENTIAL

Mr. Orvis Schmit  
 Director, Foreign Funds Control  
 Treasury Department  
 Room 501, Sloane Building  
 709 Twelfth Street, N.W.  
 Washington, D. C.

Subject: German  
 Assets Abroad

Dear Mr. Schmit:

Confirming recent discussions with you and Mr. Saks, with Mr. Klaus of your General Counsel's Office, with Mr. Fisher of Monetary Research, and with Mr. Ben Lewis and other officials of FEA, we shall attempt herewith to catalog the various divisions and subdivisions into which this topic may conveniently be divided. It is hoped that further discussions will add to this catalog and that through the joint interest of Treasury, FEA and other agencies a constructive program will be forthcoming.

German assets abroad may be catalogued in three different ways: the physical nature of the assets, the geographical location of the assets and the geographical location of the ownership.

The physical nature of these assets may be described as follows: (a) subsidiary corporations; (b) minority interest in business enterprises; (c) bank balances; (d) deposits of wealth in the form of gold, gems, currencies, etc.; (e) securities; (f) real property; (g) stockpiles of merchandise or raw materials in warehouses; (h) claims; (i) commission agreements, patent rights, license agreements, annuities, etc.

These assets may be (a) enemy owned by legal title, or (b) cloaked assets held in the names of neutrals or United Nations nationals, or (c) assets controlled by the enemy through intangibles such as technical skill, trade secrets, traditional trade channels, personal loyalties, or unwritten agreements.

The problem of dealing with these German assets abroad will differ widely according to their geographical location, as follows: (a) Located in territory of U.S., U.K. and certain other United Nations. Such assets, so far as they are known, are generally sequestered. Concealed assets will be subject to sequestration upon revelation of enemy interest. (b) Located in liberated areas. Such assets will presumably be sequestered by United Nations governments in exile at the time of reoccupation in a manner roughly analogous to present U.S.-U.K. procedures.

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(c) Located in neutral countries and certain United Nations territories which do not maintain sequestration procedures. Such assets will present special difficulties, as discussed below.

All of these German assets abroad can again be subdivided according to geographical location of ownership: (a) looted assets, rightful ownership of which is lodged in occupied territory, and (b) non-looted assets. This distinction will probably be important when the ultimate disposition of such assets is determined. Efforts will be made to return looted assets to the governments of those countries from which they were looted and possibly to the original private owners. On the other hand, German assets which were not looted will be subject to a different type of disposition. Substantial assistance may be expected from the governments of occupied countries in tracing and recovering looted assets, and the original private owners of such assets will lend important aid. On the other hand, the recovery of non-looted assets will be a more generalized and intangible problem as no individual group will have the same active interest. For purposes of taking a census of such German assets abroad, however, and for purposes of preventing further transfers there need be no practical distinction between looted and non-looted assets. Furthermore, a precise label will be difficult in many cases.

Action on this problem falls into two broad categories: (a) discovering the existence of German assets abroad in order to compile a census for future disposition and (b) preventing further transfers of enemy wealth from enemy territory to neutral territory and from neutral territory through the blockade to the Western Hemisphere. At present the former is largely a matter of research and investigation, while the latter is a field for present action. Much is now being done by Treasury, MEW, FEA and other agencies to prevent uncontrolled flight of enemy assets.

The sources of information leading to a census of German assets abroad may be subdivided into four parts as follows:

(a) A large catalog probably comprising most German assets abroad could immediately be made from data on hand in Washington revealing known and recorded enemy subsidiaries, bank deposits, royalty claims, etc.

(b) Substantial additional information will be obtainable, at such time as enemy territory is occupied, from the enemy himself, from enemy records and from interrogation of individuals as a logical corollary to armistice terms of unconditional surrender.

(c) Far greater difficulty will be had in obtaining records held in neutral territories. However, United Nations' bargaining power vis-a-vis the neutrals will presumably be great and it can be made to the

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neutrals' advantage to cooperate fully with the United Nations in effecting a full revelation of German assets. It will probably be appropriate presently to propose negotiations with the neutrals along these lines.

(d) Finally there will be a body of German assets abroad which will have been so carefully concealed that they will escape procedures described in (a), (b) and (c) above. This may not be a large segment of German assets but it will surely be an important one. In order to cope with this aspect of the problem, investigations along the lines which Mr. Klaus has described to us would seem essential. They should include a thorough review of censorship intercepts, intelligence, cables, enemy trade papers and investigations in the field including interrogation of the European underground and of Allied sympathizers in neutral countries.

Turning finally to the second field of action, that of controlling the movement of enemy assets, there is listed herewith the principal methods by which this may take place and some of the programs of counter action which are now underway or contemplated, as supplementary to existing Foreign Funds Control:

(a) The smuggling of small items of value such as jewels, currency and gold out of German territory to neutral countries and out of neutral countries to the Western Hemisphere: There is no present program to prevent transfers into European neutral territory. There is, however, an elaborate program to prevent their re-transfer through the blockade. This is based on the British system of navicerts and certificates and on U.S. Treasury regulations. FEA has recently proposed increased inspection at Gibraltar of neutral vessels penetrating the blockade west-bound, and has requested renewed vigilance by Customs and Censorship in the matter of parcels west-bound and money brought by neutral vessels to this Hemisphere.

(b) Transfers of bank balances out of Germany and occupied territories and satellite countries to the European neutrals and re-transfer to the Western Hemisphere: The most suitable currency for such transfer is the Swiss franc which is virtually the only free and interchangeable currency and which Germany can readily use to acquire goods, fixed assets, bank balances, or securities in the Western Hemisphere or elsewhere. To meet this problem arrangements are now being negotiated with private banks in Portugal and Switzerland to conform to a standard of conduct which will prevent their collaboration in the acceptance or transfer of enemy funds. Threat of blacklisting is being used against banks which do not comply. In addition, negotiations are underway which would require the Swiss government to refuse to

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convert further German gold into Swiss francs. If this is not acceptable, it has been proposed to have the rightful owners of looted German gold file legal claims in Switzerland and elsewhere to all imported enemy gold. This may have the effect of preventing the purchasing of this gold by the Swiss National Bank in the light of the United Nations' declaration of February 1944.

(c) Stockpiling of goods in the Western Hemisphere by the European neutrals following which warehouse receipts may be sold to the enemy thus giving the enemy ownership of readily marketable goods in the Western Hemisphere: To cope with this negotiations are proposed or underway with certain of the neutrals relative to their stockpiling which would require clear proof of neutral ownership of all stockpiles and would force revelation of enemy taint. It may even be possible, because of certain evidence of enemy taint, to announce a policy that all such stockpiles shall be presumed to be enemy owned unless proved to the contrary and unless they are maintained in coordination with United Nations procedure.

(d) Shipment to the Western Hemisphere by the European neutrals of merchandise of strictly neutral origin which is sold in the Western Hemisphere and the proceeds left as bank deposits in the Western Hemisphere which deposits are in turn sold to the enemy: In order to cope with this, it has been proposed to MEW that financial questions be added to all applications for navicerts and certificates. This would permit tracing of methods of payment and would reveal transfers of capital.

