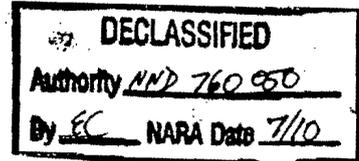


RG 59
1945-9
4220

REPRODUCED AT THE NATIONAL ARCHIVES



CONFIDENTIAL - SAFEHAVEN

Enclosure No. 4 to despatch no. 3342 of 11/7/47
regarding BANCO ALEMAN TRANSATLANTICO; Transmitting Statements of
Officials of Deutsche Ueberseeische Bank of Berlin.

MEMORANDUM OF CONVERSATION

PARTICIPANTS: Alfred Russell, Legal Representative of Deutsche Ueberseeische Bank (DUB) of Berlin;
Albrecht Seeger, Managing Director of DUB; and
Henry C. Ramsey

PLACE: Berlin, Germany, Offices of Finance Division of COMUS

DATE: October 28, 1946

SUBJECT: Banco Aleman Transatlantico, DUB branch in Spain.

During the course of our conversations Russell and Seeger volunteered the following information in supplement to statements signed by them and witnessed by me:

1. There are probably no foundation documents of DUB available, which would disclose that the Banco Aleman Transatlantico (BAT) is a DUB branch, in as much as the DUB records are in the basement of the old DUB building (in the Russian sector of Berlin) and, to Russell's certain knowledge, have been under water for some time. Neither man had ever seen the foundation documents of DUB.
2. Both men believed that the Russians have left the DUB records intact although they have closed the bank and have looted, almost certainly, all monies and securities deposited therein.
3. Neither gentleman has access to the DUB records.
4. It is possible that one Harter, a former high official in DUB now being held in prison camp by the Russians, could supply more information in respect of the foundation documents and the whereabouts and availability of DUB documents. The man who knew most about the details of the foundation documents and the establishment of BAT as a branch of DUB was Harter's secretary but he was killed or lost in the last few weeks of the war.
5. Both men executed statements in connection with the ownership of BAT by DUB and the 1944 gold transaction between DUB, Otto Wolff K.G., and BAT.
6. The 1942 gold transaction between DUB and BAT was handled by Harter and Ruwens. They were unable to furnish any information in respect of this transaction.
7. The BAT loan of Pesetas 8,000,000 made in January 1945 to La Minera S.A. was authorized by DUB. The circumstances were that

DUB

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By EC NARA Date 7/10

DUB authorized RAT to renew the loan on the basis of a guarantee supplied to DUB by Deutsche Kali Syndikat (DKS). The original loan was likewise made on the basis of a DKS guarantee but under the authorization of Harter and before Seeger's return to DUB from Peru. As Seeger and Russell recalled the transaction, the DKS guarantee was in the form of a letter which was signed by either Bruno Thomas or Wilhelm Mayer, or both, of DKS. Both men confirm the Saez story told in Madrid that DUB had pressed DKS to repay the original loan of Pesetas 8,000,000 as early as 1944.

8. Both men are anxious to work with the Americans in reconstituting DUB as an export-import bank. They feel that the DUB branches abroad could be usefully employed in this endeavor but are willing to execute necessary documents and powers which will authorize Euwens or a nominee of the Allied Control Council to sell and change the name of the RAT. They feel, however, that it will be necessary to obtain the consent of the board of directors before granting such authority and likewise necessary to obtain Russian consent because the head offices of DUB are located in the Russian Zone. They will, on our instructions, attempt to call a meeting of three directors of DUB, which would constitute a quorum, and proceed with the execution of the necessary documents and powers if Russian consent is obtained.

9. Russell has lived in Germany most of his life but Seeger has spent 30 years in South America. His last post was manager of the Banco Aleman Transatlantico in Lima, which he left in May 1941 to return to Germany to assume the position of Managing Director of DUB. His family remains in Peru and he is extremely anxious to return to Lima himself.

HCRamsey:mes

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SB 13143

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DATA SHEET

RG No.: 59 RG Title: D of State

Series No.: Series Title:

Folder No.: 1 Folder Title: 800.515/10 - 46-1046

Doc. or Page No.:

BOX NO.: 4218

Content description (including inclusive dates, provenance, subject matter, number of pages, etc.):

10/6 / 46 - Div. of Econ. Security doc on

German Gold → SW → Portugal -

\$45 million from Germany → SW Portugal

\$67 million from SW → Portugal

Copy: Y ___ N ___

Date:

Researcher Name:

230974

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RG 59
1945-9
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REPRODUCED AT THE NATIONAL ARCHIVES

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Authority AND 760 950
By EC NARA Date 7/10

(60)

DEPARTMENT OF STATE

~~DIVISION OF WORLD TRADE INTELLIGENCE~~

DIVISION OF ECONOMIC SECURITY CONTROLS

December 6, 1946

Portugal
A. J. Fisher
Report
P. 2
70

MEMORANDUM

To: Mr. Walter S. Surrey
From: O. F. Fletcher
Subject: Identification of German Gold in Portugal.

I. At a meeting at the Treasury Department held upon Mr. Schmidt's invitation on December 3, 1946, Mr. Schmidt reported about new information on German gold transactions which he secured in Berlin at the occasion of his recent trip. He also reported on the work of the Gold Sub-committee in Lisbon. As to the latter he said the Portuguese have acknowledged to have received \$45,000,000 worth of gold from Germany (including gold from the Reichsbank account with SNB) and \$67,000,000 worth of gold from Switzerland (possibly originating from Germany), during the war but none after 1944. (Thus, the Portuguese acknowledged acquisition of \$112,000,000 worth of gold which is not too far off from the \$139,000,000 I arrived at in my pertinent memorandum.) So far the Portuguese are denying any obligation to return any German gold; however, a joint Portuguese Allied Sub-committee is continuing to establish the facts, viz, the identity of individual German looted gold bars acquired by the Portuguese; up to now they have checked 960 bars valued at \$13,500,000 as of Belgium origin. Among the information picked up by Mr. Schmidt in Berlin the most important item is a compilation of looted Dutch gold including complete lists of identification marks. This compilation was submitted to OMGUS Finance Division by Dutch authorities in the summer of 1945. (It is regrettable that this material was not made available to us spontaneously by OMGUS nor discovered by Treasury people on the spot in time to be used in the Swiss negotiations). The report reveals that the Dutch lost a total of \$163,500,000 monetary gold (which

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exactly

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Authority NND 760 950
By EC NARA Date 7/10

exactly tallies our estimate). Mr. Schmidt also produced other lists which he got in Berlin including a compilation of all German Reichsbank gold transactions and the melting records of the Prussian mint covering the ten years period up until the end of the war. This material will be photo copied by Treasury and copies will be made available to the Department. Copies of relevant parts of the material were left with Mr. Kasper, U.S. Legation, Lisbon.

II. The following action is suggested:

(1) check with Treas (Schmidt) if he gave it full right + full sections
(2) Hold up on 2 for terms being

- 1) Photo copies of the aforementioned material should be made available to the British and French embassies in Washington.
- 2) Instructions should be sent to Lisbon providing for a situation which may arise namely, as to whether settlement of German assets should be concluded prior to or in absence of settlement on looted gold (Department's 1053, November 8 to Lisbon; Rubin's cable no. 1025, November 26 from Lisbon) in the light of the above mentioned additional information, e.g., identification of Dutch gold bars and of reports from Lisbon on the Portuguese attitude which might be in by that time.
- 3) As soon as analysis of the new material is completed the Swedish Government will have to be informed of the identification marks of those Dutch gold bars which were sold to Sveriges Riksbank according to the lists. The Swedish Accord sets July 1, 1947 as the cutting off date for additional gold claims which can be specified in the meaning of the open end provision of the Swedish Accord.
- 4) The aforementioned compilation of all German Reichsbank gold transactions during the last ten years will be valuable for the purpose of checking claims submitted to the gold Commission. One copy, therefore, should be despatched to Brussels for Dorr.

3. OK

4. check with Schmidt as to what he sent over + if he app. papers.

0.3.3

ES:OFFletcher:ejm

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K.G. - 660
PROP. - COMGUS
BOX 654

Authority NND 775057
By RT NARA Date 5-23-92

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AMERICAN CONSULATE GENERAL

Shanghai, China, November 27, 1946

SUBJECT: SAFEHAVEN FUNDS IN SWITZERLAND

The Honorable

The Secretary of State,

Washington.

SIR:

I have the honor to refer to the Department's secret airgram A-167 of September 19 to the Embassy in Nanking which was repeated to Shanghai and which contained a paraphrase of Berlin's cable no. 96, September 10 to Bern, sent to the Department as no. 2123. This message raised certain questions with regard to alleged safehaven funds in Switzerland which were transferred in the period following the close of the European War from the Deutsche Asiatische Bank in Shanghai.

At the Embassy's suggestion, information on this subject was sought from Mr. E. A. Bayne, the Special Adviser on Enemy Property Affairs to the Republic of China. The transcript of telegraphic transfers made to Switzerland during the period mentioned which was supplied by his office is transmitted herewith in the original. In submitting this information to the Consulate General, Mr. Bayne made the following comment:

"I am attaching a transcript made, after investigation by this office, of telegraphic transfers made to Switzerland during this period. The list is annotated and should provide a basis for investigation in Switzerland, if this is deemed necessary. The evidence presented in Berlin's cable appears to be somewhat misleading. Our new investigation into the bank records has been complete, and agrees with the investigation findings (now in the files of the State Department) which were made by the Enemy Branch of the Foreign Economic Administration in the fall of 1945. There is no evidence of hidden assets that we can determine and the transfers would appear to be normal personal liquidation transactions for the Germans concerned."

Respectfully yours,

Monnett B. Davis
American Consul General

Enclosure:

Transcript.

SECRET

SWISS FRANC SALES THROUGH THE DEUTSCH ASIATISCHE BANK IN SHANGHAI

The files of the Deutsche Asiatische Bank in Shanghai reveal that German citizens have disposed of their assets in Swiss Francs by selling same to Chinese firms between May and September, 1945. Several large amounts below could not be traced due to absence of files of the bank, they are only listed for the purpose of facilitating the investigation of remittance at other sources. The transfers were handled through Schweizerische Kreditanstalt, Zurich.

<u>Date</u>	<u>Beneficiary</u>	<u>Remarks</u>	<u>Amount</u> Sw. Frs.
1. May 19, 1945	Advance account "B" Brown Boveri & Co. Baden	Funds remitted for account of Ching Foong Cotton Spinning & Weaving. Amount obtained from Hans Mueller and/or Alice Mueller, Shanghai	30,000.00
2. May 21, 1945	Brown Boveri & Co.	Funds remitted for account of Ching Foong Cotton Spinning & Weaving (Origin unknown)	20,000.00
3. June 20, 1945	Brown Boveri & Co.	Funds remitted for account of China Cotton Mills. Amount obtained from the balance of account of Mrs. Hedwig Mueller, Shanghai (At present destitute)	10,890.00
4. June 20, 1945	Brown Boveri & Co.	Funds remitted for account of China Cotton Mills Ltd. Amount obtained from Hans Dieckmann and/or Paula Dieckmann, Shanghai NSDAP member. At present destitute).	26,576.00
5. June 20, 1945	Brown Boveri & Co.	Funds remitted for account of China Cotton Mills, Ltd. Amount obtained from Eugene Betz, Shanghai (NSDAP member).	10,000.00
6. June 29, 1945	Brown Boveri & Co.	Funds remitted for account of China Cotton Mills, Ltd. Amount obtained from Frieda Semmelhack: Sw.Frcs. 7,200.00 and from Rudolf Ewert: Sw.Frcs. 21,600.00 (F.Semmelhack is at present destitute).	28,800.00

