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UNITED STATES REPRESENTATION ON THE
ALLIED CONTROL COMMISSION FOR HUNGARY
BUDAPEST, HUNGARY

9 August 1946

My dear General Sviridov:

I have been informed by the American Minister that the practice of the Soviet authorities in connection with the determination of the identity of German property under the Potsdam Declaration was having injurious results on American interests in that the burden of proof of non-German ownership has been placed on the Hungarian Government.

Nine recent cases are cited as special examples in which the Soviet authorities claimed property owned by persons in the United States and believed to be American citizens. The Legation in each case wrote a letter to the Hungarian Reparations Office pointing out that the person in question is believed to be an American citizen and requested suspension of the case pending final verification of citizenship by the United States Department of State.

The Hungarian Reparations Office informed the American Legation that the Soviet authorities indicated that they could not accept such statements, and further stated that proof of American citizenship in the form of signed letters or certificates attesting to said American citizenship of the property owner must be produced. The Hungarian Reparations Office states that the Soviet authorities have directed it to proceed with the transfer if such evidence is not produced.

The Soviet authorities have indicated that the cases of the following nine property owners will be considered on 9 August 1946:

Andreas Paner, 1301 Sherman Street, Akron 1, Ohio
George F. Roth, 1335 Londonderry Place, Hollywood 46, California
Douglas Somlyo and Elmer Somlyo, 9917 Robbins Drive,
Beverly Hills, California
Mrs. Jakob Estes nee Eva Bessmer, 10 Howell Avenue,
Larchmont, New York
Mrs. Istvan Erky, 26 Ferronia Way, Rutherford, New Jersey
Henry Hilgert, Evergreen Hotel, Fountain Lodge, California
Karl Pfeiffer, 255 Box, Elberta, Alabama
Peter Rack, Box 351, Moon Street, Steelton, Pennsylvania
Mrs. Serene Poller nee Roth, 400 West 38th Street, New York, N. Y.

As it is obviously impossible for the American Legation to communicate with the Department of State and receive a reply prior to 9 August 1946, they have requested me to make representations to you in order to obtain a delay in these cases. In this connection I wish to request, on behalf of my Government, your agreement to delay action in all future cases involving

UNITED STATES REPRESENTATION FOR HUNGARY
OFFICE OF THE CHIEF REPRESENTATION OF THE
UNITED STATES REPRESENTATION FOR HUNGARY

Property of persons believed by the American Legation in Budapest to be American citizens while verification of the citizenship status is in process. The American Legation will state in writing to the Hungarian Reparations Office that such proof of citizenship is being requested in the United States.

I have the honor to be, with the highest esteem,

Faithfully yours,

GEO. H. WESSIS
Brigadier General, U. S. Army
Chief, U. S. Representation

Lieutenant General V. P. Sviridov
Acting Chairman
Allied Control Commission for Hungary
Budapest, Hungary

IN REPLY REFER TO
FILE NO.



DEPARTMENT OF STATE

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

~~AMERICAN CONSULATE~~SECRET

AMERICAN LEGATION

Budapest, Hungary, May 9, 1947

My dear General:

I am enclosing herewith copies of my despatches No. 2994 of April 25 and No. 3057 of May 8, 1947 concerning a recent Soviet effort to obtain control of the Hungarian General Credit Bank. It is my understanding that the British are fully informed concerning these developments and are interested in view of substantial British interests in the bank.

The American interest in the Credit Bank arises from a small shareholding, from unsatisfied pre-war American claims against the bank amounting to approximately 2.5 million dollars and from participation by the bank in the recent 7 million dollar cotton credit from the United States Export Import Bank.

I am keeping the Department of State fully informed of these developments and expect that I may receive instructions in the near future.

In the meanwhile, however, I suggest that you may wish to consult with your British colleague on this matter.

Very truly yours,

A handwritten signature in dark ink, appearing to read "H. F. Arthur Schoenfeld".

H. F. Arthur Schoenfeld
American Minister

Enclosures: (See page 2)

Brigadier General George H. Weems, U. S. Army,
Chief, United States Military Representation,
Allied Control Commission for Hungary,
Budapest, Hungary

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Enclosures: (in single copy)

1. Copy of Despatch No. 2994 of April 25, 1947
2. Copy of Despatch No. 3057 of May 8, 1947

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Enclosure to Despatch No. 2994
dated April 25, 1947 from the
American Legation, Budapest,
Hungary

A certain amount of shares of the Hungarian General Credit Bank, totalling about 16 per cent of the entire share capital had been in possession of a French group since 1920. During the last war, while France was occupied by the Wehrmacht, the French shareholders were forced to transfer their stock to the Dresdner Bank of Berlin, at the time one of the leading German banks.

The shares in question were claimed by the Soviet Government under the Potsdam Agreement as German property situated in Hungary. After vainly protesting that the transfer which took place during the war in favour of the Dresdner Bank was made under duress and must be considered invalid according to the London Declaration of January 5th 1943 to which the Soviet Union was a principal party, the Hungarian Government gave way to the pressure exercised by the Russian controlled Allied Control Commission and recognized the Soviet claim.

The Soviet Government further claimed and obtained the transfer of shares issued by the Hungarian General Credit Bank formerly held by the Viennese bankers S.M.v. Rothschild and Creditanstalt-Bankverein.

Altogether shareholders' rights in respect of stock representing 18 per cent of the issued share capital of the Hungarian General Credit Bank have been recognized as pertaining to the Soviet Union.

On the strength of these rights the Soviet Government obtained six seats out of 24 on the Board of the Hungarian General Credit Bank. One of the members nominated by them was elected to the Executive Committee, another became one of the two Vice-Presidents of the Board; still another Soviet nominee took a seat on the Committee of Control. All these changes took place in a general meeting held in July 1946.

Meetings of the Board and Executive Committee were from the time onwards regularly attended by the Soviet delegates, who were served with a Russian translation of every proposal submitted by the management and of all minutes recording discussions and resolutions, which they signed either without an objection whatever or after suggesting and obtaining minor corrections.

Some weeks ago the Hungarian General Credit Bank and certain Hungarian companies owning shares issued by the bank, received the visit of Russian military officers acting for the Allied Control Commission who started investigations apparently intended to establish the identity of as many as possible of the shareholders of the Hungarian General Credit Bank as well as the amount of stock held by each shareholder.

General Credit Bank was invited to the Office for the Control of Soviet Property in Hungary where he had a long talk with an employee known to be acting as legal adviser to the Office. Part
of the conversation

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of the conversation was attended by two of the Soviet members of the Board of Direction of the Hungarian General Credit Bank.

As a result of this meeting it became apparent that the Soviet Government was not satisfied with their present position and have embarked on a campaign to obtain in respect of the affairs of the Hungarian General Credit Bank rights going far beyond those normally exercised by a minority shareholder owning 18 per cent of a company's shares.

The following is a summary of the main points raised by the Soviet legal adviser in the course of his talk with Mr. George Ulimann and during further meetings, which took place subsequently, in the presence of the Hungarian General Credit Bank's Deputy General Manager and legal adviser.

1. In the view of the Soviet Government the shareholders of the Hungarian General Credit Bank fall into three principal groups, viz.: (a) the Soviet Union, (b) Messrs. N.M. Rothschild & Sons of London, and (c) Hungarian limited companies controlled by the Bank. Of these only groups (a) and (b) are to be considered genuine shareholders as those under (c) are not free to exercise their rights according to their own will, but only in conformity with orders received from the Hungarian General Credit Bank, which, in turn, will have to be given out in accordance with the wishes of the Soviet Union in their capacity as shareholder of the Hungarian General Credit Bank.

2. Upon the objection that there exists an important Hungarian single shareholder in the person of Messrs. Dreher-Haggenmacher who possess shares exceeding 10 per cent of the whole capital issue, the Soviet representative put forward the view that Messrs. Dreher-Haggenmacher obtained their shares in result of a transaction which runs counter to the interests of the Soviet Union; the transaction will have to be annulled and Messrs. Dreher-Haggenmacher deprived of their shares. When informed that the transfer of the shares in question in favour of Messrs. Dreher-Haggenmacher took place in connection with the merger of the Hungarian General Credit Bank and the Hungarian Central Savings Bank he declared that the Soviet Union would not insist on the merger itself being declared void, provided that Messrs. Dreher-Haggenmacher were prepared to return the shares, in which case they would receive adequate compensation. The Soviet Union could, however, in no case allow 90,000 shares of the Hungarian General Credit Bank to remain in possession of Messrs. Dreher-Haggenmacher while they were in a position to exercise their shareholders' rights in a way not corresponding with Soviet interests and therefore, if Messrs. Dreher-Haggenmacher were not willing to give back the shares voluntarily, it would become necessary for the Soviet Union to take other measures. The Soviet representative did not specify what kind of measures he had in mind.

3. When reminded of the existence of a large number of minor shareholders, whose holdings represent a considerable part of the share capital, the Soviet representative categorically denied the right of such shareholders to exercise an influence whatever on the affairs of the bank.

4. The Soviet representative, while pointing out the desirableness of an agreement between the principal groups of shareholders concerning the control of the affairs of the bank, declared at the same time that the Soviet Government would never tolerate a combination of shareholders, as result of which it would find itself in the position of an isolated minority shareholder, who could

rely only

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rely only on his own holding of 18 per cent.

5. Upon being informed of the fact that a number of shares of the Hungarian General Credit Bank were lately disposed of by companies controlled by the bank, he declared such sales to be contrary to the intentions of the Soviet Union and called upon the management of the bank to prevent all companies controlled by the bank, as well as companies in which the bank owns an interest, from effecting further sales of Hungarian General Credit Bank shares.

6. Its present nominees having failed to take an active part in the affairs of the Hungarian General Credit Bank, the Soviet Union intends to call an extraordinary General Meeting in order to have them (or part of them) replaced by other delegates.

7. The Soviet Union being unwilling to play the part of a "poor relation" it will insist upon having a representative in the management of the Hungarian General Credit Bank, who will be in position to report every business transaction.

Their position towards the bank cannot be compared with that of their French predecessors or of Rothschilds. The latter could or can afford not to have a delegate of their own among the managers of the bank, because their holdings were merely capital investments made with a view to get as much interest as possible out of it. The Soviet Union took over the German shares as part of reparation due to them by Germany and consequently every effort must be made to ensure the largest possible contribution of this asset towards the reconstruction work going on in Soviet Russia.

8. Having learned of the intention of several leading members of the management to go abroad in the near future, the Soviet delegate declared emphatically, that he "strongly advises" the gentlemen in question not to try to leave the country before all questions raised by the Soviet Government concerning the affairs of the Hungarian General Credit Bank have been settled.

Budapest, April 21, 1947

229597

Gen. Adams.

No. 3057

AMERICAN LEGATION

SECRET

Budapest, Hungary, May 8, 1947

SUBJECT: Transmission of Additional Memoranda Relative to Soviet Efforts to Obtain Control of the Hungarian General Credit Bank

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON, D. C.

SIR:

With reference to this Legation's despatch No. 2994 of April 25, 1947, transmitting a memorandum received from Baron George ULLMANN, General Manager of the Hungarian General Credit Bank, concerning Soviet efforts to obtain control of that institution, I have the honor to enclose herewith copies of a second memorandum dated May 2 and a third memorandum dated May 6, 1947, describing more recent developments as reported in this Legation's telegrams no. 737 (repeated to London as No. 66) of May 5 and no. 756 (repeated to London as no. 69) of May 8, 1947.

Respectfully yours,

For the Minister:

Robert S. Folsom
Second Secretary of Legation

Enclosures:

1. Copy of Baron Ullmann's memorandum dated May 2.
2. Copy of Baron Ullmann's memorandum dated May 6.

Copy to: American Embassy, London

RSFolsom:eh
File: 850/851.6
In triplicate to the Department

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AMERICAN LEGATION
Budapest, Hungary
April 25, 1947
Despatch No. 2994

participation have been made in numerous cases where the present Soviet interests are in minority. The case serves to illustrate further the expansion of Soviet economic penetration outlined in this Legation's despatch No. 2697 of March 5, 1947 and in other previous correspondence.

Respectfully yours,

For the Minister:

Harry E. Carlson
First Secretary of Legation

Enclosure:

Copy of memorandum prepared by
Baron George Ullmann dated
April 21, 1947

RSFolsom:eh

File: 850

In triplicate to the Department

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229599

COPY:eh
 COMPARED:eh

Enclosure No. 1 to Despatch No.
 3057 dated May 8, 1947 from the
 American Legation, Budapest,
 Hungary

Re Claims of the Soviet Union regarding the Hungarian
 General Credit Bank (Cf. Memorandum of April 21st, 1947).

Upon receiving the report of the Hungarian General Credit Bank concerning the claims put forward by the representatives of the Soviet Union, the Hungarian Government decided to take the matter into its own hands. The Hungarian Minister of Finance addressed a letter in this sense to the competent Soviet authorities. At the same time he ordered the Hungarian General Credit Bank to refrain from further direct talks with the Soviet representatives. Thereupon the Chairman of the Allied Control Commission sent an invitation to the Hungarian Minister of Finance and at their meeting it was agreed to put the whole issue before a commission presided over by one of the Secretaries of State of the Hungarian Ministry of Finance. This Commission met on April 29th under the Chairmanship of Mr. G. Kemeny and was attended by representatives of the Administration of Soviet Property in Hungary and of the Hungarian General Credit Bank as well as by delegates of the Hungarian Ministries of Finance, Justice and Industry.