(e) The development of cloaks or other forms of indirect ownership whereby enemy or Proclaimed List assets may be transferred into concealment, in particular through holding companies, trusts and similar devices: To cope with this the cooperation of the neutrals will be required. At such a time as neutrals are entirely surrounded by United Nations territory more complete Proclaimed List enforcement will be possible especially as it is now proposed to continue the Proclaimed Lists into the armistice period. It will then be greatly to the neutrals' benefit to cooperate in creating conditions whereby the productive facilities of neutral industries can be fully utilized in import and export trade. This will require the removal of all suspicion of enemy taint and the submission to joint control of such neutral enterprises as have enemy taint.

We hope you will make a special effort to add to the above preliminary summary of the problem. We are looking forward to cooperating with you in developing this program in which we have a mutual interest. We

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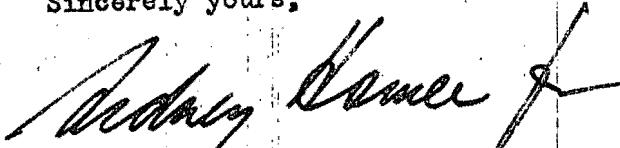
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are also writing Mr. Klaus of your General Counsel's Office who has made a number of specific suggestions to us on this topic.

Sincerely yours,



Sidney Homer, Jr.  
Chief, Enforcement Section  
Blockade Division

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## FOREIGN FUNDS CONTROL

To: MAY 8 REC'D.  
 (1) Mr. Schmidt ..... (Room) (Bldg.)  
 (2) Mr. Behuncik ..... (Room) (Bldg.)  
 (3) ..... (Room) (Bldg.)

Please see Mr. Schmidt's note. Do we have any information from secret reports or otherwise, which might be helpful in meeting the request contained in paragraph 3 of the memorandum of April 27th?

- (1) We have no info on hand re  
 problem raised in P 3  
Sally 5/6/44
- (2) No info on hand. - will watch for it  
 and have memo prepared. -

From: JS Richards ..... 5/14/44  
 (Date)  
 ..... (Room) (Bldg.)

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## FOREIGN FUNDS CONTROL

May 3, 1944

Mr. Richards:

Note that cables of inquiry are being sent out by Monetary Research.

Have we anything that would be helpful in making such an evaluation?

O.A.S.

O. A. SCHMIDT

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Treasury Department  
Division of Monetary Research

Date 4-29-44

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To: Mr. Luxford

WMT

From:

We are cabling to our missions in  
the neutral areas for information.

SAC

Mr. Schmidt  
Cover your drop through  
height or the

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S E C R E T

AFLAN-EU

27 April 1944

## MEMORANDUM FOR MR. MORGENTHAU

1. It is believed that the Treasury Department has available or can obtain information regarding the flight of capital from Germany which would be extremely valuable to the Army Air Forces.

2. The Army Air Forces is engaged in a secret study of a nature which involves analysis of conditions inside Germany. Certain of the factors to be considered, such as morale, are intangible and incapable of accurate measurement because of a lack of factual information. It is felt that measurement of the flow of funds from Germany would constitute an important piece of evidence which should be regularly followed.

3. It is requested that the Treasury Department provide information regarding the flight of capital from Germany during the period 1938 to date with particular attention to any trends developed during the latter stages of the Combined Bomber Offensive (September 1943 to date). It is suggested that the matter be coordinated by the Treasury Department directly with the Assistant Chief of Air Staff, Intelligence.

WILLIAM C. BENTLEY  
 Col, GSC  
 Acting Assistant Chief of Air Staff,  
 Intelligence

S E C R E T

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By G. HARA Date 5/9/80

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~~SECRET~~  
 MEMORANDUM FOR DISCUSSION (Prepared in USA by Covay T. L. ver. Special Assistant.  
 Foreign Service Auxiliary.)

~~CONFIDENTIAL~~

The Acquisition of Control over Enemy-Held Assets  
 in Neutral Countries.

i. The Fundamental Problems

In neutral countries the Allies will obviously be deprived of the advantages that military occupation and inter-allied cooperation will give them elsewhere with respect to detecting and controlling enemy economic power. The most serious problems will be those arising from the conflict between neutral sovereignty and Allied efforts to control assets held by the enemy within the territorial jurisdiction of neutrals. Obtaining information is a less serious matter, from the policy point of view, because, even if neutral governments are unwilling or unable under their legal processes, to aid in the revelation of enemy interests, Allied representatives enjoy relative freedom of movement and of contact with official and private groups that may be able to contribute useful information in addition to that already on hand in Washington and the field.

At its simplest, the acquisition of control over enemy-held assets in neutral countries involves the impact of Allied will (and the power used to enforce it) on a legalistic inertia arising from the existence within the neutral country of a presumptive private owner (or his representative) whose property there, under classic concepts, is subject to the jurisdiction of that state only. In its more difficult aspects the problem is one of a clash between the national interest of a neutral (as seen by that state, however shortsightedly) and Allied interests. The gravity of the problem varies, also, according to the type of enemy claim to ownership. Where it can be asserted that the putative enemy owner acquired the indicia of ownership by duress or fraud (the typical "boot" or restitution case), it is possible to circumvent the issue of sovereignty by presenting the case in terms of a dispute as to title between private individuals or by appealing to common knowledge regarding the means used by the Axis to deprive true owners of their property. Assets which are truly enemy property, whether "flight capital" or long-standing enemy investments in the particular neutral country, raise sovereignty issues less easily bypassed. In most cases, pre-war enemy capital will be found to have become an integral part of the economic structure of the neutral country; and the extent and nature of any Allied control will be matters of great concern to the neutral governments, as well as to neutral nationalists who have been co-adventurers with enemy nationals in the utilization of the economic power represented by traditional enemy investments. It is to be expected that much "flight capital" deliberately will have been "invested" strategically so as to raise similar neutral-national interests conflicting with the supposed ends of Allied control, thus countering Allied arguments based on what is essentially a "fraud-on-the-victor", i.e., admitting flight capital after the enemies' defeat became obvious.

In both the flight capital and old investment situations, the neutrals can find in existing international law a rationalization for refusing to lend their weight to the confiscation of the private property of the nationals of defeated countries. It is possible that this principle can be overcome by (a) fostering a new concept of international law; (b) arguing that the German technique of total war has demonstrated the fallacy of a distinction between public and private German property;

and (c)

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SUGGESTION  
 (Prepared in FMA by Covey T. L. Ver, Special Assistant,  
 Foreign Service Auxiliary.)

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and (c) providing against "confiscation" by arrangements for the enemy to "compensate" its nationals for their holdings credited to a reparation account. The extent to which the traditional norm can be neutralized depends in a large measure on the broad factors of neutral enlightened, the terms of the Peace, the success of Allied publicity, the efficacy of other persuasive devices, and the like.

#### II. Possible Approaches to Neutral Governments.

The possible approaches to neutral governments seem to run along three lines, viz: A. Appeals for Neutral Cooperation; B. Economic Inducements; C. Successionship to Enemy Governments. These categories are not, of course, mutually exclusive. Approaches of Type A will be made in every country. Additional approaches will doubtless be planned and used to meet the situations in particular countries.