<u>Date</u>	<u>Beneficiary</u>	<u>Remarks</u>	<u>Amount</u> Sw. Frs.	
7. June 5, 1945	Schweizerische Handelszentrale	Funds remitted by order China Wool Manufacturing Co. (Origin unknown)	100,000.00	
8. July 16, 1945	Credit to Brown Boveri & Co.	Funds remitted for account of China Cotton Mills, Ltd., Shanghai. Amount obtained from Erich and/or Mrs. Neuser (At present destitute)	20,000.00	
		Funds remitted for account of China Cotton Mills, Ltd. Amount obtained from C. Behncke (NSDAP member).	9,000.00	
		Funds remitted for account of China Cotton Mills Ltd. Amount obtained from W. Ferd Klingelberg & Sons, Shanghai agency.	41,000.00	
9. July 14, 1945	J. J. Rieter & Co. Winterthur, Switzerland	Funds remitted for account of China United Syndicate Ltd. by order Lee Hsing, Shanghai. Amount obtained from Mee Yeh Handles Co.	75,000.00	
		Amount obtained from Hans Obermaier (repatriated).	10,000.00	
10. July 20, 1945	J.J. Rieter & Co.	Funds remitted for account of United China Syndicate Ltd. by order Lee Hsing, Shanghai. Amount obtained from W. Bechtle.	4,000.00	
		Amount obtained from Josef Angleitner	7,200.00	
		Amount obtained from D.A.B.	120,000.00	
		This amount is composed of the following accounts:		
		Dr. C. Mueller (at present destitute)		4,324.23
		O. Franz	" "	6,900.00
		K. Limann	" "	1,930.00
		Dr. K. Miss	" "	222.55
		Dr. Schoenfelder	" "	1,500.00
		W. Hilbricht		12,611.73
G. Ungewitter		9,532.98		

<u>Date</u>	<u>Beneficiary</u>	<u>Remarks</u>	<u>Amount</u>
		W. Balthaser (at present destitute)	275.42
		H. Rossbach " "	11,064.25
		Mrs. R. Dold " "	345.91
		Dr. H. Wilpert " "	781.70
		G. F. Sauer " "	318.00
		Hans Meier " "	3,500.00
		F. Schirmer " "	165.00
		W. Vennewitz " "	134.65
		J. Hofling " "	1,000.00
		Deutsche Hilfe " "	3,965.00
		Ch. Burch	8,035.00
		Ch. Export Import & Bank Co.	17,000.00
		DAB	36,393.58
11. Aug. 17, 1945	Brown Boveri & Co.	Funds remitted for account of China Cotton Mills, Ltd., order T. Y. Wong. (Origin unknown).	20,000.00
12. Aug. 16, 1945	J.J. Rieter & Co.	Funds remitted for account of United China Syndicate, Shanghai. Amount obtained from Arthur Folger. Amount obtained from F. Laangeluetje and/or Mrs. Langeluetje. (At present destitute).	21,000.00 10,500.00
		Funds remitted by order Lee Hsing, Shanghai for account of United China Syndicate Ltd. (Origin unknown)	100,000.00
13. Aug. 30, 1945	Schweizerische Handelszentrale	Funds remitted by order of China Wool Manufacturing Co. (Origin unknown).	120,000.00
14. Sept. 1, 1945	J. J. Rieter & Co.	Funds Remitted for account of United China Syndicate Ltd. by order of Lee Hsing (Origin unknown)	35,000.00
15. Sept. 8, 1945	J. J. Rieter & Co.	Funds remitted for account of United China Syndicate Co. by order of Lee Hsing (Origin unknown)	30,000.00

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SB 13161

UNITED CHINA SYNDICATE LTD.

Engineers, Importers and Exporters.
97 Yuen Ming Yuen Road. Tels. 13141-3

TO: "Uchis" or "3827" P.O. Box 2049.

Koo, T. Y., Mgr.
Lin, F. C., Sub-Mgr.
Chen, P. K., Asst. Mgr.
Yung, Y. S., Eng.

CHING FOONG COTTON MANUFACTURING CO., LTD.

Spinning, Weaving, Dyeing, Bleaching, Finishing.

Office: 444 Peking Rd. (E), Tel. 92816.

Mills: 123 Yenping Rd., Tel. 37454.

TA: "Chinfon"

Tang, P. Y., Dir. Gen. Mgr.
Tang, S. T., Dir. Mgr.

CHINA COTTON MILLS, LTD.

Spinners, Weavers, Dyers, Finishers & Printers of Cotton Goods.

Head Office: 349 Ningpo Rd.- Tels. 93213-5, 97388.

Mills: 171 Yenping Rd.- Tels. 36916, 61312.
94 Kwang Fu Rd.- Tel. 60611.
90 Kwang Fu Rd.- Tel. 62344.

CHINA WOOL MANUFACTURING CO., LTD.

Manufacturers of Woollen and Worsted Yarns and Piece Goods.

Head Office: 33 Szechuen Rd. (C), 6th Floor, Tels. 17151-3

T.A. "Chinawool" or "5904"

Mills: 1. Chow Ka Doo, Pootung.
2. 776 Hwa San Rd. (Ave. Baig)
3. 15 Chang Nin Rd. (Brenan Rd.)

230981

SB 13162

CHINA WOOL MANUFACTURING CO., LTD. - (Cont'd)

Lieu O.S., Chairman
Ohen, N.B., Gen. Mgr.
Hwa, E.K., Sub. Mgr.
Chang, T.W., Chief Gen. Dept.
Yu, H.T., Chief Acct. Dept.
Loh, T.T., Chief Mfg. Dept.
Lee, C.C., Engr.
Lee, Y.Y., Engr.

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SB 13163

RG 59
1945-9
4216

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By EC NARA Date 7/10

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DATA SHEET

RG No.: 59

RG Title: Dept of State 1945-9

Series No.:

800.515/11-146

Series Title:

A-2846

Folder No.:

800.515/11-946 - 11-1346

Folder Title:

Doc. or Page No.:

BOX NO.: 4216

Content description (including inclusive dates, provenance, subject matter, number of pages, etc.):

Polish Govt's claim to gold discovered
in A.Mer-occupied Germany in 1946

Copy: Y N

Date:

Researcher Name:

HET

230983

SB 12540

RG 59
1945-9
4215

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Authority NND 760 050
By EC NARA Date 7/10

RECEIVED
DEPARTMENT OF STATE

November 14, 1946

1946 NOV 19 PM 1 52

JAT
12/16
OFFICE OF GERMAN AND AUSTRIAN
PROPERTY AFFAIRS
DEPARTMENT OF STATE
JAT
EF
ES
EP
GA
DEK

No. 51/SZ-6

DC/M
FACILITIES BRANCH

OFFICE OF EUROPEAN AFFAIRS
DISTRIBUTION OFFICE
NOV 21 1946
DEPARTMENT OF STATE

Sir,

Upon instructions of my Government, I have the honor to bring the following to your attention:

In the American occupation zone of Germany is located a certain amount of German gold, belonging in part to the former Reichsbank.

NR 862.575

Taking into consideration

DIVISION OF COMMERCIAL POLICY
RT
MAR 17 1947
DEPARTMENT OF STATE

1) the numerous claims, which the General Government Occupation Emission Bank has against the Reichsbank, amounting to a total of eight billion occupation zlotys, and

2) that the Germans during the period of occupation exported from Poland gold reserves, which were located in various internal revenue funds, in bank safety deposit vaults, in court depositories,-

DEPARTMENT OF STATE
FEB 17 1947
RECEIVED

The Polish Government herewith files claim to the

above

The Honorable

James F. Byrnes,

Secretary of State.

MAR 17 1947

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SB 12541

000.010/11-1440

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1945-9
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Authority <u>NND 760 950</u>
By <u>EC</u> NARA Date <u>7/10</u>

- 2 -

above German gold and at the same time requests that its representatives be permitted to take part in the Commission for the restitution of gold, established in Brussels at the Inter-Allied Reparations Agency in Brussels.

Accept, Sir, the renewed assurances of my highest consideration.

Oscar Lange

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SB 12542

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RG 260
1945-50
Box 652

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DECLASSIFIED
Authority NAID 729052
By BA NARA Date 7-16-98

SECRET

9 October 1946

SUBJECT: Looted Gold Sold by Germany to Portugal

TO : Mr. Theodore H. Ball, Deputy Director

1. I have studied the attached cable from Lisbon carefully and regret to advise that we can neither verify nor amplify the information already held by the Portuguese-Allied Subcommittee by means of any reports or documents in the possession of this Branch. The basic report on the looted Belgian gold has already been utilized by the Subcommittee and they appear to have in addition thereto the benefit of information obtained from an investigation by a French group in January 1946, of records of the Prussian Mint in possession of the Soviet Finance Division.

2. The gold studies team consisted of Messrs. Dunkel, Curtis and Volkmann, all of whom returned to the U.S.A. about 1 January 1946. They forwarded copies of their reports to the writer in Berlin and Mr. Volkmann, the last to leave, advised verbally that the records supporting their reports were stored in the Reichsbank Annex at Frankfurt.

3. Assuming that these records could now be located I think it doubtful that they would contain information as to disposition of the gold after it left Germany, inasmuch as the records are reported to be those of the Precious Metals Department of the Berlin Reichsbank. Since all or most of the gold was obtained by Portugal from the Swiss National Bank (which handled the Reichsbank depot) the value of these records is questionable. In any event it would seem almost imperative that Thoms, former head of the Precious Metals Department, or someone else familiar with the records would need to assist any investigators assigned to this project. Otherwise it might be a prolonged and difficult undertaking.

4. The second suggestion, namely, that attempt be made to obtain photostatic copies of the Daily Journal of meltings and recapitulation of melting operations of the Prussian Mint, which documents are reported to be

EXTERNAL ASSETS BRANCH
Smith

SECRET

SB 08378

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RG 260
1945-50
Box 652

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DECLASSIFIED
Authority <u>NAV 775057</u>
By <u>BA</u> NARA Date <u>7-16-98</u>

under the control of Mr. Denisov, could probably be carried out without difficulty. This statement is based on the fact that the aforementioned French group already have obtained photostatic copies of parts of these records.

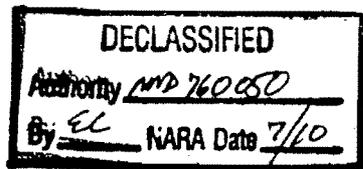
5. I am not advised as to when or under what circumstances the gold studies team obtained records of the Precious Metals Department of the Berlin Reichsbank nor whether the Reichsbank may have additional records which would provide the information desired by the Subcommittee.

6. Should it be desired that this Branch undertake any action before Mr. Schmit's arrival will you please so advise.

1 Incl:
Cable fr Lisbon

SAMUEL M. ROSE
Deputy Chief

Rm. 110
Telephone: 43686



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DATA SHEET

56
9
RG 59
1945-49
Box 4215

RG No.: 59 RG Title: Gen Records of Dep: of State

Series No.: 800.515 Series Title:
9-1946 - 800.515
10-246

Folder No.: 5 Folder Title: 800.515/9-2946

Doc. or Page No.: 800.515/10-246

BOX NO.: 4215

Content description (including inclusive dates, provenance, subject matter, number of pages, etc.): Document concerning blocked Swiss Bank assets of a German who took part in cloaking activities.

Copy: Y N

Date: 6/18/96

Researcher Name: Richard Crowley

230988

SB 09874

DECLASSIFIED
 Authority MP 760850
 By EC NARA Date 7/10

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RG 59
 1945-49
 Box 4215

INCOMING AIRGRAM

DEPARTMENT OF STATE DIVISION OF COMMUNICATIONS AND RECORDS TELEGRAPH BRANCH

Phillips

DC/R

AIRGRAM

26 93

CONFIDENTIAL

FROM: BERN

A
 ACTION:ESP
 INFO:
 DC/R
 EUR
 DC/L
 OCD
 OFD
 FC

DATED: October 2, 1946

REC'D: Oct. 15, 7:56 a.m.

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

Reply drafted 11/35 JF

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A-450, October 2, 1946.

With reference to the Department's A-240 of September 19, 1946 the Legation is unable to identify Holpro and would be grateful for any further details the Department may be able to supply--especially the name of the Swiss town or city in which it is located.

As soon as complete information on von Cleam's assets in Switzerland is received from the Swiss Compensation Office the Legation will institute, in conjunction with Berlin, other interested Missions, and the Swiss Compensation Office, an investigation of his cloaking activities. As soon as interim results of this investigation become available they will be transmitted to the Department forthwith. With reference to the Department's A-208 of August 16, the U.S. member has asked the Joint Commission to request the Swiss Compensation Office to continue to block all von Cleam's assets here pending the conclusion of the above mentioned investigation.

Handwritten notes and initials in a box, including 'LAWRENCE' and 'JF'.