Throughout the proceedings all Hungarian Government spokesmen showed the best possible intentions and adopted a very firm attitude in front of all claims put forward on behalf of the Soviet Union with considerable insistence.

In the course of the meeting referred to, it became apparent that the immediate purpose of the action taken by the Soviet Union consisted in securing what practically amounts to majority rights for their holding of 18 per cent in the shares of the Hungarian General Credit Bank. Apart from insisting upon the cancelling of the deal by which 90,000 shares of the Bank were transferred to Messrs. Dreher-Haggenmacher in 1945 out of stock formerly held by companies under the control of the Credit Bank, the Soviet representatives pressed for an arrangement by which at least half of the members of the Board of Directors should be nominees of the Soviet Union which would also obtain the right to appoint three members of the management consisting at present of six persons.

In order to avoid a deadlock, the Hungarian General Credit Bank with full support of the Hungarian Government proposed a solution by which Messrs. Dreher-Haggenmacher would renounce their voting rights in respect of their stock acquired in 1945 and together with all companies who own Credit Bank shares and at the same time are controlled by the Bank, undertake not to vote against proposals put forward or supported by the Soviet Union or by the British group of shareholders.

So far no answer has been received to this proposal which the Hungarian Minister of Finance communicated in writing to the Soviet representatives, informing them at the same time

that their

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that their claims in respect of the composition of the Board of Directors and of the management are considered incompatible with the legal position as existing in Hungary and cannot, therefore, be entertained.

There is not much hope of the proposal made by the Credit Bank being accepted, nor is it to be expected that the Soviet Union will allow the matter to rest where it will stand after the rejection of the solution suggested by the Credit Bank.

The general situation in Hungary being what it is, it would be unduly optimistic to anticipate a prolonged and successful resistance on the part of the Hungarian Government, how ever good its intentions may be at the moment.

Some of the far reaching consequences of a possible Soviet preponderance in the affairs of the Hungarian General Credit Bank have been sketched in the Memorandum of April 21st. Anyhow, it is beyond doubt that to allow the Soviet Union to obtain unrestricted control of this leading Hungarian Bank and its very strong industrial position, would constitute a decisive stage in the economic penetration of Hungary and would accordingly run counter to the avowed policy of the USA in South-Eastern Europe.

The only practicable way to prevent events taking this turn would appear to be to induce the Soviet Union to part with their interest in the Hungarian General Credit Bank acquired under the Potsdam Agreement either in exchange for another object of adequate value or against money payment, possibly in foreign exchange.

It must be borne in mind that from the point of view of the general policy pursued by the USA in South-Eastern Europe, the stopping of further economic penetration by the Soviet Union and in particular the prevention of their gaining such a strong foothold as would be constituted by the Hungarian General Credit Bank is many times more important and more efficient in its results than the grant of raw material credits or amounts out of relief funds.

It is accordingly suggested that if an arrangement could be arrived at with the Soviet Union according to which they would be willing to cede their holding of Hungarian General Credit Bank shares against payment in foreign exchange, the USA Government might facilitate such an arrangement by putting at the disposal of the Hungarian buyers the amount required for the acquisition of the shares in question. It is of course understood that such action on the part of the USA Government should be taken in the form of a pure business deal, the proper construction of which would however not be difficult to find.

It has already been ascertained that the Hungarian Government would readily cooperate in any scheme in order to prevent the Hungarian General Credit Bank from falling under Soviet domination.

May 2, 1947

229601

Enclosure No. 2 to Despatch No. 3057 dated May 8, 1947 from the American Legation, Budapest, Hungary

Re Soviet claims regarding the Hungarian General Credit Bank (Cf. memoranda of April 21st and May 2nd 1947)

On May the 5th a further talk took place between representatives of the Office for Management of Soviet Property in Hungary on the one part and a representative of the Hungarian Ministry of Finance and the representatives of the Hungarian General Credit Bank and of Messrs. Dreher-Haggenmacher on the other part.

The Soviet representatives produced the draft of an agreement to be made between the Soviet shareholders of the Hungarian General Credit Bank and Messrs. Dreher-Haggenmacher. According to this draft Messrs. Dreher-Haggenmacher besides transferring to the Soviet Union 10,000 Hungarian General Credit Bank shares, would agree to exercise their voting rights in respect of all Credit Bank shares which remain their property, in accordance with the wishes of the Soviet Union. They would further undertake to support the Soviet Union's claim to be represented not only in the management of the Hungarian General Credit Bank, but also in the management of all industrial undertakings controlled by the bank. As a preliminary to the agreement of the Soviet Union with Messrs. Dreher-Haggenmacher a separate agreement has to be set up between the Soviet Union and those of the subsidiary companies controlled by the Credit Bank which are owners of Hungarian General Credit Bank shares, to the effect that the said companies should be bound to exercise their voting rights in conformity with the wishes of the Soviet Union.

After a prolonged discussion in the course of which the Hungarian representatives - in particular the Government official acting for the Ministry of Finance - repeatedly pointed out that contents of the Soviet draft go far beyond the original claim purporting to be directed to the reestablishment of the position as it was before the transfer of 90,000 Credit Bank shares to Messrs. Dreher-Haggenmacher, the Soviet representatives made a statement according to which:

(a) the Hungarian General Credit Bank and Messrs. Dreher-Haggenmacher having rejected the friendly offer of the Soviet Union as contained in the draft agreement, the offer is withdrawn;

(b) there being no possibility of a settlement by negotiation, the matter will be referred back to the Allied Control Commission.

It is accordingly to be expected that in the very near future a request will be addressed in the name of the Allied Control Commission directly to the Hungarian Government.

The whole matter having originated from an allegation according to which the transfer of 90,000 Hungarian General Credit Bank shares to Messrs. Dreher-Haggenmacher constituted a breach of the Armistice Agreement, the Hungarian Government

will probably

will probably be requested in the name of the Allied Control Commission to take steps in order to have the deal in question declared null and void and to reestablish the distribution of the shares of the Hungarian General Credit Bank as it was before August 14th 1945.

As this action is to be taken in the name of the Allied Control Commission, it is extremely desirable that the non-Russian elements (American and British) of the Allied Control Commission should insist upon being informed of the matter and upon having their say on every measure which it is intended to take in the name of the Allied Control Commission.

This demand may be justified on the grounds that

(1) the proper execution of the Armistice Agreement has been entrusted to the ACC as a body including of course its non-Russian elements. The present case being based on an alleged breach of the Armistice, it falls under the competence of the ACC as a whole;

(2) considerable American interests are involved in the case of the Hungarian General Credit Bank, there being unsatisfied American claims amounting to roughly 2 1/2 million dollars against the Credit Bank.

Budapest, May 6th 1947

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AMERICAN LEGATION

Budapest, Hungary, May 9, 1947

My dear General:

I am enclosing herewith copies of my despatches No. 2994 of April 25 and No. 3057 of May 8, 1947 concerning a recent Soviet effort to obtain control of the Hungarian General Credit Bank. It is my understanding that the British are fully informed concerning these developments and are interested in view of substantial British interests in the bank.

The American interest in the Credit Bank arises from a small shareholding, from unsatisfied pre-war American claims against the bank amounting to approximately 2.5 million dollars and from participation by the bank in the recent 7 million dollar cotton credit from the United States Export Import Bank.

I am keeping the Department of State fully informed of these developments and expect that I may receive instructions in the near future.

In the meanwhile, however, I suggest that you may wish to consult with your British colleague on this matter.

Very truly yours,

H. F. Arthur Schoenfeld
American Minister

Enclosures: (See page 2)

Brigadier General George H. Weems, U. S. Army,
Chief, United States Military Representation,
Allied Control Commission for Hungary,
Budapest, Hungary

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Enclosures: (in single copy)

1. Copy of Despatch No. 2994 of April 25, 1947
2. Copy of Despatch No. 3057 of May 8, 1947

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UNITED STATES REPRESENTATION ON THE
ALLIED CONTROL COMMISSION FOR HUNGARY

A P O 777. C/O P M. N. Y. N. Y.

12 May 1947

SUBJECT: Soviet Penetration of Hungarian Economy

TO : Director, Plans and Operations Division
War Department General Staff
The Pentagon
Washington 25, D. C.

1. Following is a summary of efforts made by Soviets to further penetrate Hungarian economy by enlarging their present holdings in The Hungarian General Credit Bank of Budapest.

2. There has been transferred to the Soviet Union sixteen per cent (16%) of the entire bank's share capital which was formerly in possession of a French group and which was taken from the French during the occupation of France by the Wehrmacht and transferred to the German Dresdner Bank of Berlin. There has also been transferred to the Soviets two per cent (2%) of the bank's share capital which was formerly in possession of Viennese bankers S. M. v. Rothschild and Credit Anstalt-Bankverein. These transfers were made by the Hungarian Reparations Office in spite of protests that German possession of these shares came about through duress.

3. On the strength of this eighteen per cent (18%), the Soviets obtained six seats out of twenty four on the Board, one of whom was elected to the Executive Committee, another became a vice-president and another took a seat on the Committee of Control. These changes took place in July 1946. Since then Russians have participated in all activities of the bank.

4. On 15 April 1947 the General Manager of the Credit Bank was invited to the Office for Control of Soviet Property in Hungary, during which meeting it became apparent that the Soviets were not satisfied with their present minority holding and were embarking on a campaign to obtain rights far beyond those normally exercised by a shareholder owning only eighteen per cent (18%).

5. The Soviet view expressed at that meeting was as follows: The Soviet Union with eighteen per cent (18%), Messrs. N. M. Rothschild and Sons of London with thirteen per cent (13%) and certain Hungarian limited companies controlled by the Credit Bank itself with twenty-six per cent (26%) were the three principal shareholder groups. Of these groups only the Soviet Union and

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Rothschild are to be considered genuine shareholders, as the Hungarian companies controlled by the bank are not free to exercise their rights according to their own will, but only in conformity with orders received from the Credit Bank, which in turn must be given out in accordance with the wishes of the Soviet Union in their capacity as a shareholder of the Credit Bank. Hungarian bank officials pointed out that one single Hungarian shareholder in the name of Dreher-Haggenmacher possesses ten per cent (10%) of the entire capital issue. Soviets stated that Dreher-Haggenmacher obtained its share in a transaction which runs counter to the interests of the Soviet Union and therefore the Dreher-Haggenmacher share will have to be annulled. The transaction transferring these shares to Dreher-Haggenmacher was explained, whereupon Soviets declared they would not insist on the transaction itself being declared void provided Dreher-Haggenmacher was prepared to return the shares for adequate compensation as the Soviet Union could in no case allow ten per cent (10%) of the shares of the bank to remain in possession of a private holder while such holder was in a position to exercise his shareholder's rights in a way not corresponding to Soviet wishes. If Dreher-Haggenmacher was not willing to give back the shares voluntarily, it would be necessary for the Soviet Union to take other measures. These other measures were not specified, however. The Soviet view with regard to existence of a large number of minor shareholders was that the Soviets deny the right of such shareholders to exercise an influence on the affairs of the bank. The Soviets pointed out that they would never allow a situation to remain which resulted in the Soviets being an isolated minority shareholder who could only rely on its own holding of eighteen per cent (18%). Soviets further insisted on having a representative in the management of the Credit Bank who would be in a position to report every business transaction.

6. At this meeting the Soviet representatives used numerous veiled threats in order to coerce agreement by the General Manager of the bank and advised the General Manager against informing the Hungarian Government of these demands. The Hungarian Government was immediately informed, however, whereupon the Hungarian Government decided to take the matter into their hands. The Hungarian Minister of Finance addressed a letter to competent Soviet authorities and at the same time ordered Credit Bank officials to refrain from further direct contacts with Soviets. Soviet Chairman of Allied Control Commission invited the Minister of Finance to discuss the problem, at which conference it was decided that the whole issue would be placed before a commission presided over by a Ministry of Finance official. The commission met on 29 April and throughout the meeting a Hungarian Government spokesman adopted a firm attitude in the face of all claims put forward on behalf of the Soviets.

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7. During the meeting it became apparent that the Soviets were intent upon securing majority rights for their holding of eighteen per cent (18%). Soviets insisted on cancelling the transaction which conveyed ten per cent (10%) of the shares to Dreher-Haggenschacher in 1945 and demanded that at least half of the members of the Board of Directors should be nominees of the Soviet Union, which would give the Soviets the right also to appoint three members of the management, which consists at present of only six persons.

8. Hungarian representatives countered with an offer by which Dreher-Haggenschacher would renounce voting rights in respect to their stock, and together with the Hungarian companies controlled by the bank which own the bank shares, would undertake not to vote against proposals put forward by the Soviet Union or the British group of shareholders.