##### A. Appeals for Neutral Cooperation.

The suggestions along this line range as follows:

1. Expressions of vital Allied interest that neutral governments undertake to entertain claims for restitution and to block or otherwise effectively control enemy assets until mutually acceptable arrangements for ultimate disposition can be made.
2. Expressions of interest coupled with carefully phrased intimations that the neutral can have some reason to expect that the rigors of financial and blockade controls will be lessened if cooperation is obtained. An excellent example of an appeal encompassing 1 and 2, supra, is found in the enclosure to despatch no. 9887, August 28, 1944 from the Legation at Stockholm, forwarding for comment, a proposed aide memoire to the Swedish Foreign Office. It is believed that approaches along the lines of this model, appropriately modified to fit particular situations, should be delivered to each of the European neutrals. The Treasury Department so far has shown great caution regarding any such intimation as to the possible easing of foreign funds control.
3. Publicity campaigns to inform all the non-Axis world, including the neutrals and their citizens, of the great importance to future peace of neutral cooperation in uncovering and controlling lost and German properties. The approach seems to be based on giving publicity to flagrant cases of neutral cloaking of flight capital. It is expected that by arousing public opinion such a campaign will develop considerable pressure on neutral governments and encourage men of goodwill in those countries to come forward with factual information regarding German interests. Doubtless, publicity of this sort, if grounded on established fact, will be a useful auxiliary instrumentality for obtaining facts. Care must be taken, however, that game is not flushed, and certainly the proposal is no substitute for careful, independent Allied investigation. In some neutral countries, it is doubtful that such an appeal would bring in much information from the individuals really in a position to give information regarding highly important technical matters, such as high level banking.
4. A consultative committee with representatives of the neutral states.

It has been

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to participate in a consultative committee that would consider both fact finding and the legislative or administrative steps necessary under the law of the particular neutral state to obtain adequate controls over enemy-held property. It is quite possible that in some of the neutrals (Sweden and Switzerland, for instance) such an approach would be quite satisfactory, provided, of course, that proper safeguards were set-up to prevent neutral sovereignty from becoming so closely associated with the consultative group as to turn it into an obstacle to the execution of the Allied will. In this connection, indeed, a page of recent history, i.e., the inadequacy of the consultative procedure as a control device for German assets in the other American republics, may be worth a volume of logic. In some neutrals such an approach would appear to be definitely undesirable. It is not believed, for instance, that a consultative committee with Spanish representatives would serve any useful purpose, because, (a) the Spanish State would not participate willingly and enthusiastically in such an enterprise, (b) the participants named by the Spanish State would not have sufficient weight to induce any important changes in Spanish law, (c) it would be undesirable to disclose to the Spaniards the nature or extent of Allied (particularly American and British Embassy) information regarding individuals and concerns in Spain, and (d) bearing in mind the general administrative inefficiency of the Spanish State, little useful information would be obtained from the Spanish members of any such committee, assuming their goodwill for the venture.

S. Encouragement of the neutrals to nationalize German interests or sell them to nationals of the neutral countries.

This would parallel the action taken in some of the other American republics earlier in the war, originally, at least, for the purposes of eliminating the danger of German economic power during the war period. It has not yet been definitely decided what the post-war policy with respect to enemy concerns in the other American republics not purged by vesting or forced sale should be. In neutral countries a policy of liquidation through vesting or forced sale would not necessarily jeopardize Allied claims on enemy assets for reparation payments, provided that assurances were forthcoming that the sales would be at fair prices. There would be difficulties regarding the conversion of the proceeds to foreign exchange in some neutral countries, however. The big danger is the attainment of Allied control over the purchasers to prevent their cloaking German interests. In the European neutrals this danger would certainly be greater than in the other American republics. Another great obstacle to any such plan, of course, is that it assumes a degree of hostility to the Axis that neutral countries have not to this date been in a position (or desired) to show.

In considering possibilities along this line, it must be kept in mind that enemy-sponsored nationalization is a very real threat to the acquisition of control by the Allies in certain countries. It is possible under Spanish law, for instance, for the State to take over and operate plants determined to be of national interest. If the neutral state acts to nationalize, sovereignty becomes a more serious obstacle to Allied control; and the enemy might well decide to protect his interests wherever possible behind such barricades, erected for his convenience. An additional difficulty is illustrated by the possible effect of laws, such as those of Spain, that domestic corporations cannot

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operate with more than a minority foreign stock interest. Because foreign corporations face taxation on a burdensome unit rule basis, most Spanish subsidiaries of British, American and German companies mask their real foreign stock ownership. It would be easy, therefore, for the Spanish to deny that German subsidiaries are in fact foreign owned; and it would be embarrassing to American corporate interests, as well as to British ones, to press for procedures designed to bring into the open the true state of affairs.

#### B. Economic Inducements.

There is no doubt but that the Allies ultimately can force the neutrals to do their will by the use of blockade and financial controls. The results of the oil embargo on Spain illustrate the power that can thus be wielded as long as wartime controls are used. Where the return of things (looted property and unassimilated capital) or the deportation of persons (German technicians) are involved, the Allies have good justification for strong measures, should they be necessary; and there is a minimum of actual interference with the internal economic life of the neutral countries. Likewise, it might be possible to press, once and for all, for the removal of impeding legislation, like the Swiss Banking Secrecy Act.

But economic sanctions or their threat cannot well be the basis for any long-range control over the operation of German plants in neutral countries. Such measures must be justified by the shockingly bad situations they are invoked to meet. Our weakest claim is of the right to control long-standing investments in neutral countries, and it is submitted that the use of economic sanctions to attain this objective would be unfair and inconsistent with our long-range policy of removing restrictions on world trade. The use of economic power to effectuate restitution of looted property and the return of flight capital is on firmer ground, since the former involves the evil of durcas and the latter the taint of fraud. In fact, it could be asserted with reason in a country like Spain, where all movements of materials into the country and all financial transactions involving foreign exchange or properties from abroad are under strict state control, that the government by failing to exercise its undoubted power of control had brought on such reprisal action as might be taken.

Attempts to obtain official assurances of local cooperation in fact-finding by the use of economic sanctions are very difficult to justify, and it is not believed that the results would be fruitful. Even under the wolfram arrangement arising out of the Spanish oil embargo, for instance, it was up to the British and American intelligence services to develop the facts upon which the Spanish would be called upon to act in smuggling cases.

It may be sufficient, of course, to use economic controls in a selective manner, rather than to resort to embargoes or general freezes. Thus, it has been suggested that an amount in dollars equal to the German investment in certain enterprises in neutral countries might be absolutely blocked in General Ruling 6 accounts. Another possibility is that the Proclaimed List and consignee controls could be used selectively against particularly objectionable concerns. The effect of sanctions in both these instances would be directed primarily against private interests, rather than against the neutral states; but, if the interests directly affected were important to the economy of the country, there would be considerable inducement

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for greater neutral cooperation with Allied attempts to control enemy investments in neutral countries.

**G. Successorship to Enemy Governments.**

Approaches along this general line are more relevant to flight capital and long-standing enemy investments than they are to the restitution of looted property. The individuals and concerns victimized by the Germans in enemy occupied territory will have, through their governments, initiated steps for restitution before Germany is vanquished. But until Germany is vanquished, we cannot expect the neutrals openly to recognize our power of control over the persons or the property of enemy nationals in neutral countries.

When Germany is conquered, there are two possibilities as to obtaining control of enemy assets held in neutral countries. They are:

**I. Claim by the right of conquest.**

It has been suggested that if no German Government is recognized at and immediately after the capitulation of Germany, the Allies may claim all German properties by annexation of German territory. This approach runs into the difficulty presented by the supposed rule of international law that the private property of enemy nationals is not subject to confiscation. Moreover, Germans in a neutral country would be quick to make that claim and to assert that they owe no allegiance whatever to the occupying power. A precedent would be found in the treatment in neutral countries of Czechoslovakian and other nationals of areas whose statehood from the German point of view ceased to exist after conquest. Another danger is that enemy nationals will in some instances find the acquisition of neutral citizenship relatively easy.