DIVISION OF ECONOMIC SECURITY CONTROLS
 OCT 16 1946
 DEPARTMENT OF STATE

HARRISON

Copy to American Embassy, London
 Copy to USPOLAD, Berlin

DEC 18 1946

DJR/ABCohan/hh

PERMANENT RECORD COPY.—This copy must be returned to DC/R central files with notation of action taken.

SB 09875

230989

DATA SHEET

RG No.: RG Title: 800.515/8-946-5-1340
 Series No.: Series Title: 800.515/8-946-5-1340
 Folder No.: 5 Folder Title: 800.515/8-946-5-1340
 Doc. or Page No.: 800.515/8-1246 BOX NO.:

Content description (including inclusive dates, provenance, subject matter, number of pages, etc.):

Telegram from Bern to State (Aug 12, 1946) re transfer of Reichsbank gold from Switzerland to Portugal

Copy: Y N

Date: 6/12/96

Researcher Name:

Mary Helen Dupre

DECLASSIFIED
 Authority *ND 760250*
 By *EC* NARA Date *7/8/76*

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RG 59
1945-49
Box 4212

DIVISION OF
 COMMUNICATIONS AND RECORDS
 TELEGRAPH BRANCH

DEPARTMENT OF STATE

ACTION COPY

INCOMING TELEGRAM

1

Action-ESP

Info:

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SECRET

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EUR

Control 3676

DC/L

Paraphrase before communicating to anyone.

OFD

A-C

OCD

FC

SECSTATE

DC/R

Jul 27/46
 DIVISION OF COMMUNICATIONS AND RECORDS
 AUG 13 1946
9-6-46
 DEPARTMENT OF STATE

Bern

Dated August 12, 1946

Rec'd 5:44 p.m., 12th

	ACT	INF
ESP		✓
ES	✓	?
GA		?
JK		

US URGENT

1386, August 12, 4 p.m.

REFLEGTTEL 1332, repeated London as 163, Paris as 138, Berlin as 86 and Brussels for Dorr, July 30.

FPD (Zehnder), in response my letter July 31, has transmitted copy communication addressed to French Ambassador, of which translation follows:

"I have honor to acknowledge receipt of your letter of July 25, in which you asked me to furnish supplementary details with respect to disposal effected during war by Reichsbank from its depot of gold of Belgian origin, particularly sales made abroad notably to National banks of Portugal and Spain.

"With respect to sales of gold to Portugal, direct transfers by Reichsbank from its depot in Switzerland--said to be of Belgian origin--amount, as you know, to 98.4 million Swiss francs. As result of request by Banco de Portugal, Swiss National Bank is obliged to consult that institution before giving anyone information with respect to gold purchases made by Banco de Portugal. In view of obligation assumed by Swiss National Bank, it is impossible for me to furnish even confidentially details which interest you. On other hand, Banco de Portugal is as qualified as Swiss National Bank, and certainly more justified than latter, to inform French Government with respect to details of gold operations which Portugal made during war.

"As to sales

SECRET

See Paul's letter to Stuchlik of May 27 - answered by Stuchlik May 28

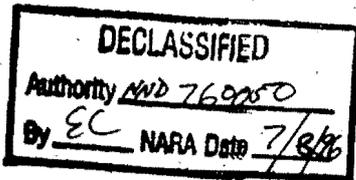
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SECRET

-2-#1386, August 12, 4 p.m., from Bern.

"As to sales of gold to Spain, total direct Spanish purchases (from Reichsbank depot account in Switzerland) and indirect (from Swiss National Bank) between September 1, 1939 and end of November, 1945, amounted only to 40,000 kilograms and did not attain quantity of 74,000 kilograms indicated in your letter. As you have remarked yourself, these operations with Spain did not involve gold of Belgian origin".

Repeated London as 173, Paris as 148, Berlin as 96, Brussels for Dorr, Madrid for Rubin as 36 and Lisbon as 12.

Mann requests copy for Treasury.

PLITT

EKH:JSP

SECRET

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SB 08365

DATA SHEET

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Date: _____

Researcher Name: *Ar Glazer*

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P. 657
1945-49
Box 4210

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

*Post: for
P. King, col
DATE: July 8, 1946*

TO : ES - Mr. Surray
FROM : O. F. Fletcher
SUBJECT: Attached memorandum on gold acquisitions of Portugal during the war

Here is the Portuguese gold memo. You will receive the memo on Spanish gold in a few days, although the Spanish situation is partially covered by the attached memo.

The reply to my outgoing cable of today to Bern may yield additional evidence, particularly regarding Spanish gold acquisitions.

O.F.F. sent copies to:
Mr. Surray
Mr. Culbertson
Finance Div.
Post.

EM/R
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Cat.
AB

800,515/7-346

800,515/7-346

**CONFIDENTIAL--
EXPLICATED**

2,300,000 (Gashing figure)

... 22,632 ...

... 116.67 ...
... 197,305 ...
(129,827 Kg.)

... 652,000 worth of his portion was ...
(about 61 million dollars)

... the Portuguese to explain their delay and ...

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P 651
1945-49
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STRICTLY CONFIDENTIAL--
NOR TO BE DUPLICATED

MEMORANDUM ON GOLD ACQUISITIONS BY PORTUGAL DURING THE WAR

SUMMARY:

(All Sums in Thousands of U.S. Dollars)

Bank of Portugal acquired
from German Reichsbank's
deposit with the SSB
(This gold was exclusively
looted Belgian gold) 22,632

Portugal acquired from SSB
(This gold probably included
German looted gold) 116,673

Total 139,305
(123,827 Kg.)

*23,000,000
(Gachet's figure)*

In addition, an unknown quantity of gold was brought into Portugal, probably directly from Germany by diplomatic pouch and secret air flights and stored there or sold privately.

RECOMMENDATIONS:

It is suggested to request from the Portuguese

- (a) the return of the whole amount of \$22,632,000-worth of gold (20117 kg.), since we have evidence that this portion was exclusively Belgian gold looted by the Germans and (or about 84 million dollars)
- (b) the return of an appropriate portion--possibly 72%--of the gold acquired from the SSB which amounted to \$116,673,000 (103,709 kg.), since there is a strict probability that a large portion, if not all, of this gold was looted.

In making this request our position should be strengthened by reminding the Portuguese that they made a false statement when the authorities of the Bank of Portugal advised our Legation that "no gold whatsoever was ever shipped from Germany to Portugal between April 1938 and May 1945". (Telegram 390, May 4, 1946 from American Legation, Lisbon, reported this statement which was used by the Portuguese to explain their delay and reluctance

to submit

139,305,571 2/7-346

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REPRODUCTION OF GOLD RECORDS

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1945-49
Box 4210

to submit requested complete tabulation of their gold dealings during the war.)

BACKGROUND AND CONCLUSIONS:

As we know, the Swiss purchased from Germany during the war 265,067 kg. (\$298,200,000-worth) of gold, about 72% of which must be assumed to have been looted gold. It can be assumed that the Swiss naturally tried to sell at the earliest possible opportunity such looted gold and therefore it can be assumed that all the gold sold by the Swiss to the Portuguese was looted gold. But if the average percentage is also applied to the resale to the Portuguese, the Portuguese should return 72% of the 103,709 kg. (\$116,673,000), that is 74,670 kg. (\$84,004,560).

The total gold looted by Germany during the war is calculated at 433 million-dollars-worth of gold, to which are to be added 53 million taken from Austria and 33 million from Czechoslovakia--altogether \$990 million.

⁵¹⁹
It is also calculated that Germany sold abroad during the war about 445 million-dollars-worth of gold. At the beginning of the war Germany's own legitimate gold stock, (including 23 million purchased from Russia before she went to war with Germany), amounted to about 126 million-dollars-worth of gold. Hence, Germany sold abroad about 319 million-dollars-worth of looted gold. Under the assumption--most favorable to the neutrals--that Germany sold all her legitimate gold abroad and only part of her looted gold, 72% of all gold sold by Germany was looted gold.

Another approach is suggested by the above assumption, namely, that Germany spent about 445 million-dollars during the war: Germany sold during the five-and-a-half years of the war 85 million-dollars-worth of gold on the average per year. At that rate, since it can be assumed that Germany first sold all her legitimate gold, she must have exhausted her legitimate stocks by the spring of 1941. Therefore, if we assume that Germany began spending looted gold by spring of 1942, we have made ample allowance for the consideration that at the beginning of the war the annual rate of spending was lower and probably increased only after the first year of war when Germany began to secure material abroad and otherwise increased her foreign activities. If we follow the latter argumentation, we arrive at the conclusion that all gold that the neutrals acquired after

the spring

quitting the war.)
to assist in the
to assist in the

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the spring of 1942 was looted gold. The amount of German gold acquired by the Portuguese after that date probably will exceed the 72½ figure arrived at above, since the bulk of transfers took place after that date.

Still another calculation leads us to the following considerations: the total sum of gold looted by Germany was 590 million. Under the assumption (the one most favorable to the neutrals) that Germany had spent all her legitimate gold holdings during the first years of the war, the whole amount of gold found in Germany--namely 199 million-dollars (excluding the Italian and Hungarian earmarked gold) is to be deducted from the above 590 million, leaving 391 million. To be deducted from this 391 million is 58 million recovered from Switzerland and 8 million we are going to recover from the Swedes. We are still missing about 326 million. Since we know that 32½ million-dollars looted gold went to Rumania and some 15 million-dollars were privately sold in Turkey, we are missing about 280 million-dollars-worth which is roughly the amount of gold reportedly acquired by Portugal and Spain, as the acquisition of German looted gold by Spain and Portugal combined.

Preliminary over-all report dated February 26, 1946 of the Strategic Services Unit, War Department, states that between January 1942 and February 1944 a total of about 610,000 kg. gold was shipped by truck from Switzerland to Spain and Portugal and that two-thirds (about 406,060 kg.) went to the Bank of Portugal and one-third (about 203,030 kg.) went to the Instituto Espanola de Monedas Extranjera in Madrid. So far as Portugal is concerned this would be far in excess of the figures used in the Summary (page 1 of this memorandum) on the basis of the Swiss official documents, and so far as Spain is concerned, would be in excess of the Madrid Trusteeship's estimate of total shipments of gold to Spain on German order from February 1942 through VE Day, of about 85,000 kg. (An analysis of another SSU report on shipments of gold through Bellegarde, which obviously is included in the over-all summary of SSU of February 26, 1946, bears out that about 57,000 kg. went to Spain and about 109,000 kg. went to Portugal. (No destination was given or can be established for an additional approximately 5,000 kg.)

DOCUMENTATION:

The figure of 22,632,000 dollars-worth of gold (acquired by Bank of Portugal from German Reichsbank's deposit with the Swiss

National

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National Bank) was taken from a letter from the Swiss Delegation to M. Chargueraud, dated May 25, 1946. (The letter was classified as "very confidential", and therefore cannot be quoted to any foreign government.) It confirmed that this gold was exclusively looted Belgian gold.

The figure 116,673,000 dollars-worth of gold (Portugal acquired from the Swiss National Bank) was taken also from an official Swiss statement submitted to our Legation in Bern and sent to the Department as an enclosure to Foreign Service Despatch No. 12547, September 19, 1945.

Since we are in possession of official Swiss statements (a) that 20,117 kg. of looted Belgian gold was transferred by the Germany from their account with the Swiss National Bank to Portugal, and (b) that in addition the Swiss National Bank sold (for its own account) 103,709 kg. to the Portuguese--and, on the other hand, since the SSU reports are incomplete, only partially verifiable, and partly inconsistent with verified material--there is no present need to elaborate at length on these reports. One of the reports gives the make and description of truck, and name of driver, and describes the contents of the trucks as to nature, weight, value, shipper and recipient, but does not list the most important item--namely whether bars bore German stamps. As to the total covered by the reports, they arrive at a figure of 108,733 kg. to Portugal, and therefore cover almost 88% of the Swiss figure. The over-all report, quoted on page 3, gives no particulars and arrives at figures not borne out by any other verified document or calculation. As to the time of shipment, both reports cover a period from January 1, 1942 to May 5, 1944.

Other SSU reports mention indirect witnesses accounts to the effect that ingots with German markings were seen at the occasion of the opening of shipments by the customs officials, which took place at the frontier. The SSU memorandum summarizes: "It was estimated that more than half of the gold in transit had German markings of some kind."