9. On 5 May a further talk took place between representatives of the Office for Control of Soviet Property in Hungary and representatives of the Hungarian Ministry of Finance, the Credit Bank and Dreher-Haggenschacher. The Soviets produced a draft of an agreement to be made between the Soviet shareholders and Dreher-Haggenschacher wherein Dreher-Haggenschacher, in addition to transferring to the Soviets ten thousand (10,000) shares (eleven per cent (11%) of the shares owned by Dreher-Haggenschacher), would agree to exercise voting rights on its remaining shares in accordance with the wishes of the Soviet Union. It would further agree to support the Soviets' claim to be represented not only in the management of the bank but also in the management of all industrial undertakings controlled by the bank. As a preliminary to this agreement, a separate agreement would have to be set up between the Soviets and the Hungarian companies controlled by the bank to the effect that the companies would be bound to exercise their voting rights in conformity with the wishes of the Soviet Union. This would allow the Soviets control of their own eighteen per cent (18%) of bank shares plus voting rights of ten per cent (10%) owned by Dreher-Haggenschacher plus twenty-six per cent (26%) owned by Hungarian companies controlled by the Credit Bank, giving a total of fifty-four per cent (54%) under control of the Soviets.

10. After prolonged discussion Hungarian representatives would not agree, and the Soviets made a statement withdrawing the offer and stating that since there was no possibility of a settlement, the matter would be referred back to the Allied Control Commission.

11. During the period of these official conferences, a Soviet representative named Nikolaev had at least two meetings with the General Manager of the Credit Bank. At the first meeting he insisted upon the General Manager acceding to the Soviet demands ex

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the matter would be referred to General Sviridov, Chairman of the Allied Control Commission and be handled by Soviet forces. The General Manager stood firm in his refusal and the Soviet representative went so far as to make a telephone call in the presence of the General Manager purportedly to General Sviridov, advising of the refusal to cooperate and turning the matter over to the Soviet Chairman. In another meeting this Soviet representative stated that there was already a warrant for the General Manager's arrest and unless he conformed to Soviet demands, he would be arrested. The General Manager pointed out the absurdity of any real charges being placed against him for his actions, whereupon Nikolaev replied that by the time he had an opportunity to prove his innocence there would be absolutely no telling where he might be. The General Manager still remained firm in the face of this and many other threats to his own person.

12. The matter is still unsettled, and though it appears from Soviet statements that the question is being turned over to the Allied Control Commission, there is no indication from any source that the Soviet representatives have yet made it an Allied Control Commission issue, even a Soviet Allied Control Commission issue.

13. Holdings in the Credit Bank in thousands are as follows:

Soviet- - - - -	160
Rothschild of London- - - - -	120
Subsidiary Companies- - - - -	230
Swiss- - - - -	20
Dreher-Heggenschner- - - - -	90
Hungarian Public in 5 to 35 blocks- <u>260</u>	
Total	880

14. The only American interest in the bank arises from a small shareholding from unsatisfied pre-war American claims against the bank amounting to approximately 2.5 million dollars and from participation by the bank in the recent seven million dollar cotton credit from the U. S. Export-Import Bank. (See despatches Nos. 2994 of 25 April and 3057 of 8 May from the American Legation, Budapest.)

GEO. H. WHEMS
Brigadier General, U. S. Army
Chief, U. S. Representation

Copies to:
WEGID, Washington, D.C.
EUCOM
USFA

SECRET



HUNGARIAN GENERAL CREDITBANK Budapest, May 7th 1947.

Dear General Weems,

Please allow me to call your attention to the following matter:

Under the Potsdam Agreement concerning German assets in Hungary, shareholder's rights relating to stock representing 18 1/2 p.c. of the share capital of the Hungarian General Creditbank have been acknowledged as belonging to the Soviet Union. The greater part of these shares representing about 16 p.c. of the total share capital was formerly owned by French shareholders and acquired by a German bank during the German occupation of France. The bank formed the property of the Viennese banking firm S.M. v. Rothschild, from whom it has been taken over after the Anschluss by a new bank formed in Vienna with German capital. The shares in question cannot, accordingly, be considered as genuine German assets, but in spite of this, the Hungarian Government felt bound to accede to Soviet demand for their transfer, pointing out at the same time that according to the opinion of American, British and French political representatives in Hungary, those deals by which the Germans came into possession of the shares in question cannot be considered valid.

Nevertheless, the Soviet Union is at the moment in possession of shareholder's rights in respect of 18 p.c. of the shares of the Hungarian General Creditbank and does not show any inclination to allow the question to be reopened.

Quite to the contrary, there have appeared lately unmistakable signs of the Soviet Union's intention to extend their influence in the affairs of the Hungarian General Creditbank far beyond what is due to a minority shareholder of 18 p.c. of its share capital.

I should like to mention that the Hungarian General Creditbank is one of the leading Hungarian banks and through its subsidiary companies controls a very important section of Hungarian industry.

NT

DC

The starting point for the new Soviet claim was a transaction of August 1945 as a result of which a certain number of Creditbank shares representing roughly 10 p.c. of the share capital were sold by companies under the control of the Creditbank to Messrs. Dreher-Haggemacher of Budapest. It is alleged on the part of the Soviet Union that this deal constitutes a breach of the Armistice Agreement by which the Hungarian Government assumed responsibility for the preservation of German assets in Hungary.

In the view of the Hungarian Government based upon the legal opinion of the Hungarian Ministry of Justice, this allegation is unfounded and the deal referred to unimpeachable in every respect.

The Soviet Union insists upon the deal in question being declared null and void and the shares of the Creditbank restored to those subsidiary companies which sold them to Messrs. Dreher-Haggemacher, but it seems abundantly clear that this would only be a first step in the direction of allowing the Hungarian General Creditbank and all industrial undertakings controlled by it to fall completely under Russian domination.

Talks which took place on the subject of the Soviet claims during the last fortnight between representatives of the Soviet Union, the Hungarian Government and the Hungarian General Creditbank having resulted in a deadlock, we have been informed by the Soviet representatives that the matter has been put into the hand of the Allied Control Commission.

It is in view of this latest development that I consider it my duty to address myself to you as a Member of the Allied Control Commission, who will undoubtedly take part in all measures to be decided upon by the Allied Control Commission in the matter of the claims put forward by the Soviet Union.

In this connection it must be mentioned that there are also considerable direct American interests involved in the matter of the Hungarian General Creditbank, as there exist unsatisfied American claims amounting to roughly \$2 1/2 million dollars against the Creditbank.

I have been given the opportunity to supply detailed information to Mr. Schoenfeld and to Mr. Bigelow on all happenings connected with this matter so that they are in a position to give you all further facts you might need. It goes without saying that I also am ready to supply further information.



HUNGARIAN GENERAL CREDITBANK

Please do not take it amiss if I think it necessary to mention the extremely confidential character of the present letter.

Thanking you in advance for the interest you might take in the matter of the Hungarian General Creditbank, I am, dear General Weems,

Yours very truly

George H. Weems

P. S. I have addressed to-day a letter in the same sense to Major General Edgecumbe.

Brigadier General George H. Weems,

Budapest.

Suspense File
Hold until Minister
gives the General
further information
for handling.

DRAFT

Credit BK

9 May 1947

AS file

Dear General Sviridov:

My government is informed that within the past few days conversations have been conducted between the Soviet authorities on one hand and the Hungarian Government authorities and the officials of the Hungarian General Creditbank on the other in regard to Soviet claims in reference to the transfer of ninety thousand shares of the Hungarian Creditbank to Messrs. Dreher-Haggenmacher. My government is further informed that no agreement was reached by the negotiations mentioned above and that the matter will be referred back to the ACC.

It is the understanding of my government that the whole matter was originated from an allegation of the Soviet authorities according to which the transfer of ninety thousand Hungarian General Creditbank shares to Messrs. Dreher-Haggenmacher constituted a breach of the armistice agreement. I wish to inform you as Acting Chairman of the ACC, and through you, the Hungarian Government, that considerable American interests are involved in the case of the Hungarian General Creditbank, there being unsatisfied American claims amounting to roughly two and a half million dollars against this bank.

I further wish to inform you that my government has instructed me to state that the proper execution of the armistice agreement between the allied powers and Hungary has been entrusted to the ACC constituted of the Soviet, British and American representation. Since the present case is based on an alleged breach of the armistice, my government expects this subject to be discussed on a tripartite basis of the ACC.

In order that I may be able to inform my government of the particulars on this subject, I request that the Acting Chairman of the ACC furnish me in writing details of the discussions that have taken place between Soviet authorities and Hungarian officials.

229614

[Faint, mostly illegible typed text, possibly a memorandum or report.]

sooner than what
papers were
source
refusals of entry
to America
collaboration agreement
on the part of [unclear] had no authority
Major General [unclear] to investigate
Chapman

Nikolaev.

880,000 Shares Total

160	Russ. (Foreign)
120	Brit.
20	Swiss.
90	Other -
<u>230</u>	Subsidiary
620	Pal. by Public.
<u>260</u>	Govt. -

Val 30 per share
~~Per~~

DECLASSIFIED
Authority NND 931046
By ANT NARA Date 5/23/00

RG 334 ACG HUNGARY
Entry 11017
File _____
Box 53

OUT

OUT

THE UNITED STATES MILITARY REPRESENTATIVE
On The
ALLIED CONTROL COMMISSION FOR HUNGARY
OUTGOING MESSAGE

RESTRICTED

PRECEDENCE PRIORITY	ORIGINATING SECTION CHIEF	DATE, TIME Dec. 7 1515A
CLASSIFICATION RESTRICTED	NAME OF OFFICER PREPARING MAJOR GENERAL WILLIAM S. KEY	REFERENCE NO. Z- 19 1396.

TO: WARCOS FOR OPD & JCS

REFERENCE OUR Z-1374. (KEY TO WARCOS FOR OPD AND JCS, INFORMATION CG USFET AND CG USFA). U. S. MINISTER SCHOENFELD CONCURS IN OUR RECOMMENDATIONS BUT IN CONVERSATION TODAY HE TOOK OCCASION TO EXPRESS CONCERN OVER REPORTS RECEIVED HERE REPEATEDLY TO EFFECT THAT U. S. MILITARY AUTHORITIES IN AUSTRIA AND GERMANY CONTINUE TO DISPOSE OF HUNGARIAN PROPERTIES IN THEIR CUSTODY NOTWITHSTANDING STATE DEPARTMENT ANNOUNCEMENT THAT DISPOSITION OF HUNGARIAN PROPERTIES IS MATTER FOR INTER-ALLIED DETERMINATION AND REPEATED HUNGARIAN PLEAS THAT PROPERTIES BE SAFEGUARDED UNTIL THEIR DISPOSITION IS DETERMINED.

I HAVE NO PERSONAL KNOWLEDGE OF ANY HUNGARIAN PROPERTY IN U. S. OCCUPIED AREAS HAVING BEEN RETURNED TO HUNGARY BUT HAVE HEARD REPORTS TO THAT EFFECT.

RESTRICTED

RC
mm

Mastes

Coordination, Classification, Content Checked by:

..... Division Chief.

.....

Name Rank (Typed)

A. G. FILE NO:

319.1/2

OUT

OUT

DECLASSIFIED

RG

DECLASSIFIED

Authority MWD 765
By SM NARA Date 6/12

*RL-260
FED records
B 397*

File No. 910.13

HQ U S FORCES EUROPEAN THEATER

STAFF MESSAGE CONTROL 14/EA/WALITCHECK

OUTGOING CLASSIFIED MESSAGE

CABLES G-5 DATE:

	CY	ACT	INF	INT	TIME
EXEC				<input checked="" type="checkbox"/>	
ADMN					
PLNS					
D.P.					
SC&L					
GA					
MG (R)					
ECON					

CONFIDENTIAL
ROUTINE



TO : AGWAR
WESTERN BASE SECTION, PASS TO SECDEL PARIS
VIA USPOLAD

FOR INFO : OFFICE OF MILITARY GOVERNMENT FOR GERMANY (US)
U.S. FORCES AUSTRIA
ACC HUNGARY

FROM : U.S. FORCES EUROPEAN THEATER SIGNED MCARNEY

REF NO : S-6908 CITE:ETGEC TOO:051445B

Reference your WX 93185 2 July Finance Division Office of Military Government for GERMANY (US) and Foreign Exchange Depository Office of Military Government for GERMANY (US) rear advises that no portion of trainload of Jewish property looted by SS in HUNGARY and particularly no gold crates were transferred to FRANKFURT.