To the extent that German interests in neutral countries can be controlled by persons in Germany, it could be claimed that the neutral governments should give full faith and credit to orders emanating from the conquering powers having jurisdiction over such persons and that neutrals should entertain legal actions in their courts pitched on ownership or contract rights appertaining to Germans in Allied-occupied territory. Such orders, however, smack of duraea; and our insistence on their enforcement might be deemed inconsistent with the attitude that presumably will be urged by us to justify the restitution of looted property.

There is no doubt, on the other hand, that the Allied control authorities in Germany can bring considerable pressure to bear on German subsidiaries and affiliates abroad by refusing to renew patent licenses, bringing infringement suits, refusals to deliver, and the like. It may be, also, that the economic unity that binds the subsidiary to the parent corporation will lead the neutral investors to comply with the mandates issued in the names of the parent concerns, regardless of the fact that the orders of the parent might be dictated by the Allied control authorities. There would seem to be no reason why the Allies could not claim to vote the stock of the German parent companies and to claim the right to receive the dividends earned by these shares. Control through succession to the German stock interest in neutral country subsidiaries could be directed towards liquidizing these companies if that is desired; and

to the same

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to the same end economic controls could be directed against permitting these companies to expand, even if it is not deemed feasible to apply economic sanctions against the neutral country generally.

Regarding flight capital received by Germans who have fled before Allied occupation, the approach under discussion would seem to have serious limitations. Barring the possibility of a claim that the last-minute transfers were in fraud of the victors' expectations or of the German true owners who have come under Allied jurisdiction. This argument is tenuous, however, unless it can be shown that the neutral government connived through the relaxation of its control laws and otherwise in the transactions. It would be possible, however, to make out a strong case for the return of flight capital received by war criminals, and this unsavory class might be expanded to include large-scale operators in flight capital transactions.

### 2. Claim through a successor German Government.

This, of course, would be the simplest formula for asserting that the neutral state should aid in the restoration of flight capital and recognize the power of the German Government over its citizens abroad and their properties there. In all probability such an approach would have to be based on a nationalizing decree in Germany.

However, as long as Germany is occupied by Allied military forces, it might be argued that the German State giving the orders was a puppet one to which Germans abroad would not necessarily have to give their allegiance. The acquisition of neutral citizenship or the status of "statelessness" would here again be a possible way out for Germans who had fled from the new German State.

### III. Ultimate Objectives Regarding the Control of Enemy-Held Properties in Neutral Countries.

The choice of means or combinations of means to achieve control of enemy-held properties in neutral countries must, in the main, be governed by the ultimate allied objectives with regard to these assets. However, as in the formulation of any other policy of action, ends, generally, at least, must be set up as screening devices for the selection of facts and procedures. The preceding discussion has shown that neutral resistance to Allied control of Axis-held properties will be greater in the case of long-standing enemy investments in going concerns than it will be in the case of unassimilated flight capital and that flight capital, in turn, will present greater problems than looted property. How far are the Allies willing to go in meeting the varying resistances? To what extent can control objectives be obtained by bypassing these resistances? These questions can only be answered by fixing the ultimate objectives.

It suggested that our objectives are the following:

#### a. Looted Property.

The ultimate objective should be to have the property returned to the jurisdiction of the state whose national is the alleged victim of the Axis act of violation. All means necessary, including general or specialized economic controls, should be used to obtain from the neutral state the following assistance:

1. The promulgation of adequate administrative measures (custom controls, financial controls, and the like) to prevent any flow of wealth from Axis or Axis occupied areas to neutral countries.

2. Assurances as to the existence of adequate judicial or administrative machinery to entertain claims based on the invalidity

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Inspired laws or administrative practice. Unless the defendant is any such action is a national of the particular neutral country in which the action is brought, the tribunal should upon the presentation of evidence sufficient to create a reasonable probability that the property was looted, order its physical removal to the appropriate authority within the State which claims the property on behalf of itself or its national. Alternatively, at election of the plaintiff, the local tribunal should proceed to a substantive determination based on the norms applied by the claimant State to similar cases.

If the defendant is a national of the particular neutral country in which the action is brought, the defendant should be required to instead his vendor if within the jurisdiction or to designate the person (or fund) to whom payment was made if his vendor is without the jurisdiction. The ordinary commercial rules with respect to transfers should be relaxed so that fundamental justice can be achieved regarding transactions consummated in abnormal times. That is to say, with the exception of money and bearer negotiable instruments, no purchaser from a thief, regardless of innocent good faith, should prevail. Even with respect to money legally caused by (i.e. would not have happened but for) damage or the operation of discriminatory Axis laws should preclude retention of title by the defendant, without prejudice to any claims he might have against his vendor. It should be open to the claimant to submit evidence that the neutral national appearing as defendant is in reality the agent of or cloak for an enemy national; and if this is found to be the state of affairs, the case should be resolved as in the preceding paragraph.

3. Continued recognition of freedom of movement for the representatives of Allied Missions working on restitution.

4. Promise of cooperation on police investigations of cases referred by the Allied Missions to the neutral governments.

5. Adequate subpoena powers to compel fiduciaries to testify and submit their books of account to scrutiny in cases involving the ownership of funds and other properties in their custody.

6. The repeal or inhibiting legislation such as the Swiss Banking Secrecy Act and the 1939 Swiss decree which withdraws jurisdiction over cases involving property claimed by belligerents and non-resident in Switzerland.

#### 2. FLIGHT CAPITAL

The Allied objective in most cases should be the return of flight capital to the place from whence it was taken. Economic pressure should be used if necessary to get neutral assurances before hostilities cease that:

1. Property looted in Germany will be treated on a restitution basis.

2. The swag brought into neutral countries by fleeing war criminals or sent there in anticipation of flight will be dealt with as the persons themselves are to be.

3. The administrative

RG 131  
 Entry FFC Gen  
 File Jan 43 - Dec 44  
 Box Miscellaneous 388

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Authority NND 968/03  
 By G.W. HARA Date 5/9/80

225912

- 8 -

3. The administrative controls (customs, financial, etc.) and police investigations will be directed towards prohibiting the entry or (after entry) the assimilation into the local economy of any enemy capital.

The neutrals should be induced to accept some formula that will put into Allied hands property that would have fallen into them incident to trade between the neutrals and the Axis had not been reported to be for the fraudulent purpose of thwarting the Allied victory. It may be necessary to fix a date after which transfers not as patent as 1 and 2, above, will be presumed fraudulent. It is suggested that the date of formal presentation of the United Nations Declaration of January 5, 1943 might be appropriate. If it is believed that this was too early for Allied victory to have been reasonably foreseeable, a later date might be agreed upon, certainly, however, one no later than the presentation of Bretton Woods Resolution VI. The neutrals should also be asked to recognise that any unassimilated German capital should be at the unfettered control of the Allies. It may be necessary to ensure the neutrals that, except for categories 1 and 2, above, the Allies will consider sympathetically the hardship that might arise should German capital assimilated into the local economy after September 4, 1940 to be withdrawn from the country. In such cases, the neutrals should give the assurances set out in C, below. It is not believed that specific threats of economic pressure should be used, at least until Germany capitulates, to attain the ends enunciated in this paragraph.