The statement (last paragraph of Summary, page 1) regarding an unknown quantity of gold brought to Portugal directly from Germany and occupied countries, is borne out by such statements as the one by Otto Eckert, former German Legation official in Lisbon that during the past two years he had received about seven deliveries of gold, each delivery amounting to about \$20,000-worth of gold, from the Reichsbank in Berlin, which gold

had

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CA "BANK OF PORTUGAL" (Bank)
to N. "Esp. Gracioso" (Bank)
to N. "Esp. Gracioso" (Bank)

had been sold through Portuguese citizens. (FSD No. 735, Lisbon, February 14, 1946.)

During the war confidential reports were received that gold was coming into Portugal from Stuttgart and Berlin by plane via Barcelona, Spain, to be melted down and remade into Portuguese ingots and to be finally sold to the Portuguese goldsmith gremio.

That the Portuguese National Bank considered itself in an equivocal position with regard to its gold acquisitions is indicated by information obtained during the last year of the war that the Portuguese National Bank was anxious to sell portions of the German gold it had acquired. One such indicative transaction was reported when the Bank of Portugal swapped 15,000 kg of gold acquired from the Germans and held in Portugal for the same quantity of gold held in New York for the account of the Portuguese Government.

STATISTICS ON BANK OF PORTUGAL GOLD RESERVES AND THEIR SIGNIFICANCE IN RELATION TO GOLD MOVEMENTS DURING THE WAR:

According to our own statistics the Portuguese gold holdings in the United States show a sharp increase during the latter half of the war, as can be seen from the following comparison:

Earmarked Gold Held for Portuguese Account in the U.S. (In millions of dollars)		
<u>End of 1942</u>	<u>End of 1943</u>	<u>Feb. 28, 1946</u>
165.0	180.0	305.3

These figures match well with the tables submitted by the Portuguese to our Legation February 8, 1946, listing their gold holdings at the Federal Reserve Bank, New York, and their increases as follows (in millions of dollars):

<u>1-1-1939</u>	<u>22-2-1944</u>	<u>31-10-1945</u>
---	178.3	290.0

According to the Portuguese, they held an additional relatively insignificant amount at the Bank of Canada. More important for our purposes is the fact that they list no gold holdings with the Swiss National Bank as of January, 1939, but some 9,000 kg. as of February 1944 with the Swiss National Bank, which were reduced to about 4,000 kg.

by the

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 Box 4210

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by the end of October 1945. It can be assumed that the aforementioned 9,000 kg. gold were acquired either by transfer from the German deposit account with the Swiss National Bank or from the Swiss National Bank out of the gold that the latter acquired from the Germans.

The most important item is the domestic gold holdings of the Portuguese, hitherto unpublished and unknown, and given by this report as follows (in millions of dollars):

<u>1-1-1939</u>	<u>22-2-1944</u>	<u>31-10-1945</u>
68.8	135.3	120.3

In addition, according to their submission, the Portuguese Government holds at the Bank of Portugal (in millions of dollars):

	<u>1-1-1939</u>	<u>22-2-1944</u>	<u>31-10-1945</u>
In bars:	12.9	17.4	17.4
In coins:	1.4	3.1	3.1
Total Portuguese <u>domestic</u> gold holdings	<u>83.1</u>	<u>155.8</u>	<u>140.8</u>

Since Portugal is not producing any gold and her acquisitions from the Western Allies and Argentina in payment for goods and services during the war accrued to her gold holdings with the Federal Reserve Bank in New York, the confessed increase in the domestic gold holdings of about 60,000 kg. or 67.5 million-dollars-worth of gold from 1939 to 1944 strongly indicates that this gold was acquired directly or indirectly from Germany.

It is indicative that the above table taken from the report presented to our Legation by the Portuguese, omits showing the domestic gold holdings as of the end of the war. It can be assumed that at that time the peak of domestic gold holdings was reached--a figure probably surpassing the February 1944 figure used in the above compilation--and that the Portuguese Central Bank sold, both domestically to private interests and also probably to Spain, some of its recent gold acquisitions between the spring of 1944 and October 1945. This might explain the fact that the above-arrived-at figure of 67.5 million-dollars-worth of acquisitions falls short of the figure for total acquisitions arrived at in the opening Summary (page 1).

Portugal's

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BY THE NATIONAL ARCHIVES

Portugal's total gold holdings, which before the outbreak of the war amounted to about 69 million-dollars-worth of gold altogether, have increased to about 440 million-dollars-worth of gold at the end of the war, or by about 650%. This increase can be explained by the fact that Portugal during the war had a favorable balance of payment with both groups of belligerents and with other neutrals, particularly with Switzerland.

Stressing this over-all increase in Portuguese gold (and, for that matter, in foreign exchange holdings) should furnish an additional moral argument to the specific arguments and evidence with respect to the return of that portion of Portugal's gold acquisitions which represent loot.

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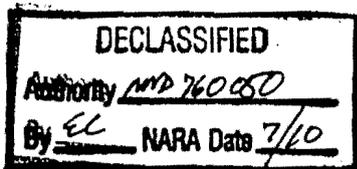
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Researcher Name:

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RG 59
1945-49
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CONFIDENTIAL

Stockholm, May 17th, 1946

Mr. Donald W. Smith,
American Legation,
S t o c k h o l m.

Dear Mr. Smith,

I refer to your letter of May 6th in which you ask for details regarding the total volume of the gold transferred to the gold deposit of the Sveriges Riksbank with the Swiss National Bank at Bern and further regarding the gold released from this deposit and sold in Switzerland.

In reply I beg to hand you the enclosed memorandum and schedule.

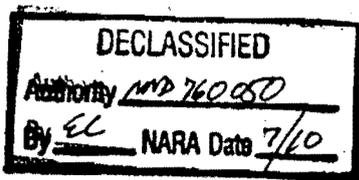
Sincerely yours,

/s/ Ivar Rooth

Encl.

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STRICTLY CONFIDENTIAL

Memorandum

regarding the gold deposit of the Sveriges Riksbank
with the Swiss National Bank in Bern.

(Reference is made to the enclosed schedule.)

The Sveriges Riksbank had no gold deposit with
the Swiss National Bank in the years 1938 - 1940.

The gold deposit of the Sveriges Riksbank was created
through a delivery of gold bars at the beginning of 1941. These
gold bars had been bought by the Sveriges Riksbank in 1940
from the Deutsche Reichsbank in connection with the repurchase
by German interest of \$ 21,000,000 face value 4 1/2% / 6% Loan of the
German Reich 1930 (the Kreuger Loan) from different Swedish
holders. The bars had for some time been kept in a gold deposit
in Berlin. All these bars were sold in July 1941 to the Swiss
National Bank against Swiss francs.

In the Autumn of 1941 the Sveriges Riksbank shipped
gold from Sweden to Switzerland which was added to the gold
deposit. Part of this gold was sold to the Swiss National
Bank in order to procure Swiss francs for which currency
there was a considerable demand.

In May 1942 the Sveriges Riksbank bought
approximately 1000 kg fine gold from the Bank for International
Settlements in Basle, and this gold was added to the gold deposit
of the Sveriges Riksbank with the Swiss National Bank.

In 1942 and 1943 gold was in several cases delivered
to this deposit by the Deutsche Reichsbank in exchange of gold
released from the gold deposit in Berlin of the Sveriges
Riksbank with the said bank.

In January 1944 the Deutsche Reichsbank made a
delivery of gold bars for account of the Sveriges Riksbank to
the Swiss National Bank in Bern.

A small part of the gold held in Bern was used in
1943 to enable the import into Sweden of silver for the

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2.

Swedish Royal Mint.

There were no sales of gold to the Swiss National Bank in 1942, 1943 and 1944. In 1945, however, the Sveriges Riksbank had to sell gold in several cases to procure Swiss francs for which currency there was still a considerable demand. Thus there were three sales of gold from January 1945 until the German surrender.

At the German surrender in May 1945 there remained in the gold deposit of the Sveriges Riksbank with the Swiss National Bank 1676 gold bars with a fine weight of 20,406,72683 kg whereof however 132 kg belonged to the Swedish Royal Air Board.

At the end of December 1945 there remained 1349 gold bars in the deposit of the Sveriges Riksbank with the Swiss National Bank in Bern. All these bars were originally transferred to the deposit from the Deutsch Reichsbank. The total weight amounted to 16,313,19758 kg fine gold whereof 132 kg however belongs to the Swedish Royal Air Board. Since December 1945 part of the gold has been sold to the Swiss National Bank.

Stockholm, May 14th, 1946.

231005

SB 07835

Gold transferred carried out over the gold deposit of the Swedish Riksbank in Bern

Enclosure	Remittances from Sweden to Bern	Gold delivered in Bern by the German Reichsbank in exchange of gold released from the deposit of the Sveriges Riksbank in Berlin.	Direct deliveries by the German Reichsbank to Bern for account of the Sveriges Riksbank	Delivery from the Bank for International Settlements in Basle.	Sales to the Swiss National Bank	Delivery against silver to the Schweizerische Kreditanstalt in Zurich	Balance
	kg. fine	kg. fine	kg. fine	kg. fine	kg. fine	kg. fine	kg. fine
1941 2/1			1,403,4020				1,403,4020
2/7					1,403,4020		0
26/8-11/9	2,131,111 95						2,131,111 95
6/9o-24/9					2,131,111 95		0
19/9-23/10	6,398,679 12						6,398,679 12
13/10					1,199,495 50		5,199,183 62
27/10-13/11	3,895,043 62						8,394,277 24
1942 21/5				1,006,593 75			9,400,670 99
11/13		3,997,490 58					13,398,161 57
1943 20/1-31/7		7,029,896 47					20,428,058 04
5/8						156,005 85	20,584,063 89
10/6-30 12		4,500,348 33					25,084,412 22
1944 15/1			998,969 86				26,083,382 08
1945 2/1-17/4					6,164,792 55		32,248,174 63
1/10o-29/10					4,093,529 25		36,341,703 88
	12,524,834 69	15,527,735 38	2,402,371 86	1,006,593 75	14,992,331 25	156,006 85	18,313,197 58
		kg. fine	value		at 4.726.16 kr/kg		
Total transfers		31,461,535.68	at 2.480 kr/kg		148,692.200		
" disposals		15,148,338.10			71,593.500		
balance		16,313,197.58			77,098.700		
whereof about		132,000.00			623.700		
belongs to the Royal Swedish Air Board.							
NET BALANCE		16,181,197.58		40,129.400	76,475.000		

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1945-49
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BOX 649

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SV 1

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U. S.)
Office of the Political Adviser
APO 742

May 16, 1946

TOP SECRET

MEMORANDUM

TO : Mr. J.M. Dodge, Director, Finance Division
ATTENTION : Mr. Samuel Kramer, Chief, External Assets Br.
FROM : Office of Political Affairs

We are transmitting below the substance of two telegrams dealing with Safehaven matters which were repeated to this office in accordance with our suggestion.

Madrid's cable to the Department, April 11:

'In connection with the current negotiations with the Swiss Government, the following information may be useful to the Department.

'Johannes Bernhardt, economic representative of the Nazi regime in Spain, in interviews revealed to Trustee that he, Bernhardt, in late 1943 and the spring of 1944, acting on the request of Minister Funk speaking for Goering, made arrangements for gold transactions between Spain and Switzerland purportedly pursuant to understanding between Spain, Switzerland, and Germany.

'This gold transaction was described as follows:

'Three or four tons of gold ingots were deposited in a Swiss bank by Sofindus to be later transferred to the credit of the Spanish Foreign Exchange Institute. This deposit was part of an arrangement whereby the Spanish Institute would make available Swiss francs to the Reichsbank Director of Berlin at a rate of 4,869.83 francs per kilo of gold. Bernhardt indicated that the Swiss francs paid by the Institute were forwarded by him to Germany. The purpose of the transaction's being handled in this way was, in Bernhardt's view, to evade the pressure of the Allies on Switzerland. Bernhardt further indicated that the ultimate use of the funds was unknown to him, but that they may have been used to support Nazi activities in the Western Hemisphere, specifically in Argentina. He

SB 13129

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-2-

seemed to feel that the total amount involved was some 18 million Swiss francs.

'This transaction has been confirmed by a copy of a letter from Sofindus to the Spanish Foreign Exchange Institute which has been found in Sofindus's files and which has been authenticated by Bernhardt.'