WX 93185 1s SMC in 435 2 July 46 G-5

ORIGINATOR : G-5 AUTHENTICATION: S.R. MICKELSEN
Col

INFORMATION : POL ADV
SGS
TC
JEWISH ADV
AG RECORDS

SMC OUT 313 5 July 46 1600B EG/whb REF NO: S-6908
TOO : 051445B

COPY NO

THIS MESSAGE MAY BE HANDLED AS UNCLASSIFIED IN THE EVENT OF A CHANGE IN CLASSIFICATION WITHOUT PARAPHRASE PER SECDEF INSTRUCTIONS AND 38 CFR 380-5

CONFIDENTIAL

RG 59
Entry Central Dec File 1945-49
File EW Becker, Kurt H
Box 1928 8-1646

PHOENIX, ARIZONA

ALBERT MATHIAS & COMPANY
ESTABLISHED 1890
WHOLESALEERS

EL PASO, TEXAS

August 16, 1946

RECEIVED
DEPARTMENT OF STATE
1946 AUG 19 PM 5 20
SUPERIOR METAL FURNITURE
FURNITURE FOR ENTIRE HOME

DC/R
BRANCH

HOME APPLIANCES

ZENITH RADIOS

NORGE-HORTON WASHERS

NORGE REFRIGERATORS
GAS RANGES

DIXIE RANGES
COAL WOOD GAS

COLUMBIA and OKEH RECORDS

DRY GOODS NOTIONS
MENS FURNISHINGS
CLOTHING

RUGS and CARPETS

LINOLEUM

GLASSWARE

TOYS

ACCESSORIES

SPECIALTY ITEMS

DRUG SUNDRIES

Secretary of State
Assistant Chief Division of Foreign Service
Washington 25, D.C.

Dear Sir: .

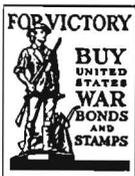
Will you please send me forms necessary to report foreign assets lost through enemy action.

Very truly yours,

Kurt Spier
Kurt Spier
519 Hague Street
El Paso, Texas

*HR
494.116W*

*2 mpe
J ml*



LE

DC
Leah... 8/20/46
File
462.11 EW /8-1646

OS/A
462.11 EW /8-1646

SEP - 6 1946

FILED

229619

215629

RG 59
Entry Central Dec File 1945-49
File EW Pecher, Kurt H
Box 1928 8-1646

SEP 5 1946

In reply refer to
Le 462.11 EW /8-1646

My dear Mr. Spier:

The receipt is acknowledged of your letter of August 16, 1946 concerning "forms necessary to report foreign estates lost through enemy action".

This Department has issued no special forms or regulations covering claims against the enemy.

There is enclosed a memorandum recently issued by the Department regarding property lost during the Nazi Regime. It is suggested that if you are an American citizen, you furnish the information indicated in the manner prescribed by the memorandum. It is also suggested that you inform the Department in the statement as to the nationalities of all persons interested in the property and the extent of their respective interests.

Sincerely yours,

For the Acting Secretary of State:

Benedict M. English
Assistant to
the Legal Adviser

Enclosures

Recovery of Property Lost
During the Nazi Regime

Mr. Kurt Spier,
519 Hague Street,
El Paso, Texas.

Le: 462.11 EW /8-1646
8/30/46

Classified in mb
.....
.....
.....

A free copy of
the report will
be sent
to you

SEP 5 1946

462.11 EW /8-1646
OSIA
462.11 EW /8-1646
462.11 EW /8-1646

229620

215630

RG 260
U. S. G. O.

DECLASSIFIED

Spier, Kurt June 30, 1946 356.1143 Spier, Kurt/
6-2046

See letter from Justice Department.

jw

Spier, Kurt Aug. 16, 1946 306227
From 462.11 EW/8-1646

Requests forms to report foreign assets lost through
enemy action.

LE mh/mpe
8/21 XR 494.11 PW
Lodna

229621

215631

REPRODUCED AT THE NATIONAL ARCHIVES

REPRODUCED AT THE NATIONAL ARCHIVES

NATIONAL ARCHIVES

RG 260
 Entry BRAMS
 File FEO
 Box 93

DECLASSIFIED
 Authority ND 75058
 By IE NARA Date 11-99

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7

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)
 Finance Division
 Berlin, Germany
 APO 742
 Internal and External Finance Group

Erin

22 August 1949

MEMORANDUM

Strategic

SUBJECT: Schedule of Assets of ~~Strategic~~ Value Under OMGUS Control

TO : Mr. Morgan
 Mr. Caldwell

I. FED Item No. 13
 Platinum
 Iridium
 Rhodium
 Palladium

28,200 oz. appr.
 466 oz. appr.
 381 oz. appr.
 221 oz. appr.

FED Item No. 21

187,240 carats

II. Bank deutscher Laender Custodian:

silver coins in Yugoslavian Dinars)
 silver coins in Rumanian Leis)

18,000 kg

silver bullion and silver shot

77,000 kg

silver coins (German)

3,596,140.30 RM

mixed and damaged coins of various countries

13,496.21 fine oz.

silver bullion and silver medallions

831,663.00 kg

melted silver

133,875.00 kg approx.

silver lot

105,516.00 kg

platinum bars

1,000 oz. approx.

platinum

1,669 oz. appr.

iridium

8 oz. appr.

rhodium

2 oz. appr.

palladium

9 oz. appr.

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REPRODUCED AT THE NATIONAL ARCHIVES

RG	260
Entry	Evans
File	FEO
Box	93

DECLASSIFIED
Authority <u>ND 75058</u>
By <u>JE</u> NARA Date <u>11-99</u>

Gold

2/2

Schedule of Assets of Statistic Value Under COMUS Control, Memorandum, Internal and External Finance Group, Finance Division, OMBG, 22 Aug 49

granulated silver	1,000.00 grams
silver salt	1,000.00 grams
silver grain	200.00 grams
palladium powder	2.2 grams
platinum	2.9 grams
platinum and platinum	1.2 grams
pure gold	34.1 grams
silver bars	1,280 fine oz. approx 12 containers 125 bags
silver bullion and plate	1,026 lbs
platinum	152,481.47 grams
iridium	1,460.20 grams
wolfram	980.35 grams
rhenium	575.50 grams
palladium	365.80 grams
rhodium	136.97 grams
silver	141.60 grams

III. Other Assets Held by the Bank deutscher Laender:

"tin hat"
Hohenschollern silver collection, property
of the City of Berlin

Telephone BERLIN 43797

Richard Edwin Fitch
RICHARD EDWIN FITCH

REPRODUCED AT THE NATIONAL ARCHIVES

INVENTORY FORM

INVENTORY BY de Fommervault TAG NO T - 5025 FORM NO 1107
 INVENTORY BY _____ SHIP. NO 1 CLASSIFICATION Precious stones
 SECURITY OF Henry N. CONTAINER NO C-311 UNIT CONTROL 50
 RECORDED Rona T. Geib CONTAINER metal box DATE 10-9-46
 APPROVED Edwin P. Kell APPRAISAL NO _____ LOCATION 7 LMV

QUANTITY: 50

DESCRIPTION:

1	diamond weight	Carats	2.56
1	"	"	1.07
1	"	"	1.97
17	"	"	9.30
30	"	"	4.60
50	diamonds	Carats	16.94

ITA		NO.
C/E	21	
C/E		
C/E	50	
C/E		
AM	R	
AL	POS.	VER.

Sarah / Jonathan
 Please both stamp -
 Call Laura w/ both #
 Thanks -
[Signature]

229624

2/2

REPRODUCED AT THE NATIONAL ARCHIVES

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
 Authority NND 765072
 By EK NARA Date 06/30

RG 260
 Entry Property of the P. Act. Div.
 File IARA
 Box 11

EXCISE
 NOTES
 104A

GRB

Frank: As a supplement to my memo dtd 11 Mar 49 copy of Sam Rose's letter to Mr. Ball may be of interest to you.

13 May 1948

SUBJECT: German Assets in IARA Countries

TO : Mr. Theodore H. Ball
 Special Adviser to the Military Governor

1. This Branch has just received from IARA the third annual estimate by member governments of the value of German assets, exclusive of railway rolling stock, inland water and other means of transport, within their respective jurisdictions. It is my understanding that this is the first of such reports that has been distributed outside of IARA.

2. The value of assets, before deducting exclusions and custodial deductions, is hereafter reported. The rate of conversion is that published by the Associated Press on 9 June 1947.

Country	Currency	Conversion Rate (U.S. Dollars)	Appx. Amount U.S. Dollars
Albania			none reported
U.S.A.	USA\$		292,000,000
Australia	A.£	3.25	2,000,000
Belgium	B.Frc.	0.0229	32,000,000
Canada	C. \$	0.919	4,700,000
Denmark	D. Kr.	0.21	59,000,000
Egypt	Eg.£	4.15	10,000,000
France	Fr.Frc.	0.00942	157,000,000
U.K.	£	4.0275	78,000,000
Greece	Draohma	0.0002	3,600,000
India/Pakistan	Rupee	0.3022	(?) 10,000,000
Luxemburg	F.Frc.	0.0229	4,000,000
Norway	N.Kr.	0.2025	27,000,000
New Zealand	N.Z.£	3.2700	300,000
Netherlands	D.Fl.	0.3785	44,000,000
Czechoslovakia	C.Kr.	0.0200	10,000,000
U. South Africa	S.A.£.	4.0300	21,000,000
Yugoslavia	Dinar (1939)	0.0200 (?)	7,000,000
Total			732,600,000

229625

229626

B-1750

WASH REG INT 4

Fol # 34

229627

RG 226 OSS E108

FOLDER 34

RG 226
Entry 108
File Wash-REGINT-4
Box 44

DECLASSIFIED
Authority NND867108
By AC NARA Date 12/99

MAR 8 1945

REPORT NO. B-1766
February 27, 1945

FROM: OSS Bern
DATE OF INFO: Since February 15th of as
indicated.
DATE OF REPORT: February 26th 1945
SOURCE: 399-I via 706
EVALUATION: C-3 - OK
SUBJECT: Austria: German Coal Shipments to
Italy, Allied Propaganda, Dornbirn
Area, C. E. Info.
DISTRIBUTION:
Paris
~~London~~
~~Cairo~~
Washington
File

I. German Coal Shipments to Italy:

Since February 17th no German coal trains have passed through Sankt Margrethen (Switzerland) bound for Italy. These trains have been held at Lustenau (Austria).

II. Allied Propaganda:

On February 22nd 1945 a large number of copies of the Allied propaganda sheet "Rot Weiss Rot" were dropped by American planes in the Vorarlberg. One of these copies has reached this Office: it is dated February 21st 1945 and bears the headline: "Sowjetvorstoß in die Lausitz."

III. Dornbirn Area:

An observer at Dornbirn reports that contrary to the frequent stories of long-time preparations for a reudit in the Vorarlberg, the present industrial set-up there is the result of a gradual transference into the area during the past three years.

In the case of Dornbirn there were no more than 3500-4000 workers employed there in 1939. Today, the total is about 30,000 and includes men, women and foreign workers. Special barracks, and even tents, have been erected to accommodate the additional people. Broadly speaking, the personnel now in Dorn-

RG 226
Entry 108
File Wash-REGINT-4
Box 24

DECLASSIFIED
Authority NND867108
By RL NARA Date 12/19

229628

birn is divided among the plants producing tank parts, munitions and textiles.

near Dornbirn

The tank parts factory is situated in the vicinity of the railway station C 511706 ("Sankt Gallen" sheet, Z-4), and is plainly visible to aerial observation.

In the last months the construction of underground galleries into the hills near Dornbirn has been greatly accelerated. Some of these underground galleries are in the hills immediately to the east of the town; others are being dug in hills approximately on a line from C 518680 to C 502669; but activity is most extensive, and apparently, most important near the tiny village of Güttele, C-538677, which is connected to Dornbirn by a road.**

**All map references are to "Sankt Gallen" sheet, Z-4.

IV. C. E. Info:

Reference to Earlier Report: B-1638 of February 17th.

In reply to the request for more info respecting the movement of German "patients" to Sanatoria in Switzerland, our Sankt Margrethen observer can only report at this time that a number of these so-called patients are sent to Landquart, some for treatment, others for transfer to other points. A clinic at Davos is also one of the points receiving the "patients."

A-36793 RB-17767 31 July 44 "manufacture of war material
~~57203~~ in the following districts is constantly being expanded:
Dornbirn etc."

229629

RG 226
Entry 108
File Wash-REGINT-4
Box 24

DECLASSIFIED
Authority NWD 867108
By AC NARA Date 12/99

File

SECRET
OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

DISTRIBUTED 16 March 1945
COUNTRY Austria
SUBJECT Industrial Activity and
Installations in Dornbirn

DISSEMINATION NO. A-51982
ORIGINAL REPORT NO. B-1766
DATE OF REPORT 26 February 1945
EVALUATION C-3

SOURCE Z
SUB SOURCE

CONFIRMATION }
SUPPLEMENT }
CORRECTION }

DATE OF INFORMATION Since 15 February 1945
PLACE OF ORIGIN Switzerland

NUMBER OF PAGES
ATTACHMENTS
THEATRE

WCL:rp

DIR. OSS.	
DEP. DIR IS	✓
T. O.	
SEC. IAT	
DIR. SI	✓
PWS	✓
PWR	✓
R & A	✓
M. DIV.	
FN	
SO	✓
MO	✓
X-2	
BR	
NY	✓
AFR.	
E. EUR.	
F. EAST	
ITALY	
N. C. EUR.	✓
NR. EAST	
W. EUR.	
LONDON D.	
ALG. D.	
CAIRO D.	
L. D.	✓
INSTR.	✓
R. R.	✓
RES.	✓
LANGSAM	✓
	✓
"OB" G2	
"OB" RCA	
"L" DCC'T	
SUBMARINE	
TECHNICAL	

Industrial Activity

1. German industry has been steadily transferred to Vorarlberg for the past three years. In Dornbirn, 3,500-4,000 workers were employed in 1939. Today about 30,000 workers are producing tank parts, munitions and textiles.