#### C. Long Standing Enemy Investments.

Here the Allied objective should be to control enemy investments in neutral countries without interference from enemy nationals, their appointees or fraudulent vendors. The neutral states should recognise the power of the Allies, of managerial trusteeship German Government to vote the stock, receive the dividends and in all other ways exercise the rights of ownership inherent in such German investments. The validity of allied cancellation of proxies and powers of attorney previously granted to persons in neutral territory should be admitted.

Neutral governments should be informed that discriminatory action against German investments under allied control will be considered on the same footing with discrimination against allied interests.

At an appropriate time, the neutrals should be assured that the allied control over property belonging to Germans is not tantamount to confiscation but a necessary step in the achievement of a post-war economic security system consistent with the principles of the Atlantic Charter. That is to say, the neutrals should be assured that property which is sold to defray reparations charges will be compensated for by the German State; that the break-up of financial ownership and control patterns will not deprive individuals of their property without compensation; and that the elimination of the totalitarian technique of organizing economic power for a militaristic ends is the Allied goal, rather than the destruction of individual German investors.

The neutral

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Author NND968103

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Box Miscellaneous

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225913

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The neutral states should also receive assurances that, if they cooperate along the lines of the foregoing, Allied successorship to the German interest in local industries need not affect adversely the economic life of the country. However, it must be kept in mind that the neutrals will not be unsympathetic to the results of cartel-breaking and similar economic security measures on local enterprises in which there is enemy capital. It remains for us to educate the neutrals to the richer virtues that some tariff and monetary policies will open.

#### B. Control over German Individuals

War criminal aside, it is submitted that the control over key German individuals (technicians and the like) should be through the new German state. In most instances the Allies will be embarrassed by the inconsistency of making neutrals do for them what they refused to do for the Germans, i.e., give up refugees. The power (short of hostile acts) of a state to act in persona with respect to one of its nationals in the territory of another state is slight enough. That of a conqueror is even more attenuated.

The neutrals should be warned against the relaxation of immigration, deportation and naturalization laws in favor of enemy nationals.

The chief measure of safety here must continue to be Allied intelligence. The economic control and counter-espionage files of the various missions should be maintained and expanded. The present close cooperation with the British services should be continued. Allied restrictions on international movements of Germans will doubtless be continued until Germans can safely be accorded the privileges of the Atlantic Charter.

#### C. The Timing of Approaches

It is submitted that the control of long-standing enemy investments should not be broached at this stage of military and diplomatic relations with Germany, a neutral state is simply in no position to discuss this matter; and revelation of the Allied post-capitulation plans would serve no useful purpose. Moreover, the ticklish sovereignty issue involved might delay progress with regard to lost and flight capital.

Regarding loot, we should move now for restitution commitments, increase the tempo of our expressions of interest, and discuss restitution measures in connection with pending supply-purchase negotiations.

Flight capital and loot have been treated jointly in the appeals for neutral cooperation that have so far been made. It is believed that this should continue. Pre-capitulation economic negotiations might well include a general exchange of views on the flight capital problem, and the neutrals might be pressed to enlarge their war criminal declarations to include the properties of these individuals. Economic negotiations should also seek present assurances (though not necessarily public statements) regarding property looted in Germany. The object of such tying in flight capital matters is to use this category as a bridge between the simple loot

situation

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AUG 20 NND968103  
 BY GS HARA Date 5/9/00

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situation and the more difficult matters of long-standing investments and assimilated flight capital. It may be easier to establish later a complete basis for the control of flight capital if some neutral action in flight capital cases is taken now by analogy to leant, this action becoming in turn at an appropriate time precedent for further neutral action. Since flight capital i.e., by definition, German-owned property, we cannot insist that the neutrals--as long as they value their neutrality--make public declarations that German assets will be delivered up to the Allies. In flight capital discussions with the neutrals every effort should be made to distinguish the situation of long-standing enemy investments. Precautionary measures, such as blocking, import prohibitions, and restrictions on transfer should be urged presently for flight capital as well as leant cases; and it might be well to keep the neutrals informed regarding enemy techniques, as revealed by particular transactions, for avoiding the edge of defeat.

Covey T. Oliver.

cc: Mr. Schmidt  
 Mrs. Shwartz  
 Mr. Richards  
 Mr. Fisher  
 Mr. Neakovitz  
 Mr. Gilbert  
 Mr. Arnold

RG 131  
 Entry FFC GPO  
 File Looted gold  
 Box 388

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Auton NND968103  
 By GS MARA Date 5/9/80

GERMAN ECONOMIC BRANCH PMC 13.6.45  
 ENEMY BRANCH (Foreign Office and Ministry of Economic Warfare) LIP

## PRESS READING UNIT

E.O.A.

(HEDDON HOUSE)

2072

FOREIGN PRESS AND  
TECHNICAL JOURNALS

Herewith Extract from Bank for International Settlements

No. 3 Cuttings

Dated 12.6.45

GOLD

Italian Stocks SCHW. DEP. AG., 24/5, reports from Rome that the Banca d'Italia has recovered 25 tons of gold which had been hidden in the north of Italy by the German authorities. 75 tons transported to Germany are still missing. The Italian press, in this connection, expresses the hope that the Banca d'Italia will soon be able to reconstitute a gold reserve so as to enable it to pursue with success a deflationary policy and to base the currency on a stable note.

NAT.ZTG, 23/5, Chiasso, understands that the gold treasure discovered by American troops in Bolzano (see yesterday's Press Review) was the collection of coins of the former King, valued at 2 million.

Italian Gold Stock ... 25/5, reports from Rome that the amount of gold recovered by the Banco d'Italia so far is 23 tons. The amount of gold carried away by the German authorities, belonging to Italy and six other owners is given at 92 tons. In September 1945 the Italian gold stock amounted to 120 tons as compared with 561 tons in 1938. The Italian press no longer mentions the gold treasure discovered in a salt mine in Germany which had originally been claimed by Italy as Italian property. Thus the present Italian note circulation of Lit. 300-550 milliard will have a gold cover of 23 tons only.

/ITALY

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N.T.3 (Fin-Int)

E.A.B.7 (Mr Beerenson)

E.A.B.7 (Fin Other)

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RG 131  
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File Looted gold  
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NND968103

Author: GU  
By: GU MARA Date: 5/9/80

## ITALY

Govt Loan, SCHW. DEP. AG. 28/5, Chiasso. According to Italian press reports, subscriptions to the Italian State loan have reached over. Lit. 30 milliard

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SA

(26598) W  
(27245) W

225916

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NND968/03

By EN NARA Date 5/9/00

E.O.D. 2042  
 ENEMY BANCHE (Foreign Office and Ministry of Economic Warfare)

D.A.D. PRESS READING UNIT E.D.  
 (HEDDON HOUSE)

FOREIGN PRESS AND  
 TECHNICAL JOURNALS

Herewith  
 Extract from BANK FOR INTERNATIONAL SETTLEMENTS.

No. 2. PRESS CUTTINGS.

Dated 5.6.45.

GOLD.