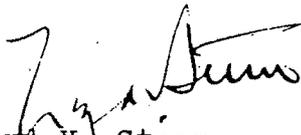
In reply to the foregoing telegram, the State Department inquired of Madrid:

(1) In which bank in Switzerland had this purported gold been deposited?

(2) At its peak, what was the amount of gold so deposited by Sofindus?

(3) Who authorized the depositing of this gold to the account of Sofindus and where did the gold come from physically?

(4) Are there any indications as to what part of the Swiss francs credited to the Reichsbank was used for German activity in Argentina?


Lloyd V. Steere
Deputy Director

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By WBD NARA Date 7/20/76

German Gold → SWITZ → Spain + Portugal

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309

S E C R E T

WAR DEPARTMENT
Office of the Assistant Secretary of War
STRATEGIC SERVICES UNIT
25th & E Streets, N.W.
Washington 25, D. C.

L4-10,231-4

22 April 1946

Memorandum for: Mr. Orvis A. Schmidt
Foreign Funds Control
Treasury Department

Subject: Shipments of German Gold from Switzerland
to Spain and Portugal

Reference: Our memoranda L4-10,231 dated 26 February 1946;
L4-10,231-2 dated 7 March 1946; L4-10,231-3 dated
7 March 1946

1. Attached is additional information concerning shipments of German gold from Switzerland to Spain and Portugal.
2. This information has been made available to the Department of State.

/s/ Jason Paige, Jr.
Jason Paige, Jr.
Liaison Officer

Attachment

S E C R E T

231009

SB 07921

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Authority NND 968103

By WBD NARA Date 7/20/76

SUBJECT: Shipments of German Gold from Switzerland to Spain and Portugal

1. Reference is made to our memoranda dated 26 February and 6 March 1946 in the above captioned matter.

2. The following information, in addition, has been received:

METHOD OF SHIPMENT AND ROUTE:

The shipments of gold in Spain was handled by Auto Transit A. G. with offices at Calle Buenos Aires 9, Bilbao. This is the official Swiss transport agency for Spain. It has 19 trucks owned by 19 Swiss firms working under its direction. They are:

Transport A. G., Zurich
Emil Egger, St. Gall
H. Binkert and R. Frei, Balgach
Otto Siegenthaler, Bischofszell
Lagerhaus A. G. Wil, St. Gall
Transport Weber, Oerlikon
Hans Bolzinger, Oerlikon
Toustransport, Geneva
Tardin, Geneva
Ed. Francev, Vevey
Delmarco Freres, Yverdon
Berger-Duerrenmatt A. G., Basel
Walter Glauser-Fischer, Basel
Ernst Gerhard, Basel
Alfred Messerli, Basel
Hans Huber, Dietikon
Anderset-Dubois, Geneva
J. Rehm, Tribourg
Albert Sasse, Basel

The boxes of gold after being examined by the Spanish custom officials at Canfranc were again sealed if their destination was Portugal. They were not sealed if their destination was to Madrid.

Six Spanish "carabineros" escorted the trucks in Spain. Five were inside the trucks and a sergeant sat by the driver in the front seat. Both the sergeant and the driver would sign a receipt for the gold at the Custom house in Canfranc. The receipt was carried by the driver.

S E C R E T

231010

SB 07922

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Authority NND 968103
By WBD NARA Date 7/29/76

CON

-2-

When the trucks reached Madrid with the Spanish shipments the gold was delivered to the main office of the "Banco de Espana."

When the trucks enroute to the Portuguese border reached Badajos, the seals on the boxes were removed and the Spanish Custom official named Pueblo accompanied the trucks the eight kilometers from Badajos to the border. Here the gold was transferred to a Portuguese truck.

OWNERSHIP OF GOLD:

Additional individuals who have seen the gold while in transit give various comments concerning markings on it.

"I have seen ingots -- with the markings 'Reichsbank-Berlin', 1941/42 or 43, and another showing the Swastika and German Eagle. On the side was inscribed the following numbering, 99, 99, -99-99 and 1000."

"I remember having seen many ingots with German markings, in particular an ingot with the date 1917 -----."

"I have seen many times that the ingots showed the Swastika and were printed Prussian State Mung and the dates 1941 and 1942."

"-----the gold-----was marked with the Swastika."

It was estimated that more than half of the gold in transit had German markings of some kind.

S E C R E T

SB 07923

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Authority NND 968103

By WBD NARA Date 7/20/16

COPY

SECRET

WAR DEPARTMENT

Office of the Assistant Secretary of War
STRATEGIC SERVICES UNIT
25th & E Streets, N.W.
Washington 25, D. C.

*Port
Gold*

14-10,231-5

22 April 1946

Memorandum for: Mr. Orvis A. Schmidt
Foreign Funds Control
Treasury Department

Subject: German Shipments of Gold to Spain

Reference: Our memoranda L4-10,231 dated 26 February 1946;
L4-10,231-2 dated 7 March 1946; L4-10231-3 dated
7 March 1946; L4-10,231-4 dated 22 April 1946

1. Attached is additional information concerning German shipments of gold to Spain.
2. This information has been made available to the Department of State.

/s/ Jason Paige, Jr.

Jason Paige, Jr.
Liaison Officer

Attachment

SECRET

231012

SB 07924

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Authority NMD 968103

By WBD NARA Date 7/29/16

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S E C R E T

German Shipments of Gold to Spain

Please refer to memoranda dated 26 February, 6 March and 14 March 1946 concerning Shipments of German Gold from Switzerland to Spain and Portugal.

The following information about Shipments of Gold to Spain has been provided by Johannes BERNHARDT, managing director of SOFINDUS, the German holding company in Spain.

Early in 1943, BERNHARDT received from Germany secret shipments of gold, estimated at about three to four tons for the specific purpose of conversion of this gold into Swiss francs.

At about the end of 1942, according to BERNHARDT, the Banco Exterior had exerted pressure on the Spanish Government not to permit further advances to Germans, in view of the heavy German commercial deficit. The Germans thereupon deposited gold in Switzerland for the purpose of guaranteeing credits advanced to this in Swiss francs or the equivalent in Spain. Later on,-- that is, from December 1942 to early 1943-- the Germans shipped from nine to ten tons of this gold to Spain.

Interviews with Johannes BERNHARDT are being continued, and further developments will be reported.

231013

SB 07925

DECLASSIFIED
 Authority WAO 785073
 By (17) NARA Date 8/2

REPRODUCED AT THE NATIONAL ARCHIVES

RG 226
 OSS E 183

Box 11

A

CONFIDENTIAL
 CLASSIFICATION

10023334

OFFICE OF STRATEGIC SERVICES
 WASHINGTON, D. C.

INTELLIGENCE DISSEMINATION NUMBER A-61257

COUNTRY Germany ORIGINAL RPT. L-551
 SUBJECT Special funds of the German Foreign Office DATE OF INFO. August 1945
 DATE OF RPT. 1 September 1945
 DISTRIBUTED 21 September 1945
 ORIGIN Germany CONFIRMATION SUPPLEMENT
 THEATRE
 SOURCE Z NO. OF PAGES
 SUB SOURCE As stated ATTACHMENTS
 EVALUATION F-3

The following information comes from Dr. Hans Karl von Mangoldt-Reiboldt of Schilberhof, Wielenbach (Upper Bavaria) who is the son-in-law of Fritz André, former chairman of the Dresdner Bank.

- The German Foreign Office had special funds for its officials in foreign countries which were drawn upon in unusual circumstances. Von Mangoldt-Reiboldt claims to have been the administrator of these funds after 1939. Before this time they were administered by his father-in-law, Fritz André (who died in 1939) and Minister Freiherr Constantin von Neurath. When von Neurath took over his position at Prague, the administration was passed to Staatssekretär Freiherr Ernst von Weizsäcker and later to Ministerialdirektor Hans Schröder when Weizsäcker accepted his post in Rome.
- Dr. von Mangoldt-Reiboldt stated that according to an agreement with von Neurath, these funds were not to pass to the general property accounts of the Foreign Office or to the Reichsbank. Von Ribbentrop was not informed of the existence of the funds.
- The funds were invested in Reichsmarks and foreign currencies in Germany through the bank Hardy & Co. G.m.b.H., Berlin, under the name "Stiftungsfond des Auswärtigen Amtes"; in the Netherlands through the bank De Bary & Co., Amsterdam, under the name "Consortium Henley"; in Switzerland through Crédit Suisse, Zürich. (Cf. A-60703, par. 8) under the name "Consortium Henley", and later under von Mangoldt-Reiboldt's name. Part of the deposits with De Bary & Co. were deposited in London under the name of that bank.
- Von Mangoldt-Reiboldt states that he let these deposits remain blocked so that the principal was maintained. The exception to this was some gold which the Foreign Office in cooperation with the Reichsbank evacuated from the Netherlands when the Anglo-American forces entered the country and sfr. 40,000 which the Foreign Office took from the deposit in Zürich at the end of 1944.

SB 14010

231014

CONFIDENTIAL
 CLASSIFICATION

#	✓		R ✓			✓											
MID	DNI	A-2	STATE	TREAS.	OWI	FEA	ANS	MC	FCC	JICA	L	JANAG					
DIR. OSS.	PWR	MO	✓ ITALY	NR. EAST	LANGSAM	✓											
D. DIR. IS	✓ R & A B	✓ X-2	SCAND.	F. EAST	ELISE	✓											
SEC'IAT	N. DIV.	ER	E. EUR.	L. D.	PERSONAL	✓											
	✓ FN	NY	C. EUR.	INSTR													"L" DOCT

WCL:RP
 GSP

DECLASSIFIED

Authority MM 7968/03

By W11 NARA Date 4/24/96

No. 5820

Montevideo, Uruguay
May 18, 1945

Subject: Safehaven Information; Answering Inquiry ^{MAY 31 1945} contained in Instruction No. 2368 of February 7, 1945, regarding 100 million dollars of Nazi Funds alleged to be invested in the United States.

CONFIDENTIAL

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to instruction no. 2368 of February 7, 1945, requesting the Embassy to investigate the source of a statement contained in intercent NY FIN 40925 (enclosure to instruction no. 2368) concerning the investment of 100 million dollars in the United States on behalf of Nazi Germans. Biographic data on Américo (Emerich) KAUDERS is also requested.

The Embassy's despatch no. 1600 of September 19, 1942, entitled, "The Free Austrian Movement in Uruguay" makes reference to Roberto KAUDERS who was a director of this association. Roberto Kauders, Juan Ma. Perez 2873, Montevideo is an Austrian Jewish refugee who, together with his brothers Américo (Emerich) Kauders, Chucarro 1172, Montevideo and Gustav Kauders, 108-30 70 Road, Forest Hills, New York, claims to be the rightful owner of considerable commercial and industrial interests in Vienna.

In August, 1939 Roberto Kauders, his mother, his brothers and their respective families fled from the Nazis, losing control of all their possessions, except what they were able to carry. Américo (Emerich) Kauders, Roberto Kauders, their mother and Roberto's wife came from Vienna to Uruguay via Trieste and the Hague, having to overcome numerous difficulties as regards satisfying consular and immigration authorities. Américo is aged about 62 and Roberto, about 60, and neither has regular business activities in Uruguay, it being understood that they were able to save enough of their reportedly large fortune on which to live.

Roberto Kauders has for long been an efficient and reliable collaborator of the Embassy and his zeal in uncovering enemy activities has been of very great value. He has earned the respect and appreciation of those of the Embassy's officers with whom he has come in contact.

Roberto

MAY 31 1945
ab

SB 07659

231015

DECLASSIFIED

Authority MM1768103By MM1 NARA Date 4/24/76

Roberto Kauders has offered the following information relative to the inquiries contained in instruction no. 2368. Hermann de GRIMMEISEN is an Austrian whose mother was Jewish and whose father was an Aryan. He is married to a Polish Jewess who is a cousin of Mrs. Roberto Kauders and Grimmeisen is, therefore, well known to Mr. Kauders. Grimmeisen was a lawyer in Vienna before the German occupation and held the post of syndic at the Kursaal at Baden, a casino which operated a roulette and was the property of a certain FEHRINGER. While attached to this venture, Grimmeisen (so he has informed Kauders) came into possession of information regarding the transfer of Nazi funds through Fehringer to the United States.