Installations

2. A tank-parts factory is located in northern Dornbirn near the railway station at C511706, Sheet Z-4. It is visible from the air.
3. The construction of underground tunnels in the hills near Dornbirn has been greatly accelerated during recent months. Some of these tunnels are located in the hills immediately east of the town. Others are being dug in hills south of Dornbirn approximately on a line from C518680 to C502669. Activity is most extensive and apparently most important near the village of Gütle at C538677, about 3 km southeast of Dornbirn. Gütle is connected to Dornbirn by a road. (OSS Washington Comment: A-36793 RB-17167 with 31 July 1944 date of information reports "Manufacture of materiel in the following districts is constantly being expanded: Dornbirn", etc.)

SECRET

CLASSIFICATION

✓	✓					✓								
MID	ONI	A-2	STATE	TREAS.	OWI	FEA	AMS	MC	PCG	JCA	L			

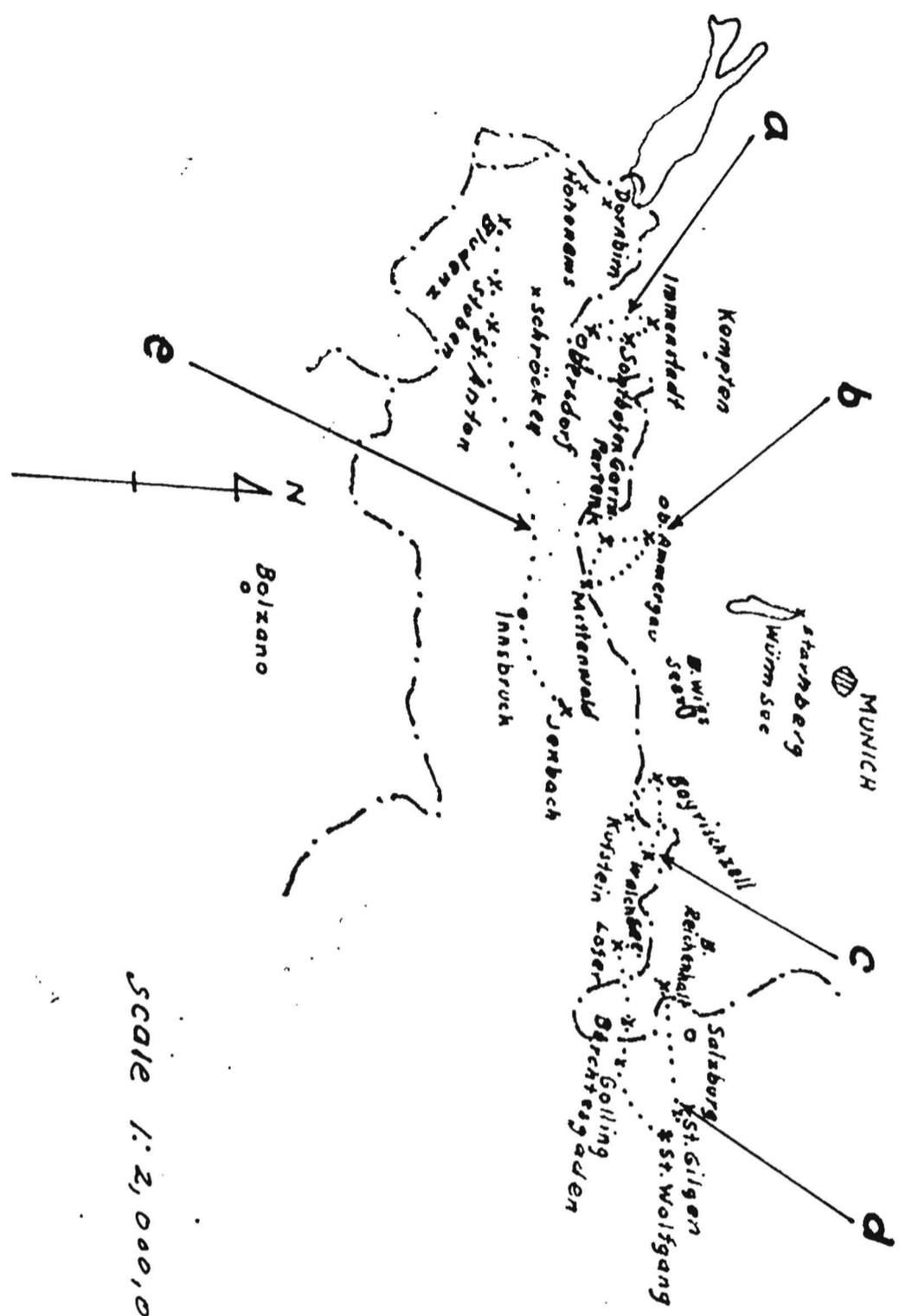
229630

RG 226
Entry 108
File Wash-REGINT-4
Box 44

DECLASSIFIED
Authority NND867108
By AC NARA Date 12/99

SECRET

B-1771



SCALE 1:2,000,000

SECRET

229633

RG 226
 Entry 108
 File Wash-REGINT-4
 Box 4

DECLASSIFIED
 Authority NND867108
 By AC NARA Date 12/99

- b. The archives of the Gestapo have been transferred to Bad Wiessee and to the ancient castle of Ludwig second by the Wurm See.
- c. The SS have requisitioned the castle of Count Waldburg-Zell at Hohenems, and underground galleries, one km in length, have been constructed opening into other valleys.
- d. The brewery of Dornbirn, which has extensive cellars, has been requisitioned for an ammunition dump.

F-3 3. In contradiction to much of the above, a well-informed source in Lichtenstein reports that in the Vorarlberg there is as yet no serious preparation for resistance.

Germany

Bad Reichenhall	WZ-18
Bad Wiessee	WY-90
Bayrisch-Zell	WZ-20
Berchtesgaden	WZ-90
Garmisch-Partenkirchen	WD-58
Immenstadt	WC-68
Mauthausen	WZ-81
Mittenwald	WD-68
Oberammergau	WD-49
Oberstdorf	WC-97
Sonthofen	WC-98
Wurm See	WY-65

Austria

Bludenz	QZ-48
Dornbirn	WC-87
Golling	RV-00
Hohenems	WC-46
Jenbach	WE-07
Kufstein	WE-39
Lofer	WE-79
Schröcken	WC-75
Stubai	RV-14
St. Anton	RV-14
St. Gilgen	XV-28
St. Wolfgang	XV-28
Walchsee	WZ-30

SECRET

RG 226
 Entry 108
 File Wash-REGINT-4
 Box 4

229632

DECLASSIFIED
Authority <u>NND867108</u>
By <u>AC</u> NARA Date <u>12/99</u>

SECRET
 OFFICE OF STRATEGIC SERVICES
 WASHINGTON, D. C.

DISTRIBUTED 2 March 1945
 COUNTRY Germany and Austria
 SUBJECT Nazi Resistance Plans

DISSEMINATION NO. A-51203
 ORIGINAL REPORT NO. B-1771
 DATE OF REPORT 27 February 1945
 EVALUATION F-3 and As
 Indicated
 CONFIRMATION } A-48109, SZ-6560
 SUPPLEMENT } A-49181, F-618
 CORRECTION } A-49535-a, F-599 pt.

SOURCE Z
 SUB SOURCE

REFERENCE RB-5812
 NUMBER OF PAGES 2
 ATTACHMENTS
 THEATRE

DATE OF INFORMATION Current
 PLACE OF ORIGIN Switzerland

INCL:cs

DIR. OSB.	
DEP. DIR IS	✓
T. O.	
SEC'Y	
DIR. SI	✓
PWS	✓
PWR	✓
R O A	✓
M. DIV.	
FN	
EO	✓
MO	✓
X-2	✓
EP	
NY	✓
AFR.	
E. EUR.	
F. EAST	
ITALY	
N. C. EUR.	✓
NR. EAST	
W. EUR.	
LONDON D.	
ALO. D.	6
CAIRO D.	
L. D.	✓
INSTR.	✓
R. R.	✓
REG.	✓
LANGSAM.	✓
NO	✓
"OB" G2	
"OB" REA	
"L" DOCT	
SUBMARINE	
TECHNICAL	

1. Himmler has requisitioned for his personal use the hunting pavilion at Schrocken, on the border of the Bregenzer Wald, near Adolf Hitler Pass (formerly Gentschel Pass) in Vorarlberg. It is believed that he will direct the last resistance of Nazi leaders from here.
2. The archives of the Gestapo have been transferred to Castle Berg on the Starnbergersee (about 24 km southwest of Munich) and to Bad Wiessee (about 52 km south-southeast of Munich).
3. The SS has requisitioned the castle of Count Waldburg-Zeil at Hohenems (about 16 km south-southwest of Bregenz) in Vorarlberg. Underground galleries, 1 km long, have been constructed with exits to other valleys.
4. At Dornbirn (about 10 km south of Bregenz) in Vorarlberg a brewery with deep cellars has been requisitioned for an ammunition dump.
5. The German redoubt is divided into four districts:
 F-0
 - a. Bounded by the towns of Sonthofen, Immenstadt and Oberstdorf, south of Kempten in Germany. This district is reserved for party organizations.
 - b. Area between Garmisch-Partenkirchen, Oberammergau and Mittenwald in Germany. This is reserved for the Propaganda Ministry, the Foreign Office, Diplomatic Corps and press.
 - c. Area from Walchsee and Kufstein in Austria north to Wendelstein Mountain and Bayrischzell in Germany.

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 CLASSIFICATION

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- d. Territory within 30 km radius of Berchtesgaden, running clockwise through Lofer, Bad Reichenhall and Lauthausen in Germany and through St. Gilgen, St. Wolfgang and Golling in Austria. The Reich Chancery will be located here.
6. A fifth district is planned for the redoubt. It will extend from Bludenz, Stuben and St. Anton in Vorarlberg east to Jenbach. Some SS and Wehrmacht headquarters will be installed here. SS headquarters are already established in the Post and Adler Hotels in St. Anton.

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By <u>APC</u> NARA Date <u>12/99</u>

27 February 1945.

MAR 8 1945

From: OSS Bern
 Date of Info: 20 Feb. 1945.
 Date of Report: 23 Feb. 1945.
 Evaluation: C-3
 Source: 399-M
 Subject: Austria - German Redit.
 Distribution: Paris, Caserta, Washington, File.

1. The Germans intend to continue the campaigns in the form of a large scale partisan war in the middle and southwest Germany as well as in the Bavarian and Austrian Alps. Large quantities of gasoline and coal have been stored in these areas for this purpose. Hurried military preparations are being made in the Alpine region from Lake Constance to Salzburg. Supply trains with guns, munitions, foodstuffs, gasoline, etc., are unloaded at LANGEN west of the 5 km long Arlberg tunnel and at IMMENSTADT on the line Kempten-Lindau. Innsbruck has been converted into a large supply center. SS troops are being concentrated in these areas and housed in barrack camps. The large underground installations are rapidly expanded and thousands of foreign workers are employed for this purpose. Power plants have been erected to supply current for the various radio stations and for an extensive underground telephone network. In many areas the leaders for the various groups have already been selected.
2. Railroad Movements:
 Troops come from reserve and concentration centers in the Allgau and Bavaria and are loaded at Kempten, Immenstadt, Oberstaufen and if destined for the Redit are unloaded at Langen a/Arlberg and Immenstadt. Composition of trains:
 - a) Infantry Trains: normally about 50 cars but owing to lack of rolling stock now mostly 32-38 cars comprising about half open and half box cars.
 - b) K-Train or Kraftfahrzeug for motorized troops: since about two weeks owing to shortage of rolling stock also reduced from normal 50 to 36-40 cars comprising open and box cars.
 - d) "SP" - Sonderpanzerzug: not yet reduced. Normal composition open cars and 5 box cars.
 - e) "S"-Zug or Sonderzug: Assembled as needs may arise and usually comprises 35-50 cars. Special flat cars are provided for large Panzer.
 - f) Fahrtnummern are 6-digit numbers.

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3. Troop Movements:

For the most part the troops consist of regrouped or newly recruited Ersatz Infantry or Panzer divisions including reorgnaized Alpenjäger (from Finland), Dietel, Rendulic) with the Rhododendron insignia and designated as SS-troops.

4. Commanders:

Bezirk Bregenz: Oberst Fröhlich (former Austrian officer) also Platzkommandant.

Political leaders: Toni Plankensteiner, Landeshauptmann of Vorarlberg, Hofer at Innsbruck, Gauleiter for Tirol-Vorarlberg.

Allgäu Region: Oberst (recently promoted) Hannwacker from Lindau, German reserve officer of the first World War.

NSKK - Kraftwagenführerkorps: SS Obergruppenführer Major Hans Huber, Austrian, for Vorarlberg area.

Political Control and Management: SA Stabsleiter Anton Kalb, Austrian, also for Vorarlberg area.