Fresh Gold Find. N.Z.Z. 23/5, Rome. American forces have found in Bolzano 23 tons of gold representing a value of \$20 million. The gold was to be transported to Germany by German troops but has now been sent to Rome, where it will be kept in custody by the Allied Finance Commission. The Italian press is unanimous in declaring that the gold found is the property of the Banca d'Italia, while, according to another version, it represents the coin collection of the former King. Meanwhile it has been announced in Rome that upon the occupation of the city of Salò on the lake of Garda large sums of money were discovered: \$10,500, SF 45,000, Lit. 5 million in securities, Lit. 71,000 in cash, FF. 4,569.000, and RM 29,000. The entire find was delivered last Monday to the Banca d'Italia in Brescia.

SCHW. I.P.P. 20/5, Chiasso. According to the Italian press, Italy, as the result of the discovery of numerous gold hoards hidden by the Germans authorities, has so far been able to recover 20 tons of gold.

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 EAB.7. (Mr. Beerenson). E.A.B. 7. (FIN.Other)  
 EAB.7. (ITA) E.A.B. 7. (B.&A.)

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AVONIA NND968103

By GO: HARA Date 5/9/60

E.O. 19 2039  
ENEMY BRANCH (Foreign Office and Ministry of Economic Warfare) 2040  
E. M. I. C. Advisory Branch.  
DAD.PRESS READING UNIT

(HEDDON HOUSE)

FOREIGN PRESS AND  
TECHNICAL JOURNALSHerewith BANK FOR INTERNATIONAL SETTLEMENTS.  
Extract from

No. 3 PRESS CUTTING.

Dated 5.6.45.

GOLD.

GOLD FIND IN ITALY. SCHW. DEP A.G., 11/5., Chiasso, quotes the Italian paper "Avanti" according to which British troops have found in the mountains of the Ital-Austrian frontier a gold stock representing a value of about \$15 million.

ITALY.

STOCK EXCHANGE. SCHW. DEP. A.G., 15/5., Chiasso. It is authoritatively stated that the Milan stock exchange will remain closed until further notice.

CURRENCIES AND EXCHANGE.

ITALIAN FOREIGN EXCHANGE RATES. SCHW. DEP. AG., 14/5., Milan. The Allied authorities are reported to have agreed to the fixing of the foreign exchange rates by the Italian Treasury in the next few days. The dollar rate will be fixed at Lit. 190 = \$1 and the sterling rate at Lit. 400. These are the same rates as those provisionally fixed at the time of the conclusion of the armistice agreement.

Copies of Extract NT.3.(FIN.INT). Mr. Bliss by request.

sent to:—  
 E.A.B. 7. (MR.BEERENSK)  
 E.A.B.7.(ITA)  
 E.A.B. 7. (FIN.OTHER).

(20598) Wt.51593/546 15,000 2/44 A & E.W.Ltd. Gp.689  
 (27243) Wt.14530/578 25,000 5/44 "

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 Entry FFC Gern  
 File Looted gold  
 Box 388

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 Audit NND968/03  
 By CN MARA Date 5/9/00

*Looted Gold*

May 12, 1945

MEMORANDUM FOR THE FILES:

I rang Mr. Collado on May 12 and protested the despatch by State of cable No. 330 on April 26 and other cables relating to gold, without any clearance by the treasury. I said I understood a telegram had been sent to London on April 27 dealing with looted gold and that we had not been consulted about this. I told Mr. Collado that I thought State should not send out anything on gold without consulting the Treasury.

I reminded him of the meeting we had held recently on the German gold and the fact that representatives of State, War and treasury all affirmed that their Departments had not yet come to any decision on this gold. In view of this, and the fact that the Secretary was stating that the matter was still open, we were anxious that State send nothing on the subject of gold restitution which would prejudice a later decision.

Mr. Collado said that the cable of the 27th had not prejudiced any position, that it simply told London to disregard all previous cables and do nothing. He said he was aware of the incoming notes concerning gold and of these cables and had taken steps in the department to make sure that we received these notes concerning gold and to prevent cables from being sent on this subject without clearance with us. He said that the notes had not been distributed because of specific instructions from higher quarters. I asked him if his steps would insure that we received all the notes. He said he thought so, but he would have to talk to Will Clayton.

Frank Coe

5/12 - distributed to Messrs. Hoffman, Aarons, Friedberg, Southworth

FC:imc:5/12/45

225919

RG 131  
 Entry FFC Grena  
 File looted gold  
 Box 388

DECLASSIFIED  
 AUG 1968 103  
 BY: GU HARA Date 5/9/80

June 1, 1945

MEMORANDUM FOR THE FILES

Subject: Frozen Italian Assets in Spain

Italy was among the nations whose assets were frozen by Spain on May 6, 1945 as a result of the representations of the U. S. and U. K. to the Spanish Government.

The Italian Government, as is the case with the French, is extremely disturbed by the measure and has protested vigorously. The Italians claim that the decree, aimed at an enemy state, strikes Italy - a co-belligerent - paralyzes Italian business interests in Spain and interferes with trade.

An additional reason is that the Spaniards in investigating frozen assets may discover cloaked Italian assets in Spanish companies and subject them to nationalization.

The U. S. and U. K. have been asked to intervene with the Spanish Government for an immediate and radical revocation of the freeze. Madrid requests our advice. The British say that each case should be considered individually, but recommend unfreezing of the Banca Nazionale del Lavoro.

Recommendation:

I understand that the recent Italian financial directive hands over complete control of Italian external assets to the Government of Italy. This being so, it would be consistent to allow the Italians to ferret out looted property and assets cloaked for the Nazis in Spain rather than to entrust this job to the Spaniards. I recommend that the American mission at Madrid be instructed to support the Italian request for defrosting of their assets, with the understanding that the Italian Government will, with the American and British authorities in Spain, concert its efforts to uncover cloaked and looted property.

Peter N. Delaney

cc: Glaser, Pollack, J.B. Friedman, Locker, Miss Mayer, Hoffman,  
 Mrs. Schwartz, Miss Scullen

PHB:mc  
 6/1/45

225920

RG 131  
 Entry FFC Gren  
 File 100ec Gold  
 Box 388

DECLASSIFIED

ANONYMOUS  
 BY GO: MARA Date 5/9/60

NND968/03

## INCOMING TELEGRAM

DEPARTMENT OF STATE—DIVISION OF COMMUNICATIONS AND RECORDS

TELEGRAPH BRANCH

RESTRICTED

Action: ESP  
 Info:  
 U-E  
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 OFD  
 OFS  
 PC  
 DC/R

FROM: Brussels  
 TO: Secretary of State  
 NO: 789, May 16, 5 p.m.  
 OA FROM DORR

Control 5193

Revd May 16, 1947  
 5:40 p.m.

(1) At Gold Commission meeting May 13 question raised as to whether Govts which did not file claims should be asked nevertheless to submit answers to gold questionnaires. British member stated his Govt did not intend to answer questionnaire, but stood ready to supply Commission with any data necessity for which was revealed by its studies. Agreed that this was reasonable position, and Commission plans to address to nonclaimant countries only such specific request for information as are essential to its work. (This design contrary to advice OURTEL 684 April 29).

(2) Commission now has substantially completed its administrative arrangements. I have been designated permanent chairman. A French permanent secretary has begun to function, and a bilingual stenographer is being sought. Space for commission offices supplied in building of secretariat, and arrangements completed whereby IARA will advance working funds Committee on the assurance of repayment by commission before end of year. Arrangements also made to utilize IARA translating and duplicating facilities. Conditions O'Flaherty employment approved.

ECB:PAL

ACHILLES

WARNING

This is a classified telegram, the protection of which is required by Section 153, Title 22 of the United States Code.