Kauders explains that Grimmeisen is commercially unreliable and too anxious for quick profits to be entirely scrupulous, in view of which Kauders does not trust him. However, he states that Grimmeisen is strongly anti-Nazi and was forced to flee from Vienna to Paris and from Paris to Lisbon, as the Nazis successively occupied those cities. In Lisbon he was arrested and, according to Grimmeisen, the Gestapo attempted unsuccessfully to obtain his custody because they were aware of his knowledge of the movement of Nazi funds. According to Grimmeisen's statements to Kauders, his name was included in the Proclaimed List for Portugal because the Nazis used his name without his knowledge for objectionable transactions. Although his name has remained in the Proclaimed List, he has alleged that the fact of his admittance to Bermuda two years ago is proof that he was not considered personally objectionable by the United Nations authorities. Grimmeisen obtained a Paraguayan passport on which he travelled to Bermuda, the assumption being that he did so by irregular means.

Grimmeisen is believed by Kauders to be in the United States at the present time, his address being P.O. Box 2865, Denver, Colorado. He has written to Roberto Kauders on various occasions but has addressed the envelopes in most cases to Américo Kauders who lives with his mother and whose address is more permanent than that of Roberto. The latter states that all correspondence to Grimmeisen has been carried on by himself and not by his brother Américo. He states that Grimmeisen has proposed various business deals involving such diverse purchases as salted hides, gloves, bags, Swiss watches, inflatable life preservers, etcetera, and that Kauders has in each case answered these communications without ever arriving at a definite result.

During this correspondence Grimmeisen has informed Kauders that he has knowledge regarding the transfer of Nazi funds in the value of 100 million United States dollars which was effected through Fehringer. He informed Kauders that he intended to communicate this information to the State Department in such detail that it would be possible to trace the funds. He gave Kauders no further information on this subject.

Kauders

SB 07660

231016

DECLASSIFIED

Authority MM1968/03

By (M1) NARA Date 4/24/96

Kauders offered the following additional information unrelated to that requested, but thought to be of interest for Safehaven purposes.

In 1936 Alfred VON FOEST of Vienna, ex-officer of the Austrian Air Force and son of the Director of the Austrian Railways, made a four week trip to the United States to effect the transfer of one-half million dollars of his property to an unnamed commercial firm. It is not known whether these assets were moved under his own name. It is suggested that the consular files might indicate Von Foest's destination while on his trip in 1936, and that it might be possible to locate his assets which may conceivably have increased abnormally since then.

The Department will no doubt consider it advisable to determine the status of Hermann de Grimmeisen (whose address, according to the censorship intercept referred to, is 215 William Street, Rahway, New Jersey and, according to Roberto Kauders is P.O. Box 2865, Denver, Colorado), in view of the fact that his name is included in the Proclaimed List for Portugal.

The Embassy is reasonably certain that further information regarding the 100 million dollars of Axis funds cannot be obtained from Kauders and that the most likely source of information in this respect is Grimmeisen, in view of his alleged statement that he intended to fully inform the Department in this matter.

The biographical data available to the Embassy on Américo (Emerich) Kauders is not complete. However, since his brother Roberto has declared that he is the correspondent who communicated with Grimmeisen, and since Roberto is well known to the Embassy and, regarded as reliable, it is considered that the requirements of the inquiries contained in instruction no. 2368 have been covered.

Respectfully yours,

For the Ambassador

Robert Y. Brown
II Secretary of Embassy

851.5/711.2

COC:fc/jw

Original and hectograph to Department

SB 07661

231017

DECLASSIFIED
Authority AND 760050
By EC NARA Date 6/21/82

REPRODUCED AT THE NATIONAL ARCHIVES

RG 59
1945-9
Box 4181

SJ
40

DEPARTMENT
OF
STATE

INCOMING TELEGRAM

DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

17719

LFG-1265
This telegram must be
paraphrased before being
communicated to anyone
other than a Government
Agency. (RESTRICTED)

Bern

Dated April 2, 1945.

Rec'd 10:45 a.m.

Secretary of State,
Washington.

US URGENT

1924, April 2, 9 a.m.

SAFEHAVEN

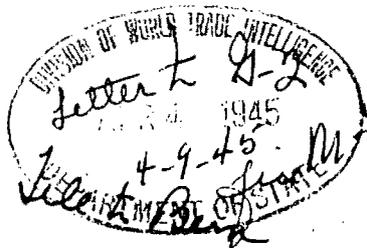
Refer our 1759, March 24 also our 1845, and 1866,
March 29. *FOR INFO*

Director Hirs of Swiss National Bank has given further
details regarding German reference telegram and has
explained discrepancies between his report and that of
McKittrick of BIS. Information on which our 1759 was
based was given in a conversation about another matter
and is now shown not to have been exact in detail.

Hirs states Reichsbank has always maintained Giro
account with SNB. Gold deposits in this account have
amounted since August 1944 to 35 million francs, 20
million of which is with SNB and 15 million with private
banks.

According Hirs present negotiations with Reichsbank

are really



800.515/4-245

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1945
LIAISON OFFICE
DEPARTMENT OF STATE

DCR - EGA

APR 2 1945
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800.515/4-245

231018

SB 10452

DECLASSIFIED

Authority ND 760050

By EC NARA Date 4/21/82

REPRODUCED AT THE NATIONAL ARCHIVES

RG 59
1945-9
Box 4181

-2-#1924, April 2, 9 a.m., from Bern

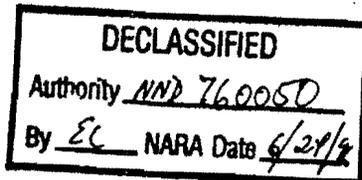
are really divided under two headings (one) for the budgeting of the 35 million francs still remaining on deposit to maintain structure of Swiss German payments as long as possible and (two) for the transfer of additional gold to meet current expenses under three categories allowed by our trade agreement. The Germans wish to transfer between 2.5 and 2.75 million francs monthly. Hirs claims that the negotiations for transfer this amount were practically settled last November, thus antedating Currie negotiations. It involves transfer of 3,500 kilos of gold for the three allowed categories plus 1500 kilos for BIS. Germany wishes to transfer 6,000 kilos and in anticipation of probable breakdown of transportation, this amount is now actually at Lorrach Baden. There remain 1,000 kilos at Lorrach which Swiss do not intend to accept.

Question of the origin of this gold was raised and Hirs replied that SNB had received assurances which considers adequate that this is old gold consisting of bars acquired partly from Japan and Russia in 1935-1936 and gold dark pieces. The Federal council has not yet given its approval to acceptance any of this gold and Hirs states that SNB will not accept it until it has

written instructions

231019

SB 10453



REPRODUCED AT THE NATIONAL ARCHIVES

RG 59
1945-9
Box 4181

-3-#1924, April 2, 9 a.m., from Bern

written instructions from federal council.

With regard to the budgeting of the disbursements of the 35 million francs still on deposit Hirs states that the categories of payments thereunder are as follows: (one) standstill interest (two) interest on gold mortgages (held chiefly by single Swiss Bank) (three) insurance premiums (four) interest on private capital (five) interest on loans (six) funds of returning Swiss emigrants (seven) new credits (eight) payments for exports of electrical current (now greatly reduced). Normally between 60 and 70 million Swiss francs would be required to meet these services for a period of 6 months. Hirs pointed out that the small amount remaining would be quickly wiped out unless some of these categories were entirely eliminated as it was proposed and payments on the remaining were reduced to merely symbolic size.

The existence of important amount of German gold in Seitzerland is therefore established and the question of the maintenance of structure of Swiss German payments will probably be of interest and concern to Department. Hirs argued that if payments under three categories permitted by new trade agreement were made out of this fund and

when it would

231020

SB 10454

DECLASSIFIED

Authority AND 76005D

By EC NARA Date 6/24/92

REPRODUCED AT THE NATIONAL ARCHIVES

RG 59
1945-9
Box 4181

-4-#1924, April 2, 9 a.m., from Bern

when it would be exhausted Germans would be bankrupt vis-a-vis SNB. He claims that Government banks of issue are never forced into bankruptcy vis-a-vis one another and he thought it would not be in interest of anyone to force Reichsbank into bankruptcy in Germanys present circumstances.

Legation would appreciate receiving instructions from Department, in light of this additional information obtained from Hirs, and specifically desires of the Department with regard to possible use of the 35 million francs worth of gold now held by the SNB for diplomatic services rather than for the purposes envisaged by the SNB and, as a corollary, in view of German gold now held by the SNB, whether Department objects to the importation of the 3,500 kilos now under consideration by the SNB. Legation would also appreciate earliest possible instructions with regard to proposed acceptance by BIS of 2,000 kilos German gold for transfer interest due BIS (our 1866, March 29).

HARRISON

WFS

231021

SB 10455

DECLASSIFIED
Authority NND 760050
By EC NARA Date 6/29/72

REPRODUCED AT THE NATIONAL ARCHIVES

RG 59
1945-9
Box 4181

3N
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[Handwritten signature]

PREPARING OFFICE
WILL INDICATE WHETHER

TELEGRAM SENT

PREPARING OFFICE WILL
TYPE HERE CLEARLY THE
CLASSIFICATION OF THE
MESSAGE:

Collect
Charge Department:
Charge to

Department of State
be classified before
Washington is cleared
to anyone other than a
Government Agency.
Secret - 0

SECRET-0

AMEMBASSY,
MADRID.
563
SAFEHAVEN.

APR 2 1945

5 Pm

(1) Agreement with Swiss embodied in interchange
of confidential letters (REURTEL 554/3-16-45). Spanish
will understand that we feel it inappropriate to exhibit
copies of such letters to other governments. You will
soon receive a statement of our Safehaven objectives
which are fully set forth in an airmail instruction
enclosing a proposed note to the Spanish.

When presented, proposed note may be taken by
Spanish as representing what we are seeking from all
neutrals.

(2) It is of interest here to know whether Spanish
or Embassy initiated discussions mentioned in reference
telegram.

*note
740.00119EW*

800:515/4-245
CS/MR

Confidential File
800:515/4-245

DCR - ECA Unit
Anal. *[initials]*
Rev. *[initials]*
Jat. *[initials]*
Dist. *[initials]*

SENT

*Stettinius
Gene Acheson
(10/15)*

Cleared with FEA - Dr. Fleischman
" Treasury - Mr. Ferguson

APR 2 1945 P.M.

MK
ES:MK:mjk
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3-27-45

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LA

WE
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231022
SB 07426

DECLASSIFIED
Authority NAV 760050
by BS NARA Date 6/18/96

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RG 59
Box 4231
194549

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DATA SHEET

RG No.: 59 RG Title: Gen. Recs. Rept. State

Series No.: Series Title:

Folder No.: (1) Folder Title:

Doc. or Page No.: Box 515/10-2647 ^{CS/} _{JAC} BOX NO.: 4231

Content description (including inclusive dates, provenance, subject matter, number of pages, etc.):

Details of German gold in Spain via Swiss
(i.e. 194 million)

Copy: Y N

Date: 6/20/96

Researcher Name: John Cypher

SB 07427

231023

Authority NY 760050
y 85 NARA Date 6/15/96

1945-149
Box 4231

R9 59

1785

OUTGOING TELEGRAM

CLASSIFICATION

INDICATE
Collect

Charge Department:
Charge to:

Department of State

Washington

CONFIDENTIAL

JUL 8 1947

AMEMBASSY,

CONFIDENTIAL

LONDON.

2915

In reply Brit Treasury's inquiry urtel 3497 June 26 to Dept only:

1. Lacking opportunity identification individual looted gold bars acquired by Spain due to unwillingness Spain to compare identification marks, Dept establishing claim basis available overall information mainly received from Amemb Madrid (considered to be conservative calculation); namely, that Sp received between Feb 1942 - end of war:

a. directly from Germany 12
out of which recovered by Trusteeship 1-remain 11

b. from Ger Reichsbank deposit with Swiss Natl Bank 83
(million dollars) 94

(According to official and confidential in (b), Swiss statement figure is closer to 45).

It can be assumed for reasons known to Brit Treas that 75% of this gold was looted. We should therefore try to recover between 42 and 70-1/2 million dollars worth of gold. Above figures do not (repeat not) include some 40 million dollars gold acquired by Spain from Switz which also might include Ger looted gold.