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DECLASSIFIED
Authority <u>NND 867108</u>
By <u>AC</u> NARA Date <u>12/99</u>

Report No. B-1853
March 6th 1945

MAR 10 1945

FROM: OSS Bern
DATE OF INFO: February 24, 1945
DATE OF REPORT: March 1st 1945
SOURCE: Uto
EVALUATION: C-3
SUBJECT: Austria, Conditions in Austria especially
Vienna
DISTRIBUTION:
Paris
Caserta
Washington
File

[Yesterday evening I saw a gentleman who left Vienna last Friday. He told me that for the moment there is no water in Vienna. The viaduct near MÖdling was bombed, and also the filtration plant at Wiental. There is a shortage of electricity and gas. Gas is only available for a few hours daily, and there is not enough for cooking. Telephoning is only permitted for war-important factories and offices, and even then it is disorganized. The Vienna telephone system is a five number system with the letters A. B. R. and U. in front. It is no longer possible to call an A. number from a B. number, but only an A number from an A. number etc.]

[There are very few trams running, and only for short distances. For the last fortnight there has been a great shortage of bread, the biggest bread factories 'Anker' and 'Hammerbrot' having been bombed. It is only possible to get bread, even with bread coupons, on the black market. Meat is now obtainable for bread coupons as there is no bread, but this meat comes from emergency slaughterings. There are no green vegetables — only potatoes but these are of bad quality. Water has to be brought on the black market! The shortage of coal is increasing, and it is no longer allowed to heat private apartments. The government collects the coal which remains in the cellars of houses. Everyone must give half the quantity of potatoes which remain in the cellars since the autumn, to the government.]

Every morning about 9 o'clock hundreds of people come in to the centre of the city from the outlying districts. About half a million to one million people crowd the streets and

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make it impossible for traffic to circulate. The reason is the following: the shelters in the old buildings in the outskirts of the town are so bad that the people come to the centre to get into the catacombs, which are opened when there is an air-raid alarm. The houses in the centre of the city are closed from 9.00 a. m. as people crowd into the houses and sit on the stairs, waiting to get into the catacombs via the cellars, as they are tired of wandering about the streets, and have nowhere else to go. They leave about 7.30 in the evening. Workers are brought to the centre of the city in motor cars as soon as the "Cuckoo" goes on the radio (Voralarm). After the alarm is over it takes one and a hours before the catacombs are emptied.]

['Spotted Typhus' broke out in Vienna about 4 weeks ago, and Typhus about two weeks ago.]

[Several leading Nazis have recently been assassinated in the shelters, among them the Kreisleiter of the 3rd district, Dr. ~~Winkler~~ Pohl. From now on it is prohibited for politicians to go to the ordinary shelters, and special shelters have been provided for them. Similar incidents have occurred in Kärnten and Steiermark. Strong demonstrations took place in Florisdorf, Simmering (on the 19th February), Favoriten (16th February). The police used machine-guns and tanks against the demonstrators, who were complaining of the shortage of food and the destruction of their property.]

[The transport system is very much disorganized because there is no coal coming to Vienna for some weeks. Production is decreasing and there are already about 100,000 unemployed.]

[In the last six weeks the Germans have started to move factories from Vienna to Thüringen. The aeroplane factories Heinkel, ~~and~~ Henschel and Messerschmidt in Wienerneustadt, Schmeckart and Fischamend are already removed. The small plants in the 4th and 5th districts of Vienna which make parts for the V. weapons were transferred to an underground factory in Melk. The Headquarters of the S. D. and Gestapo were brought to several small villages on the main road from Vienna to St. Pölten, behind the Riederberg, about 40 Km. from Vienna. Many of the foreign workers have also been removed from Vienna.]

[The Slovakian government is in Windesgasten near Kremsmünster. The Croatian government is in Heiterwang on the Plansee, and Reutte in Tirol. The Neo-Fascist government is at Zurs. The

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Bulgarian and Rumanian governments are in Kitzbühel.]

[The Reichsbahndirektion in Vienna and Linz had to order the blowing up of several thousand wagons on the lines between Brunn and Linz, because the transport system was so disorganized that it was impossible to clear the lines in any other way. There are now three kinds of 'Frachtbriefe' for urgent transport. First: 'Führer Frachtbrief', second: 'Dringliche SS Frachtbrief', and third: 'Wehrmachts Frachtbrief.' The disorganization of the transport system is so complete, that for the past fortnight it has been impossible to get wagons or trucks even for 'Führer Frachtbriefe.']

[The Volkssturm is very badly equipped, and has no fighting spirit. There are only two guns per 20 to 40 men for training purposes, and they have no uniforms. They are trained by SS and SR.]

[The following report gives details of important places destroyed in Vienna in recent bombardments: The Sudbahnhof is completely destroyed, and fast trains run only from and to Wiener Neustadt, from whence one has to go into Vienna by car. The Ostbahnhof is completely destroyed, also the Westbahnhof and the goods station of Penzing. Fast trains are only running as far as Purkersdorf. Franz Josefs Bahn is partially doing the work for West and North railways, and the North station is completely unusable. Florisdorf, Stadlau, Simmering and Favoriten are 60% destroyed. Weidling, the 4th, 3rd and 2nd districts are 40% destroyed, 6th and 7th districts 10% destroyed, 8th and 9th districts 20 % destroyed. The Kliniks are badly damaged, the War Ministry 20 % damaged, the Parliament 10 %, the Rathaus 15 %. The university is burnt out. The middlepart of the Schwarzenburg Palace is destroyed. The French Embassy is burnt out, the Russian Embassy destroyed, the English Embassy partially destroyed. The central part of Schönbrunn Palace is destroyed.]

[A famous singer from the Opera, Mme. Illitsch was condemned to death and executed because she concealed and helped parachutists. Paul Hörbiger* is condemned to death but not yet executed, and Fred Hennings* has been arrested but there is no further news of him. Count Henes, who owns a castle in Horn, was

Huyor

*Both from Burgtheater.

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By AR NARA Date 12/199

supposed to be arrested, but he managed to escape and is somewhere in hiding. The second Gestapo chief, Dr. Ebner, has been arrested, condemned to death and executed. Herr Seitz, former Lord Mayor of Vienna has been liberated and is again in Vienna. ✓

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DECLASSIFIED
Authority NND867108
By AC NARA Date 12/99

FROM: OSS Bern
DATE OF INFO: Not Given
DATE OF REPORT: March 1st 1945
SOURCE: 399-M
EVALUATION: C-3
SUBJECT: Bemerkungen zum Geplanten Réduit
DISTRIBUTION:
Paris
Caserta
Washington
File

Map Attached

Im Réduit befindliche Gebirge: Bayerische Alpen, Salzburger Alpen, Dachstein, Hohe und niedere Tauern, Karwendelgebirge, Oetztaler Alpen, Zillertaler Alpen, Semmering, Greinerwald.

Pässe, die zur Verteidigung in Frage kommen: Fernpass (von Nasser-eith nach Reute i. Tirol) 1203 Meter u. M.; Arlbergpass (von Stuhlen nach St. Anton) 1802 m. u. M.; Brenner (Innsbruck-Südtirol) 1370 m. u. M.; Thurnpass (Route Kitzbüchel) - St. Johann i. Pongau, 1275 m. u. M.; Semmering, 980 m. u. M.; Predil 1162 m. u. M.

Täler: die zur Sperrung in Frage kommen: Donau bei Pressburg; Donau bei Passau; Etsch bei Trient; Piave bei Marmolada; Trau im Vorfeld der Karawanken; Sau im Vorfeld der Karawanken; Mur bei Leibnitz; Leithe im Vorfeld von Wien; Iller bei Kempten; Isar südlich München; Inn bei Rosenheim; Salzach bei Salzburg.

Die in diesem Gebiete liegenden bedeutendsten Städte:

Innsbruck	80,000	Einwohner (ohne Ausgebombte)
Klagenfurt	60,000	"
Salzburg	80,000	"
Graz	220,000	"
Wien	2,000,000	"
Krems	30,000	"
Bozen	45,000	"
Trient	58,000	"
Linz	175,000	"
Garmisch-Partenkirchen	18,000	Einwohner.

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In den Vorfeldern liegen München, Bregenz, Bergamo, Verona, Udine u. Laibach.

Reichsgaue und Landschaften:

<u>Land</u>	<u>Fläche in Km2</u>	<u>Einwohner</u>	<u>Einwohner pro Km2</u>
Tirol und Vorarlberg	13,126	486,400	37
Salzburg	7,153	257,220	39
Oberdonau	14,216	1,034,900	73
Niederdonau	23,502	1,700,000	72
Wien	1,216	2,000,000	1588
Steiermark	17,384	1,116,400	64
Kärnten	11,554	450,000	39
	<u>88,151km2</u>	<u>7,044,920</u>	

Reichsgaue und Landschaften:

Zu diesen 7 Gauen kommen dazu- als zum Teil frühere österreichische Bundesländer:

Oberbayern	16,676km2	2,000,000	Einwohner
Südtirol	14,038km2	700,000	"

sowie die Po-Ebene.

Das Salzkammergut (Salzburg, Berchtesgaden, Hallein, bis Ischl) ist zum Zentrum auserschen, und es beabsichtigt die militärische Führung sich dort mit Partei- und Staatsführung festzusetzen.

Es handelt sich um ein landwirtschaftliches Zuschuss-Gebiet, denn seine dort angesiedelte Bevölkerung kann auf die Dauer ohne Hilfe von aussen nicht existieren. Infolgedessen sind grosse Reserven angelegt worden. Für die Industrie befinden sich in diesem Gebiete Eisen, wenig Kohle und viel Braunkohle, sowie Holz.

Bedeutende Sitze in diesem Gebiete: (1) Der Berghof am Obersalzberg (Landhaus Hitlers), (2) Die Hintereck (Görings Berg-Landsitz), (3) Schloss Fuschl bei Salzburg (Sitz Ribbentrops), (4) Der Platterhof (Unterirdische Archive für Partei und SS).

SS-Führer Himmler ist zum Kommandanten dieses deutschen Réduits auserschen. Seine Pläne teile sich auf drei Kampfgruppen:

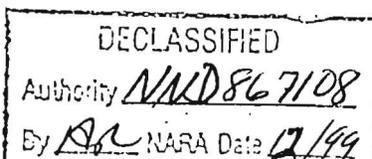
I. Eine reguläre Armee, die an den Grenzen dieses Réduits und in evtl. Igelstellungen im besetzten Deutschland den offenen Gross-Krieg führt.

II. Eine Armee von Partisanen, die in den besetzten Teilen des Reiches den Kleinkrieg und die Sabotage führt gegen die Besatzungstruppen und gegen Deutsche, die mit den Nationalsozialisten Brechen.

III. Eine Armee von Propagandisten, die im besetzten Deutschland, in Europe oder wo es auch immer sei, im Sinne der vom Propagandaamt ausgegebenen Parolen tätig ist und die bestrebt ist, jede Schwierig-

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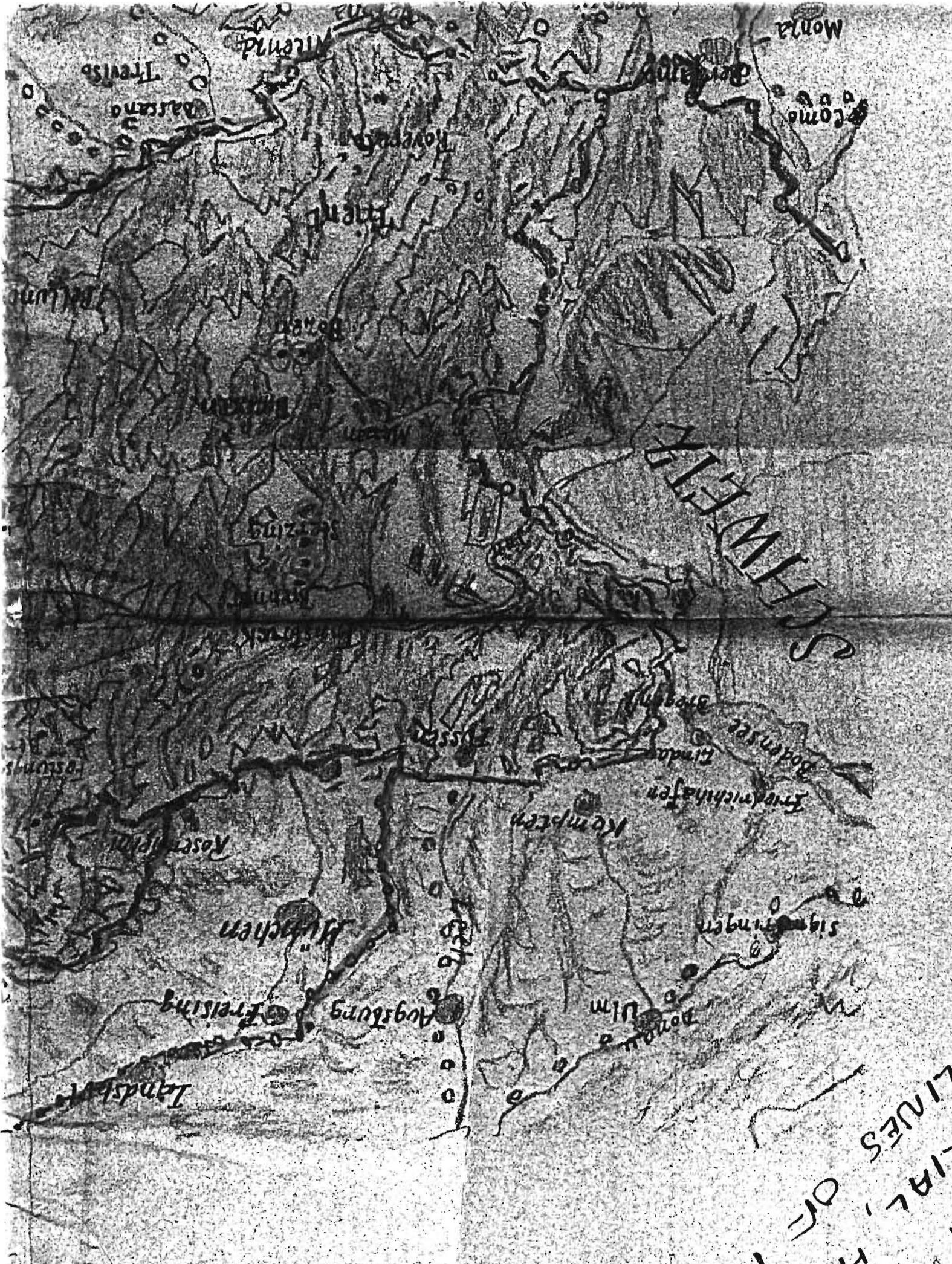
keit der Besetzungsmächte oder der ausländischen Regierungen auszu-
bessern.