RESTRICTED

INFORMATION COPY

225921

RG 131  
Entry FFC Gen  
File Looted gold  
Box 386

DECLASSIFIED  
AUG 1968 BY G. MARA Date 5/9/00

# INCOMING TELEGRAM

DEPARTMENT OF STATE—DIVISION OF COMMUNICATIONS AND RECORDS

TELEGRAPH BRANCH

3

RESTRICTED

Action: PC/L

Info:

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PC

DC/R

FROM: London

TO : Secretary of State

NO : 2301, April 18, 6 p.m.

WARNING Rec'd April 19, 1947  
5:02 p.m.This is a classified telegram,  
protection of which is required by  
Section 135, Title 22 of the U.S.  
Code.

MEWFO would appreciate text Department's note to Sweden re 1,000 kilos Dutch and other looted gold. MEWFO states British Legation Stockholm advised of MEWFO approval of above note. However, MEWFO tends question advisability following that note with further request for formal adherence to gold declaration (Stockholm's telegram 364, April 11 to Department, repeated 32 London, 10 Paris). Embassy requests further information in order obtain issuance of instructions from MEWFO to British Legation Stockholm this regard.

Sent Department as 2301, repeated Stockholm as 16.

DOUGLAS

MP: PPM

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225922

RG 131  
 Entry FFC GREN  
 File looted gold  
 Box 388

DECLASSIFIED

NND968103

By [initials] MARA Date 5/9/00

*Footed Gold  
to Sculley*

JAN 9 1946

RWN-G

Paraphrase before communicating except to Government Agencies

SECRET 0

1843

Paris

Dated January 5, 1946

Secretary of State  
Washington

Rec'd 7:24 p.m., 6th

71, January 5, 2 p.m.

Chargueraud of FONOFF has informed Embassy that question of approach to Swiss Government on question of looted gold transferred by Germany to Switzerland (DEPTEL 5657, December 4, numbers unknown to London and Bern; London's 813, December 20 to Department as 13321 and Bern as 384) has not been resolved as between Finance Minister and FONMIN here.

Finance Minister is of opinion that French interest in looted gold question should be taken up through the National Bank of Belgium which was the original owner of such gold; while Chargueraud is trying to dissuade Finance Minister and has suggested tripartite approach to be made at time of Washington discussion. He is, furthermore, of the opinion that we should advise Swiss on all specific problems of this type to appear on the agenda in order that they may not plead incompetence to discuss such questions during the proposed negotiations (sent Department 71 repeated London 5, Bern 3).

Embassy will attempt to obtain more definitive statement of French position next week. Embassy would appreciate being informed of Department's current advice on this matter.

CAFFERY

BB

cc: 1/14/46

For Information - Miss Sculley, Mrs. Henderson, Miss Steinberg, Gewirtz, Mrs. Schwartz, de Zevallos, O'Flaherty, Locker, Brenner, Ullman, Bitterman, McGrew, Mrs. Alcorn, Friedberg, NY Fed., General Records.

225923

RG 131  
 Entry FFC (Gen)  
 File Looted gold  
 Box 282

DECLASSIFIED  
 Authority NND 968/03  
 BY GJ. MARA Date 5/9/80

COPY

## DEPARTMENT OF STATE

## INCOMING TELEGRAM

ACM-H  
 Paraphrase before communicating except to Government Agencies.

RESTRICTED

Secretary of State

Washington

13321, December 20, 11 a. m.

Following are personal views of Brandt MENFO re German gold in Switzerland (DEPTEL December 4, number unknown Bern repeated 10530 London number unknown Paris). Great mistake approach Swiss now as this is important weapon and should be saved for use during forthcoming negotiations. (Sent Dept 13321 repeated Paris for Angell 813, Bern 384 Safehaven) Furthermore Swiss probably have good countercase on basis of following background supplied by Brandt: Germans melted looted gold into bars and placed pre-war German markings thereon. Germans first offered sell approximately 110 tons such gold to Swedes who refused for reasons he did not know. In 1943 Germans offered said 110 tons to Swiss who accepted. Therefore Brandt feels Swiss will claim they accepted gold in good faith because it was unrecognizable as loot and was purchased before gold declaration. February 1944. He doubts whether January 1943 declaration would constitute strong argument against Swiss.

However, entire question being cleared with other interested British Depts although Embassy gathered Brandt feels they would agree with his above views.

WINANT

BB

RESTRICTED

elisn  
 12/78

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Entry FFC Gien  
File Voted gold  
Box 388

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Audit NND968103  
By GU MARA Date 5/9/00

FOREIGN FUNDS CONTROL		DEC 20 1945
To:	Mr. Schwartz	For Scullen
(1)		(Room)
(2)		(Bldg.)
(3)		(Room) (Bldg.)
Follow up with State - see if answer is in yet. Maybe we ought to get a follow-up on it. Keep me advised.		
From:	RRShwartz	12/20/45 (Date)
		(Room) (Bldg.)

225925

RG 131  
 Entry FFC Gen  
 File 1000 gold  
 Box 388

DECLASSIFIED  
 AUTH NND968103  
 BY DA MASA Date 5/9/00

DEPARTMENT  
OF  
STATE EG

Paraphrase before com-  
municating except to  
Government Agencies.

## OUTGOING

## TELEGRAM

DIVISION OF  
CENTRAL SERVICES  
TELEGRAPH SECTION

December 7, 1945

ENTRANCE SERVICES 7 P.M.

SECRET 0

1945 DEC 7 PM 19

ALL INFORMATION CONTAINED

HEREIN IS UNCLASSIFIED

THIS IS UNCLASSIFIED

FOILED BY  
DAS  
125  
NSArrived O.S. 10:15  
TAKING UP AND  
SOLD ALL OFFOR SECURITY REASONS THE  
TEXT OF THIS MESSAGE MUST  
BE CLOSELY GUARDED. ON YETMAYBE IN MY  
DO NOT TALK  
ABOUT IT -DO NOT TALK  
ABOUT IT -

THIS IS UNCLASSIFIED

DO NOT TALK  
ABOUT IT -

225926

RG 131  
 Entry FFC Gen  
 File Looted Gold  
 Box 388

DECLASSIFIED  
 Audit NND968103  
 By GU MARA Date 5/9/00

SECRET 0

-2-"3497, December 4, 7 p.m., to Bern:

they will  
 2. act concurrently with you, you should approach the  
 Swiss Govt and indicate (a) that info uncovered in Germany  
 indicates that a substantial amount of the gold looted by  
 the Germans was transferred to the Swiss through U.S. and that  
 (b) in order to ascertain facts it is desired  
 that a team of technical experts be permitted to examine  
 the Swiss possession of those institutions and all  
 relevant books, files and records. (c) The Swiss Govt  
 should be requested to transmit this request to the S.I.  
 and the A.D.C. in order to facilitate direct contact with officials  
 of these banks.

3. In your approach, the Swiss should be reminded  
 of the affirmation of their decision to assist in the  
 recovery of loot as expressed in the letter of March 3,  
 1945, signed by Prof. Schwart on the occasion of the Currie  
 mission and that the evidence uncovered by the group is  
 important.