2. Gold involved is assumed to consist of gold in bars. No marks as to identification of individual bars can be listed at present. As to origin, it is assumed that bars of countries other than Belgium are

3

DISTRIBUTION
DESIRED
(OFFICES ONLY)

CP CLEARANCE

DOR OFD Unit
12th
[Handwritten initials]

800.515/6-2647

CS/JRC

800.515/6-2647

FORM DS-222
2-15-46

OUTGOING TELEGRAM

CLASSIFICATION

INDICATE

Collect

Charge Department:

Charge to:

Department of State

Washington

CONFIDENTIAL

- 2 -

involved.

(Sent London as 2915, reptd Madrid as 580, Paris as 2495A and Brussels for Dorr as 950)

3. Suggest Brit reps. Span negotiations furnish additional information re breakdown Tripartite gold claim advanced negotiations Madrid.

CODE ROOM: Please repeat to Madrid as 580 and Paris as 2495A and Brussels for Dorr as 950

Marshall
(O.F.F.)

DISTRIBUTION
DESIRED
(OFFICES ONLY)

077
ES:OFFletcher:iam

7/2/47

GA

FN

Lo/E

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Treas.

cleared with Todd
cleared with Gibney

cleared in sub.
stamp with R
Hewart

CR CLEARANCE

OR 24

JUL 8 1947 P.M.

3V
14

RG-131/Box-382
For Funds Control-
S/H-Gen'l Corr.

EMBASSY OF THE
UNITED STATES OF AMERICA

LISBON, PORTUGAL

Reference: No. 1649

Date March 26, 1945.

SECRET

SAFEHAVEN REPORT

SUBJECT: Portuguese Decree No. 34455 Regarding Certain
"Movable Property."

The official government Gazette (Series I, No. 61), issued March 22, 1945, published the decree previously referred to in Embassy's telegram No. 600, dated March 18, 1945. The decree has been listed as "Decree Law No. 34455."

A free translation of the decree is as follows:

"Article 1. There are hereby declared null such juridical transactions having as their object movable property proven to have been despoiled by acts of military occupation and confiscations, imported into the country, of which the legitimate proprietors are those so considered by virtue of the legislation in effect in the respective territories upon the date of the declaration of war.

"Sole Paragraph. Legal principle in effect, expressly Articles 534 and 1,046 of the Civil Code, shall apply to possessors in good faith.

"Article 2. Negotiable instruments imported in consequence of the circumstances indicated in Article 1, which upon proper identification appear on lists presented by representatives of the interested parties and published in the Government Gazette, visaed by the Ministry of Foreign Affairs, may not be the object of transactions and therefore may not be negotiated on exchanges, or by banks, banking houses, or brokers.

"Sole Paragraph. All the rights derived from the legal status of the negotiable instruments shall be maintained in favor of bona fide possessors.

"Article 3. Claims for the possession of personal property under the conditions of the preceding articles on the ground that they are unduly a part of the property of the apparent owner, shall be admitted before the Judicial Tribunals and through the means provided by Law.

"Paragraph 1. Should the property be in imminence of judicial execution, the execution may be estopped by means of the deduction of embargoes by third parties, in harmony with the terms of the Code of Civil Procedure.

"Paragraph 2. The Consular Agents of countries which have been, or still are, in a regime of military occupation, enjoy legitimacy as administrators of affairs of the legitimate owners for the purpose of legal action with respect to declarative acts or to the embargo of a third party."

cc: 5/19/45 For Information Messrs Feig, Delaney (4), Mrs. Henderson, Zimmerman, Locker, De Zevallos (2), NY Fed. General Records Safehaven

CLS:er

SB 07907

231026

On March 21, 1945 a meeting was held at the British Embassy for the purpose of discussing the decree under reference and to ascertain what advantages were to be derived, if any, and learn, if possible, who was responsible for the action taken by the Portuguese Government. The following persons attended the meeting:

Great Britain

Sir Stanley Wyatt, Financial Counselor
David Wilson-Young, First Secretary

Holland

Dr. R. Flaes, Counselor and Charge d'Affaires

Belgium

Andre Fosset, First Secretary

France

Jean de Largentaye, Financial Advisor

United States

W. N. Walmsley, Jr., Second Secretary
J. Daniel Hanley, Attache

Sir Stanley Wyatt offered some introductory remarks and inquired if anyone present could account for the action taken by the Portuguese Government with respect to "movable property." Dr. Flaes explained in detail what he knew about the decree and its history. Briefly he explained that following the delivery of a Note to the Portuguese Ministry of Foreign Affairs about September 30, 1944 (See Department's telegram No. 2872, November 3, 1944 and previous), and because he possessed conclusive evidence in the form of fifty serial numbers of certain looted bonds, the Foreign Minister indicated a willingness to cooperate providing actual cases were presented. Dr. Flaes presented the facts which he had in hand and made certain recommendations. Dr. Flaes pointed out that Article 2 was worded to cover only the subject matter of the case he was able to present, namely, negotiable instruments and, as indicated, in Article 2 by the reference "List presented by representatives of the interested parties", the decree under reference is quite restricted. However, Dr. Flaes believes that any list containing identifiable property, provided it is of a negotiable nature, can come within the meaning of the decree under reference. Article 3, according to Dr. Flaes, merely specifies the legal means by which the rightful owner or his representatives may proceed under Portuguese law.

Dr. Flaes expressed the opinion that in his judgment the Portuguese Government would act reasonably on any given set of facts, provided some assurance could be given that specific cases were not only known but could be presented to the Portuguese Government for appropriate action.

Authority NND 968103
By CP NARA Date 5/13/96

REPRODUCED AT THE NATIONAL ARCHIVES

- 3 -

Dr. Fosset expressed the opinion that it might be possible to detect looted Belgian diamonds because expert diamond cutters can identify precious stones due to the difference in the technique and workmanship employed in the various countries.

Following the discussion of the decree under reference, it was agreed that the representatives of each country should prepare an additional request which might be presented to the Portuguese Government, it being understood that in order to make any headway with the Portuguese Government, it would be necessary to base future requests on specific cases. With this thought in mind and because the Embassy does have a few specific cases on which to base its requests, the eight points mentioned in Embassy's top secret despatch No. 1568, dated March 19, 1945, will be presented at the next meeting.

The facts above set forth were discussed with Mr. Charles E. Dickerson, Jr., First Secretary, and Mr. Edward S. Crocker, Counselor and Charge d'Affaires, following the meeting, and it was agreed that no final action can be taken by the Embassy because of the instructions contained in Department's telegram No. 435, dated March 16, 1945.

JDH/ew
Original and hcto to Department
Two copies to American Embassy, London
One copy to American Legation, Bern
One copy to American Embassy, Madrid

SB 07909
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Authority 968103
By AT NARA Date 4-24-91

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MAR 21 1945

refer to: 80367X

To: Mr. Seymour J. Rubin, Chief,
Division of Economic Security Controls,
Department of State.

From: Foreign Funds Control.

It is recommended that the following Safahaven message
be despatched immediately to our Embassy at London:

"Reference Department's 877 of February 5 concern-
ing the listing of persons engaged in Safahaven activity.

"Please discuss with the British the desirability
of listing Adolfo Muller and Otto Hahn, Spain, both of
whom are apparently assisting the Germans dispose of
looted diamonds. (Reference your 21290 of February 27.)
You may wish to consult with the Embassy at Madrid on
this matter."

(Signed) Orvis A. Schmidt

Orvis A. Schmidt
Director

Copy to FEA

cc: Mrs. Shwartz
Messrs. Feig, Locker and Delaney

*Let mailed
to C. F. E. A. Shwartz
Feig, Locker, Delaney
Scullen*

mgadkins

Scullen Bif
JL Scullen:rm 3/20/45

SB 07275

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Authority: NND 978021
by ELC I&RA Date 7/31

4 Boxes **FOL**

REFERENCE SERVICE SLIP					DATE: 6-15-00	NO.
NAME OF REQUESTOR: Maso Kovach (B...)				AGENCY OR ADDRESS: PACWA		
UNITS OF SERVICE					SOURCE OF REQUEST (Check)	
INFORMATION SERVICE (Number of replies)		RECORDS FURNISHED (Number of items)	TEXTUAL STILL PICTURES, ETC (Number of pages)	MOTION PICTURES (Number of feet)	SOUND RECORDINGS (Number of feet)	NA Administrative Use
WRITTEN	ORAL					Agency of Origin
		2				Other Government
						Nongovernment
REQUEST HANDLED BY: [Signature]						
RG NO: 56	STACK AREA: 450	ROW: 60	COMPARTMENT: 32	SHELF: 4-1	OUTCARD NO.	
RECORD IDENTIFICATION						
Acc. Misc. Committee Records						
56-66A 1035 Boxes 61 + 63						
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AUTHORITY E.O. 10501
By TB NARA DATE 1/28RG 56
Entry Country Area Rec
ACC 56-67A1804
File Switzerland
Gold + Silver
Box 27

October 31, 1941.

MEMORANDUM ON

The Transfer of Swiss-owned Gold in the United States

In September, 1941, the Swiss National Bank attempted to obtain permission from the Treasury to export from New York to Portugal \$2 million in gold. The reason given by the Swiss Minister for the transaction was the need for this gold to make payments due to Portugal and the fact that Switzerland could not release gold for this purpose from her reserves in Switzerland. After careful consideration, this application was denied by the Interdepartmental Committee on Foreign Funds.

On October 10, 1941, the Swiss National Bank cabled the Federal Reserve Bank to obtain a license to transfer \$11.5 million in gold from the earmarked account of the Swiss National Bank to the earmarked account of the Bank of Portugal. In this cable the Swiss National Bank stated:

"As you see, Banco [de Portugal] has consented now to such transfer instead of asked shipment from New York. We therefore hope to get now very promptly the license asked for."

Subsequently, a cable was received on October 14 by the Federal Reserve Bank from the Bank of Portugal stating:

"According to cable you will have received from Banque Nationale Suisse, Zurich, please do necessary to transfer from their to our gold account with you 10,000 kilos fine gold bars as we are delivering Banque Nationale Suisse, Zurich, equivalent amount from our gold deposit with them at Berne."

The Swiss cable of October 10, fairly read, indicated that the transfer of the earmarked gold in New York was for payments which the Swiss wished to make in Portugal. We were not told the very material fact that this transaction was fundamentally an export of gold from New York to Switzerland.

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Entry COUNTRY AREA RES
ACC 56-671804
File Switzerland
Gold + Silver
Box 27

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A third application is pending requesting a license to release \$100,000 in gold from the account of the Central Reserve Bank of Peru for shipment to Argentina where it would be credited to the account of the Swiss National Bank in return for a corresponding credit of Swiss francs in Zurich.

In a communication to the Under Secretary of State, the Swiss Minister states that the Swiss National Bank must transfer 30,000 kilograms of gold (about \$34 million) from this country to Switzerland. Further, the American Embassy in Mexico reports that a Mexican bank has received an inquiry from a Swiss bank with respect to the price of freely exportable gold bars against dollars, and the American Embassy in Brazil reports that the Bank of Brazil has been informed that the Swiss National Bank may ship gold to Brazil for safekeeping.

These applications and inquiries show conclusively that the Swiss Government is determined to withdraw gold from the United States, directly or indirectly, for the purpose of increasing its gold holdings in Europe. The transfer of such large quantities of gold to Europe at this time is contrary to the vital interests of the American Government and to the long-range interests of the Swiss Government.

Sixty percent of the gold reserves of Switzerland are in the United States. According to the Swiss Minister: "The reasons why the Swiss National Bank accumulated such an important part of its reserves in this country was the confidence which Switzerland placed in the Government of the United States of America as well as the conviction that in no other country could the reserves of a small independent nation be better safeguarded than in America." The soundness of this view is clear. In May and June, 1940, the Swiss Government asked the United States to facilitate the shipment of all of its gold reserves from Switzerland to this country. What has happened since to make Europe a safe place in which to hold the gold reserves of a small nation?

The first reason given by the Swiss Minister for transferring gold to Switzerland is the need for \$34 million in gold to provide sufficient reserves for the note issue. As Swiss banknotes are not

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Switzerland
Gold + Silver

Box

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- 3 -

convertible into gold and as Swiss gold reserves are held solely as assurance of the soundness of the currency, it would seem that this purpose could be better served by retaining the gold reserves in this country where they are safe from seizure by invaders. The welfare of Switzerland would be better served by keeping to a minimum its reserves of gold in Europe and by basing its note issue on earmarked gold in this country. This is a practice now followed by many countries and by the Swiss National Bank prior to 1929. In May and June, 1940, the Swiss apparently were not troubled by the existence of any statute requiring that gold reserves be held in Switzerland.