Im bayerisch-österreichischen Grenzgebiete werden gegenwärtig
ungeheure Vorratsmengen an Munition und Lebensmitteln angelegt und
neue dort bereits eingerichtete Rüstungsindustrie läuft auf
Hochtouren. Mehr und mehr besonders ausgewählte Rüstungsarbeiter
werden in diese Gebiete geschickt. Grosse Erdhöhlen, sowie die
riesigen Stollen der alten Salzbergwerke bei Salzburg/Hallein
werden zu bombensicheren Werkstätten ausgebaut, sowie in der
Gegend von Berchtesgaden sind ebenfalls riesige unterirdische An-
lagen entstanden.

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By AR NARA Date 12/99



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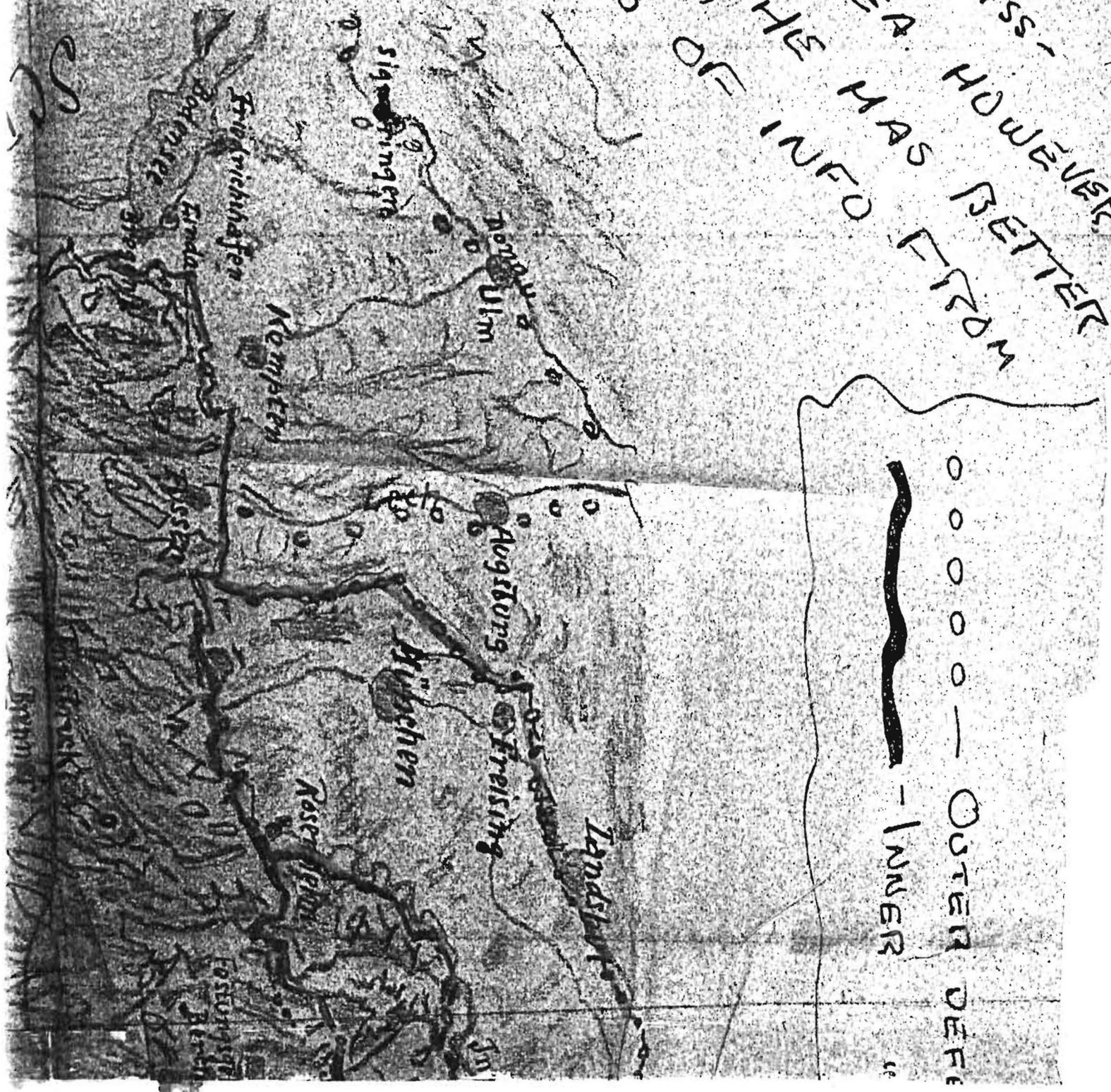
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Authority VAKV0611-0
By AC NASA Date 12/99

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 THE AREA.



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 Authority NND 86 7108
 By AR NARA Date 12/99

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NOTE:
~~Yellow~~ Red DOTS IN
 SALZBERG REGION
 INDICATE SALT MINES
 (LARGELY INACTIVE
 EXCEPT AT HALLEIN
 & ...)

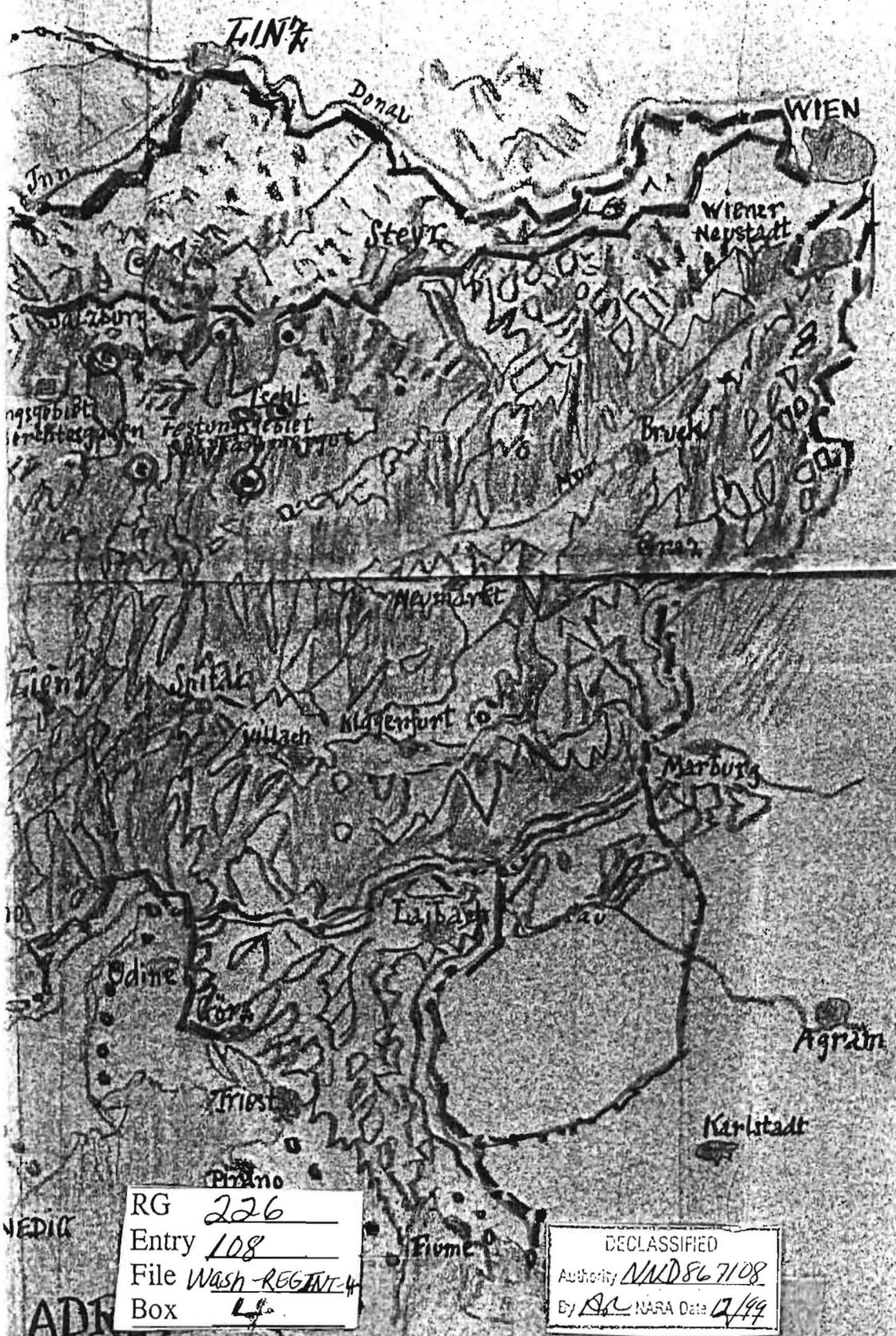
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 Authority NND867108
 By AR NARA Date 12/99

229651

DEFENSES

DIE FEINSTRICHEN DER TRIEDUIT



NOTE:
~~Yellow~~ Red DOTS IN
 SALZBERG REGION
 INDICATE SALT MINES
 (LARGELY INACTIVE
 EXCEPT AT HALLEIN
 + ISCHL) WHICH ARE
 BEING CONVERTED
 TO TRIEDUIT PURPOSES

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 By AC NARA Date 2/99

ADRIA



NOTE:

~~Red~~ DOTS IN

SALZBERG REGION

INDICATE SALT MINES

(LARGELY INACTIVE

EXCEPT AT HALLEIN

+ ISCHL) WHICH ARE

BEING CONVERTED

TO IREDDIT PURPOSES

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DECLASSIFIED
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229653

MAR 15 1945

FROM: OSS Bern
DATE OF INFO: March 1st 1945
DATE OF REPORT: March 5th 1945
SOURCE: 399-I via 706
EVALUATION: C-2
SUBJECT: Austria, The Réduit
DISTRIBUTION:
Paris
Caserta
Washington
File

Conversations with three different contacts who are either living in, or are travelling daily into, the Vorarlberg area which stretches from Bregenz to Feldkirch, permit us to summarize the réduit situation there as follows:*

1. Intensive activity which might be classified as "réduit preparations" began last Autumn. The principal characteristic of these preparations has been tunnelling or the construction of depots into the sides of nearby mountains and hills. It is definitely established that these installations have been built for the storing of provisions and munitions as well as the securing factories from aerial bombardment. Only in the last several weeks have large quantities of provisions been coming into the area for storage in the depots.

2. This intensive activity has been accompanied by the influx of a large number of workers. Large barracks have been built to accommodate them at Lustenau, Dornbirn, Mohenems, Götzis and Feldkirch. More are under construction.

3. As of March 1st 1945 none of these sources had observed anything which might be reasonably described as prepared fortifications, entrenchments or gun emplacements in this area. Contrary to other reports, there are no defenses, no armament (i. e., anti-aircraft guns or artillery) worth-mentioning from Bregenz to Feldkirch.

*In part, corroborated by an observer equipped with a powerful field-glass on the Swiss-Austrian frontier.

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4. The most common talk, or rumor, in the area from Brägenz to Feldkirch is that the ultimate intention is to hold ^{it} with sufficient ^{so} force that Switzerland will constitute the flank defense of the réduit ("Flankenschutz").

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DECLASSIFIED
Authority <u>NAID 867108</u>
By <u>AR</u> NARA Date <u>12/99</u>

MAR 15 1945

REPORT NO. B-1861

From: OSS Bern
Date of Info: Late February 1945
Date of Report: 3 March 1945
Source: 399 M
Evaluation: C-3
Country: Austria
Subject: Military - Troop dispositions; Fortress organization, etc.
Distribution:
 Washington
 Paris
 Caserta
 File

In response the Caserta cable 365/22, 22 February 1945, the following information has been obtained:

[The Alpine positions, on the whole, are occupied by SS troops. Some of these troops were taken from Wehrmacht units. [Among them are Alpenjaeger, Tyroliens and Bavarians. (Insignia: rhododendron and edelweiss).]