The Swiss may contest our demand by referring you  
 to Oct. 1944, when a receipt on financial matters  
 (letter of Dr. Grus) signed by Prof. Schwart whereby we advised them  
 that their continental purchases in restricted amounts for

of logistic

225927

RG 131  
 Entry F.F.C (Gen)  
 File (coded) gold  
 Box 388

DECLASSIFIED

NND968/03

Authority

B-1

KAPR Date 5/9/00

SECRET 0

-3- #3497, December 4, 7 p.m., to Bern

diplomatic and Red Cross purposes. Such acknowledgement did not imply a waiver of our position re loot.

You might also expect that the Swiss will refuse investigation of the BIS by referring you to The Hague Convention of Jun 20, 1930, Article 1, providing for exemption of BIS from any measure which would prohibit gold exports and imports. The position should be taken--if this point is made--that the provision under reference did not include looted gold.

5. Please keep Dept informed of progress. In particular report promptly if Brit and/or French do not agree to join in investigation so that matter can be considered further. Should question come up we contemplate a team of French, Brit and US experts to examine bank records, should those govt's join in approach.

Sent to Bern, rptd to London and Paris with request to take up the matter with Govt you are accredited to in order that US and French Mission respectively be instructed to join us in approach to Swiss Govt.

COL ROO : Rpted to London as 10530 and Paris for Angell as 5657.

LSP: SJRubin:mf

11-27-45

LAWRENCE S.

Cleared with  
Trees.

225928

DECLASSIFIED

AUG 1945  
GARF NADA Date 5/9/45

RG

Entry

File

Box

131

FFC Gen

memos to coe looted gold

388

COPY

CLEARANCE  
FORCONFIDENTIAL

No.

To The

Officer in Charge of the American Mission,  
Rome.

The Acting Secretary of State refers to the Embassy's telegram No. 921 of April 9, 1945 with respect to notice from the Italian Foreign Office that the Italian Ambassador in Washington would present a note verbale on the subject of restitution of gold taken from the Bank of Italy by the Germans.

The note verbale in question was handed to the Department on April 23, 1945. For the information of the Embassy, a copy of the note in question and of the Department's reply thereto is enclosed herewith.

In view of the fact that Italy was not represented at the United Nations Monetary and Financial Conference, and that the armistice terms and the presence of the Allied Commission in Italy would seem to ensure action by Italy to effect restitution, immobilize German assets, and the like, it was not deemed desirable to mention the desirability of Italian public adherence to the principles of Bretton Woods Resolution VI.

Reference is made to the Department's telegram No. 260 to Algiers of January 25, 1944 and telegram No. 1147 of April 6, 1944 from Algiers to the Department which concern gold which was allegedly removed from Yugoslavia by the Italian Fascist Government. At the time when the question of this gold was raised by the Allied Commission with the Italian Government, the latter informed the Allied Commission that the bank of Naples or the branches of the Bank of Italy in liberated territory had no knowledge of the gold of the Yugoslav National Bank reported to have been transported to Italy from Montenegro. Although the Italian Government gave assurance that further inquiries would be made when Rome was liberated the Department has no knowledge of any further reply. In the event that the Italian Government again raises with the Embassy the question of looted gold, it might be appropriate to make further inquiries with respect to the Yugoslav gold.

Enclosures:

1. For the Italian Embassy, dated April 23, 1945.
2. To the Italian Embassy

740.00119 A.C.1./4-945

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## ITALIAN EMBASSY

WASHINGTON, D.C.

Note Verbale

The Italian Ambassador presents his compliments to the Honorable the Secretary of State and, in accordance with instructions received from Rome, has the honor to transmit the following communication.

As known, the Bank of Italy has been criminally despoiled of the gold of its ownership representing the reserve destined as exclusive guaranty for the bearers of the currency.

The quantity of gold seized, and of exclusive property of the aforesaid Bank of Italy, amounts to kilograms 92,261,899.074 (kilograms ninety-two thousand two hundred sixty-one and milligrams eight hundred ninety-nine thousand seventy-four) of fine gold. In addition to this amount the Germans seized kilograms 5,956,945.629 (kilograms five thousand nine hundred fifty-six and milligrams none hundred fifty-five thousand six hundred twenty-nine), partly the property or the object of right of security of others and partly belonging to the National Bank of Albania. According to information reported to the Italian Government, the gold belonging to the latter would be earmarked at the Reichsbank under the name of the aforesaid National Bank of Albania.

The Italian Government has already taken steps with all the neutral governments in order to safeguard the rights

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## ITALIAN EMBASSY

WASHINGTON, D.C.

The Italian Ambassador presents his compliments to the Honorable the Secretary of State, and pursuant to the Embassy's note of April 8, 1945, has the honor to inform him that the communication, transmitted with the note under reference and concerning the gold seized by the Germans from the Bank of Italy, is to be replaced with the following, inasmuch as it had previously arrived incomplete from Rome because of an error in the telegraphic transmission:

"As known, the Bank of Italy has been criminally despoiled of the gold of its ownership representing the reserve destined as exclusive guaranty for the bearers of the currency.

"The quantity of gold seized, and of exclusive property of the aforesaid Bank of Italy, amounts to kilograms 92.261,399.074 (kilograms ninety-two thousand two hundred sixty-one and milligrams eight hundred ninety-nine thousand seventy-four) of fine gold. In addition to this amount the Germans seized kilograms 5.956,945.629 (kilograms five thousand nine hundred fifty-six and milligrams nine hundred forty-five thousand six hundred twenty-nine), partly the property or the object of right of security of others and partly belonging to the National Bank of Albania. According to information reported to the Italian Government, the gold belonging to the latter would be earmarked at the Reichsbank under the name of the aforesaid National Bank of Albania.

"The Italian Government has already taken steps with all the neutral governments in order to safeguard the rights to the gold in question of the agencies concerned, in the event that it might have been introduced stealthily in the territories of the aforesaid neutral nations.

"In view of the possibility that the Allied Forces, while advancing in German territory or liberating territories still under German occupation, might recover all or part of the gold illegally taken away from Italy by the Germans, as stated above, the Italian Government trusts that the Allied Governments will not fail to issue instructions to the effect that the gold thus recovered be returned outright to the Italian Government, so that the latter may be in a position to restore it to the rightful owners.

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June 1.

The Acting Secretary of State presents his compliments to the Honorable the Italian Ambassador and has the honor to refer to the note verbale of April 23, 1945 from the Italian Ambassador referring to the subject of gold looted from the Bank of Italy. The principles and methods to govern restitution of looted gold and other types of property have not as yet been agreed upon by the Allied Governments. The United States Government will give the views of the Italian Government careful consideration.

Department of State,

Washington,

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Author: NND968103  
By: GS HARA Date: 5/9/45RG 131  
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Box 388  
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To The

Officer in Charge of the American Mission,  
Rome.

The Acting Secretary of State refers to the Embassy's telegram No. 921 of April 9, 1945 with respect to notice from the Italian Foreign Office that the Italian Ambassador in Washington would present a note verbale on the subject of restitution of gold taken from the Bank of Italy by the Germans.

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## Enclosures:

1. For the Italian Embassy,  
dated April 23, 1945.
2. To the Italian Embassy.

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Box 388  
Looted gold

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The Acting Secretary of State presents his compliments to the Honorable the Italian Ambassador and has the honor to refer to the note verbale of April 23, 1945 from the Italian Ambassador referring to the subject of gold looted from the Bank of Italy. The principles and methods to govern restitution of looted gold and other types of property have not as yet been agreed upon by the Allied Governments. The United States Government will give the views of the Italian Government careful consideration.

Department of State,

Washington,

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