[Replacements for SS mountain units are taken from SS reserves, or, in a few cases, from units of the Wehrmacht.]

[Heimat-Festungspionierpark falls under Fortress jurisdiction.]

11 2 HQ 18 Wehrkreis was removed from Hotel Europe after the hotel was bombed. Part went to Hotel Pitter in Salzburg and other parts to the prepared "Felsenunterstände," in the neighborhood of Salzburg. [The Unterstände were, in many cases, already in existence because there are many old salt mines in the Salzkammergut which have been prepared for these purposes.]

[The ~~Heimat~~ Kraftfahrpark fills requisitions from its own deposits.]

[The Infantry Ersatzdivision stationed in the area of Kempten, Lindau, Bregenz, Innsbruck, Salzburg moved to Vienna during the night of 26-27 February. The transport was effected under the Kennmarke "Nesselwang," which is a small hamlet in the Allgäu. Commander: SS Obergruppenführer Schäuble.]

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Authority <u>NAID 867108</u>
By <u>ABC</u> NARA Date <u>12/99</u>

~~TOP SECRET~~

Report No. B-2084
March 22, 1945.

From: Bern
Date of information: March 20, 1945
Date of report: March 20, 1945
Source: Via 502
Evaluation: B-2
Subject: Attitude of S.D. members in Austria.
The Réduit.
Distribution: Paris
Caserta
Washington ✓
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5175 H
CLASSIFICATION CATEGORY OR CHANGED TO

Secret

by AUTHORITY OF EE Cummings
TSCO-Melle L. Edmunds

Statement submitted by 502:

Towards the end of the month of February the well-known Austrian industrialist, W. (our 503), looked me up and asked whether or not the following procedure would be of interest (in my opinion) to Western Allied powers:

W. has been for several years in close touch with a certain Dr. Höttel (Bersturmbandführer of the SS) and his very influential colleagues of the S.D. H. is an Austrian and a long-time close collaborator of Dr. Kaltenbrunner. Before the Anschluss H. was an illegal National Socialist. After the Anschluss H. became a member of the S.D., was later dismissed because of his Catholic faith, but with Dr. Kaltenbrunner's entry into office was recalled with the rank of "Leiter" of the S.D. Following this, H. served in Rome, then in Budapest. A few months ago he was transferred back to his home city of Vienna. H. is supposed to have always been decent and has shown a disposition to help various persons who were in trouble with the party. After his last trip outside the country, W. called on H. to arrange for a new extension of his visa for Switzerland. (W. has a holding company in Liechtenstein). On this occasion, W. on his own, informed H. that he had seen me many times in Switzerland. H. then stated that he would take care of this matter, that no difficulties would arise for W. as a result of the communication, though he (H.) might wish to speak to him about the affair again.

About

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By AR NARA Date 11/99

About two weeks later H. called at W.'s home and asked for a personal interview. This time, H. revealed that he and Dr. Kaltenbrunner had the most extreme interest in sounding out the representatives of Western Allied power in Switzerland. H. wished to know if it was possible to make this contact through myself, or through a Swiss business connection. W. declared that he could undertake something along these lines, but requested an explanation as to the nature of the business involved.

H. explained as follows: Inside the SS a majority of the existing groups made up of Austrians intend to bring about the end of the war, to liquidate the Party and to arrange an orderly transfer of the administration to the western powers. A part of this plan is the elimination of SS elements favoring a continuance of the war, especially Bormann and a number of Gauleiters. The opinion of the western powers with respect to such a procedure would be of the highest interest to the parties approaching W. The next day Dr. Kaltenbrunner came to Vienna; W. sought him out and Kaltenbrunner confirmed the explanations of H. in the following manner: "You have been informed by H. about our purposes, and I should be appreciative if you would assist us."

This was communicated to you at the beginning of March, and after a discussion, it was decided to arrange a trip to Switzerland for H. and let him be heard through my good offices. The conversation with H. took place in Sankt Gallen on 13.3. At this time H. confirmed in the essential detail the explanations of W.; further, he showed his especial interest and competence with respect to Austrian conditions. He is supposed to have received the mission from Dr. Kaltenbrunner a short time ago, of sounding out Austrian opposition circles, and determining which of these were inclined to an anti-Russian and anti-Bolshevist position. H. could accept this mission because his well-known Catholicism on one hand, and his ¹ parentage on the other (his father was a prominent Social-Democratic school reformer), caused one to believe that he could gain the necessary confidence. He was aided in this mission by the fact that the Austrian worker circles, including Communists, reject a Russian influence and as they say, they do not wish to repeat the mistakes of the illegal Austrian National Socialists under similar circumstances. On the

Catholic

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Catholic side, there was recently issued the Vatican directives to the clergy instructing it to direct its endeavors in an anti-Communistic sense. With respect to the work of the Austrian opposition groups in Switzerland, H. was well informed and had accurate judgement.

H. now ventured the opinion that given the above-described intentions of SS opposition groups and their cooperation with the anti-National Socialist Opposition groups in a westerly orientation, a basis of negotiations could result with London or Washington.

I clarified the issue for H. at this juncture by saying that he had made a fundamental error. It was difficult to believe that this was not another attempt to split the Allies, and consequently, it represented no basis for action. As to whether or not his information could be accepted and the contact pursued further, that would depend on the supplying of irrefutable proofs of good faith. I asked him to name his connections with the Austrian Opposition circles. He (H.) declared that he is in contact with Steiermark, Wiener-Neustadt and Wien worker-leaders, but he only knows them by their cover names ("Decknamen"). Moreover, he claims to have freed the former Bürgermeister Seitz from prison and is in contact with him. In the Catholic group, he named Prälat Rudolf. In addition, he claimed to be in relations with a high degree Free Mason who is a personal acquaintance of President Roosevelt. He declared that he is prepared, if he should be offered the opportunity, to meet one or more gentlemen belonging to these opposition circles in Switzerland, and by this means, prove his connections beyond any doubt.

As a further proof of good faith I asked him for the release of opposition leaders and their eventual crossing into Switzerland. H. stated that he was ready to give his proof "of good will" to the best of his ability. It was agreed that I receive via his offices written ("briefliche") proposals, and then, it would be possible for him to return to Switzerland in about two weeks with one or more opposition leaders.

My personal impression of this conversation was that it was an attempt to ascertain if the liquidation of the war against
the western

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the western Allies could be facilitated by collaboration with a westerly oriented opposition group including certain SS personalities. Doubtless, Himmler is informed of this design in one manner or another.

According to what W. tells me, after leaving here H. had a discussion with Kaltenbrunner, Neubacher, Glaise and Neustädter-Stürmer in Salzburg. He intended to bring Seitz from there and a suitable personality from the workers as well as a member of the Catholic opposition, and return here as quickly as possible.

Concerning the general situation, H. declared that a special observation of internal political conditions in the Balkans would be necessary now that the Russians occupy the area. One may have the greatest expectations that a wave of anti-Bolshevistic developments will soon appear. In Rumania the Iron Guard is believed to have received new members, and the other parties, including the Peasants' party of Manius, are inclining more and more to opposition. Similar developments are taking place in Yugoslavia. This may also be the reason why at the present time, in spite of the unfavorable situation on the East and West Fronts, SS Elite Divisions, among them the Leibstandarte, have been transferred to the Plattensee front. Moreover, Weich's Army in Croatia remains inactive.

The Alpine Réduit should be finished, he believes, in about three months. He claims that munition and other supplies have already been stored there in sufficient quantity. He stated that the Steyrwerke is already in an underground installation and is producing such defensive hand weapons as the Panzerfäuste. It is intended that Wehrmacht units as well as SS be taken in the Réduit, the fighting men with their families.

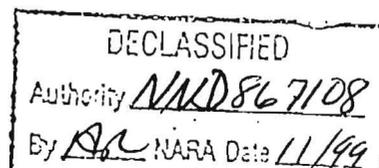
The personal impression deriving from this part of the conversation is that it is intended after the loss of Germany to expand the Austrian Réduit into the Balkan lands, and from there to expand the fighting.

Turning to the subject of the Party and the Wehrmacht, H. stated for the first time the beginning of a split between

west

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west and east oriented persons has become apparent; especially Ley and the Arbeitsfront have adhered to the latter, as well as Bormann and many Gauleiters. Kaltenbrunner and his group, to which H. belongs, intend to overthrow the others. A strong communist propaganda would be carried on in the Wehrmacht. In general, there may be a sort of Tauroggen movement in which it is intended, to uncover the western front, and march towards the east leaving the government of Germany to the western Allies while continuing to fight as free corps bands.

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Report No. B-2120
22 March 1945

From: OSS Bern
Date of Info: 13 March 1945
Date of Report: 19 March 1945
Evaluation: C-0
Source: 328
Country: Austria
Subject: SD HQ.
Distribution:
 Paris
 Washington
 Caserta
 Files (3)

Bern
It is reported that the HQ of the SD has been moved to the castle at Hohenems at Sheet Z-4 at C475645. This is a large brownstone castle, perched on the hills overlooking Hohenems and identifiable at a considerable distance.

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Authority NAID 867108
By AL NARA Date 11/99

RG 276
 Entry 88
 File _____
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DECLASSIFIED
 Authority NND867088
 By AR NARA Date 10/5/99

OUTGOING MESSAGE FORM

Date	SECRET	Routine	SECRET CONFIDENTIAL
To		Priority	
Confirmation		Information	

- 2 -

FACILITIES BUT HAVE BEGUN TO WORK.

4. LANDECKS POPULATION, FIVE THOUSAND IN YEAR THIRTY EIGHT NOW FOURTEEN THOUSAND DUE INFLUX OF PRUSSIANS AND GERMANS FROM HUNGARY, RUMANIA AND CZECHOSLOVAKIA. FOOD SITUATION TOLERABLE NOW, BUT BREAD AND FLOUR WILL GIVE OUT IN ABOUT TWO WEEKS. DAIRY PRODUCTS AVAILABLE.

5. ALPINE HUTS AROUND LANDECK FULL OF SS AND VLASOV COSSACKS. AT ZAMSERLOCH IN URG VALLEY ARMED SS OCCUPY HUTS TO WHICH THEY BROUGHT BEFORE CAPITULATION SPECIAL BOXES CONTAINING CANNED FOOD, CIVILIAN CLOTHES, MACHINE PISTOLS, AMMO AND FLARES. IN KAUNERTAL SEVERAL WEREWOLF GROUPS REPORTED ORGANIZED. LANDECK SECURITY COMMITTEE DISSOLVED SIX MAY BECAUSE OF NAZI PENETRATION AND FUNCTIONS ASSUMED BY CIC.

6. FRENCH RELATIONS WITH POPULACE AT ST. ANTON, ISCHEL AND GALTUR REPORTED CORDIAL BUT THREATENED BY FRENCH REQUISITIONS OF CATTLE.

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Originator's initials _____		Authenticated by <u>18187</u>	
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Report No. B-2123

23 March 1945

MAR 31 1945

From: Bern
Date of Info: Early March 1945
Date of report: 16 March 1945
Evaluation: ~~EXX~~ C-0
Source: China
Country: Switzerland
Subject: Japanese Colony
Distribution: Washington
Paris
Caserta
Files 2

3-3

There is a schism threatening the Japanese colony in Switzerland. The peace party grows every day and preparations are being made by some Japanese officials and journalists to found a special group. These Japanese are afraid that by granting asylum to Nazi fugitives, their country will be deprived of the possibility of concluding a compromise peace. They pretend that Ambassador Oshima in Berlin is negotiating on this subject with Nazi officials. The question of granting asylum to war criminals from Germany is said to be already a matter of discord in Japan and may become of increasingly important.

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By AC NARA Date 11/99

OFFICE OF STRATEGIC SERVICES

WASHINGTON, D. C.

DISTRIBUTED 4 April 1945
 COUNTRY Japan
 SUBJECT Possible Schism in Japanese Colony
 in Switzerland

DISSEMINATION NO. A-53202
 ORIGINAL REPORT NO. B-2123
 DATE OF REPORT 16 March 1945
 EVALUATION B-3

SOURCE 2
 SUB SOURCE

CONFIRMATION }
 SUPPLEMENT }
 CORRECTION }

DATE OF INFORMATION Early March 1945
 PLACE OF ORIGIN Bern
 COUNTRY: PE

NUMBER OF PAGES 1
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TECHNICAL	

1. There is a schism threatening the Japanese colony in Switzerland. The peace party grows every day and preparations are being made by some Japanese officials and journalists to found a special group. These Japanese are afraid that by granting asylum to Nazi fugitives, their country will be deprived of the possibility of concluding a compromise peace. They claim that Ambassador Oshima in Berlin is negotiating on this subject with Nazi officials. The question of granting asylum to war criminals from Germany is said to be already a matter of discord in Japan and may become increasingly important.

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