The present large gold reserves in Switzerland are an invitation to the invader seeking loot. The direct transfer of gold to Switzerland cannot be regarded as in the interest of this country or even in the ultimate interest of a free Switzerland. The same objection applies to an increase in the gold reserves of Switzerland which will result from a switching transaction of earmarked gold to Portugal in New York in return for earmarked gold from Portugal in Berne.

The second reason given by the Swiss Minister for the transfer of gold to Switzerland is the need for such gold in settlement of adverse trade balances. Switzerland is importing raw materials and semi-finished goods from the less-developed parts of Europe for conversion into precision instruments and other highly fabricated war goods for export to Germany. Not only is Switzerland providing Germany with urgently needed goods but it is providing these goods on credit. According to the Swiss Minister, under the clearing agreement Switzerland is financing export credits to Germany at the rate of 400 million francs a year. The actual credits under the clearing agreement may in fact turn out to be much larger. It is admitted by the Swiss Minister that Switzerland is helpless to alter this situation. He says: "As a result of the developments of this war, it is entirely surrounded by Axis-dominated countries." Its imports and exports can continue only on the sufferance of Germany.

Transfer of earmarked gold in New York from Switzerland to Portugal is only one part of the transaction. Corresponding to this transfer, there is another transfer abroad from Portugal to Switzerland, resulting in an increase in the gold reserves at the disposal of Switzerland. Under present circumstances, such a transaction would result in an acceleration of Switzerland's economic contribution to Germany's war effort. The United States cannot imperil its vital interests by permitting Switzerland to withdraw gold from this country, directly or indirectly, for the purpose of expanding its contribution to the German war effort.

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Country Area Rec
ACC 56-67A1804Switzerland
Gold + Silver

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Even if Switzerland, for the purpose of liquidating its obligations to Portugal, should desire to transfer to Portugal gold in New York to be left there under Portugal's earmark, we should not approve the transfers, particularly so long as Switzerland has enough gold in Europe to discharge its European obligations. It should be remembered that a substantial part of the materials heretofore or hereafter acquired by Switzerland from Portugal, will be used by Switzerland to manufacture goods for Germany or otherwise help Germany in its war effort.

The Swiss Government has indicated that the Italian Government is prepared to grant free transit of gold from New York to Switzerland by way of Genoa. It would be surprising if the Italian Government followed any other course. The Axis countries will make certain that Swiss gold will be used to the fullest extent to further Germany's war economy even if seizure or a threat of seizure is necessary for this purpose. It is so obviously to Germany's advantage to see an increase in the gold reserves held by Switzerland in Europe that the British Government has not granted a navicert for any of the proposed shipments of gold. It is interesting to observe that when the Swiss were considering moving all their gold to the United States in June, 1940, Somary, the Swiss representative, said he was unwilling to ship \$250,000,000 of gold through an Italian port even if the Italians agreed by treaty to allow Switzerland to use Genoa during the war. Somary noted that this amount of gold was more than the gold holdings of the Bank of Italy. What has happened since to make Italy a safe place through which to transport Swiss gold?

Our gold policy is in no way involved in refusing to allow Switzerland to withdraw its gold from this country or to transfer earmarked gold in New York to the earmark of another country. The Treasury is continuing to buy and sell gold from Switzerland and has done so very recently. Our policy with respect to Swiss-owned gold does not differ from our policy with respect to other Swiss-owned dollar assets and property in this country. Of course, our freezing control policy regulates the use of gold but that has been true ever since April, 1940. We are not singling out gold but simply treating it the same way we treat all other forms of blocked property.

This Government appreciates the confidence the Swiss Government has shown in this country and in its free institutions by maintaining a large part of its monetary resources in the United States. The sympathetic manner in which we have considered the

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Switzerland
Gold + Silver

Box

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- 5 -

economic and monetary problems of Switzerland is evidenced by our granting them a General License. There is nothing in the long history of our relations with Switzerland or our current views with regard to the rights of small countries to cause Switzerland to fear that her fundamental interests will be undermined by the United States.

In return we hope that the Swiss Government will recognize that we are acting in their interest and will continue to rely on our good faith by accepting dollar funds and by retaining earmarked gold and other Swiss-owned assets in this country.

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AUTHORITY E.O. 10501
By WJ NARA DATE 1/28

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COUNTRY-AREA REG
ACC 56-67A1704

File

Switzerland
Gold + Silver

Box

27Treasury Department
Division of Monetary ResearchDate October 15, 1942 19To: Mr. WhiteFrom: Mr. Wood

Swiss Request for Transfer of Gold from London
to Lisbon (Telegram 5687, Oct. 12, 1942, from
U.S. Embassy, London)

The Swiss request for transfer of gold from London
to Lisbon will not be granted, according to Mr. Waley
of the British Treasury.

The British cannot, at present, see why they
should release gold to the continent where the
Germans can seize it, and it will be pointed out to
the Swiss that they themselves transferred the larger
part of their gold from the continent to America and
London to prevent it from falling into German hands.

Despite their refusal to release the gold, the
British hope to reach an agreement with the Swiss
for blocked sterling.

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Authority E.O. 10501
By TW NARA Date 1/28RG 56
Entry Country/Area Recs
ACC 56-6741804
File Switzerland
Gold + Silver
Box 27*Switzerland*

Oct. 23, 1942

Mr. Wise

Mr. Wood

Subject: Swiss Request for Transfer of Gold from London to Lisbon (Cable 5087, October 12, 1942, and Despatch 5739, October 2, 1942, from U. S. Embassy, London)

The Swiss Delegation in London has asked the British Government to release about 100 million Swiss francs (\$33.4 million) worth of gold held by the Swiss National Bank in London for shipment to Lisbon. It has been learned from our London Embassy that, according to Mr. Halsey of the British Treasury, the request will not be granted. The British cannot, at present, see why they should release gold to the continent where the Germans can seize it, and it will be pointed out to the Swiss that they themselves transferred the larger part of their gold to America and London to prevent it from falling into German hands.

In making the request, in a letter to the Parliamentary Secretary of the Ministry of Economic Warfare, Dingle Foot, Hans Siler, head of the Swiss Delegation, states the reasons in support of the request and reviews the policy of the Swiss National Bank regarding the location of its gold reserves in Great Britain, Canada and the United States. Swiss gold reserves in these countries exceed the equivalent of 2,500 million Swiss francs (\$811.8 million). Before and during the war the National Bank of Switzerland shipped more than half of its gold stocks to New York and London.

The case argued in the Swiss letter is here summarized:

1. The Swiss must deliver gold to Spain and Portugal in payment for goods imported to Switzerland through those countries, and for attendant transportation costs. These goods are for Swiss consumption exclusively.
2. The Swiss Government would give assurance that the gold so transferred would be used for payment of exclusive Swiss liabilities in Spain and Portugal arising from import of the goods referred to.
3. This trade has been financed by sending gold from Switzerland, but continued use of this alternative no longer is feasible since gold holdings in the country have become insufficient for currency requirements. More than ever, therefore, Switzerland is dependent upon the release of some of her gold abroad if the vitally important imports are to continue.

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AUTHORITY E.O. 10501
By TJB NARA Date 1/28RG 56
Entry COUNTRY AREA REG
ACC 56-671104
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Gold + Silver
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Research

- 2 -

4. Ordinarily, the National Bank of Switzerland could only supply Swiss francs to the Bank of England, whose need for that currency is increasing, by receiving the gold equivalent in Bern. However, the Bank of Switzerland has desired to be agreeable to the Bank of England and has for some time accepted U. S. dollars instead of gold, even though it could not freely dispose of the dollars and could not retain freedom of action in internal currency and credit policies. As a result, the Swiss Bank accepted 16.4 million blocked dollars and put an equivalent amount of free Swiss francs at the disposal of the Bank of England.
5. During the past few months an agreement was in effect between the two central banks whereby Swiss francs were made available against gold in Canada, which can only be used for shipment to countries in the Western Hemisphere and for bookkeeping transfers to neutral European countries. This procedure was acceptable so long as Switzerland could meet her current obligations to neutral European countries. However, for some time Spain and Portugal have refused to accept payment in gold in Canada. This condition makes it necessary for Switzerland to secure a portion of her gold from abroad if her imports through Spain and Portugal are to continue.
6. Deposit of Swiss gold abroad was an act of confidence, and it would not be understood by the Swiss if this were not taken fully into consideration when, in their national interests, a small portion of the gold is required. Moreover, when the gold stocks were transferred it was understood that they would constitute a free reserve on which the National Bank could draw in case of need, and the Swiss Government therefore would view the failure to relax the present restrictions as unjustified.
7. Switzerland, during the present negotiations, has made a gesture of good will in declaring her readiness in principle to accumulate up to 12 million pounds sterling in London for the financing in Swiss francs of all normal payments during the war between Switzerland and the Sterling Area. It is on this point, according to our London Embassy, that the British hope to reach an agreement with the Swiss, even though they plan to turn down the request for transfer of gold.

JTB/gta
10/23/42

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Authority EO 10501
By W NARA Date 7/28RG 56
Entry Country Area Reg
ACC 56-6741804
File Switzerland
Gold & Silver
Box 27

January 21, 1943

Mr. White

Mr. Fisher

Subject: Changes in Earmarked Gold and Short-term Liabilities to Switzerland - 1940-1942.

The following conclusions can be drawn from the accompanying table of monthly changes in earmarked gold and short-term liabilities to Switzerland from January, 1940 to November, 1942.

- (1) The total of earmarked gold and short-term liabilities shows almost no change between the date of freezing (June 14, 1941) and the present time. The total was \$727.4 million on June 25, 1941 and \$722.5 million on November 30, 1942.
- (2) While the very slight decline in totals does not indicate any marked dissipation of Swiss assets since the freezing date, the failure of such assets to increase would seem to indicate that current income in the form of dividends, interest, etc., has been withdrawn by the Swiss, or, less probably, has been invested in long-term assets.
- (3) There has been a decided shift from short-term funds to earmarked gold since the freezing date. On June 25, 1941 short-term funds totaled \$514.4 million and earmarked gold \$213.0 million, while on November 30, 1942 the corresponding amounts were \$182.1 million of short-term funds and \$540.4 million of earmarked gold--an almost complete reversal of proportions.
- (4) The general pattern since 1940 has been one of shifting private short-term funds to official funds and thence from official funds to earmarked gold. The high point for private short-term funds was reached on April 30, 1940, for official funds on June 25, 1941, and for earmarked gold on December 23, 1942.
- (5) Short-term funds and earmarked gold constitute approximately one-half of the estimated total of \$1.5 billion of Swiss assets in the United States.

AJP:mch
1/21/43

orig. to Mr. Pehle, cc Mrs. Hallock (3) 1/23

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Authority E.O. 10501
 By TM NARA Date 1/28

RG 56
 Entry Country Area Recs
ACC 56-67A1804
 File Switzerland
Gold + Silver
 Box 27

Switzerland -- Change in Earmark Gold and Short-term Liabilities for Periods Indicated.

(Millions of Dollars)

Date	Short-term Liabilities		Total Short-term Liabilities	Earmark Gold Holding	Grand Total
	Official ^{1/}	Private ^{2/}			
1940 - Jan. 31	111.3	284.2	395.5	159.1	554.6
Feb. 28	109.1	301.9	411.0	149.9	560.9
Mar. 20	116.6	311.1	427.7	160.1	587.8
Apr. 30	112.5	335.1	447.6	176.5	624.1
May 27	113.8	299.8	413.6	186.0	599.6
June 26	135.4	296.8	432.2	179.4	611.6
July 31	151.9	297.3	449.2	199.6	648.8
Aug. 28	166.4	308.8	475.2	195.0	670.2
Sept. 25	176.1	278.7	454.8	197.5	652.3
Oct. 30	242.9	247.1	490.0	196.4	686.4
Nov. 27	253.3	240.2	493.5	193.5	687.0
Dec. 31	274.8	234.1	508.9	193.0	701.9
1941 - Jan. 29	285.0	211.5	496.5	217.1	713.6
Feb. 26	309.3	190.7	490.0	216.5	706.5
Mar. 26	318.8	176.0	494.8	217.6	712.4
Apr. 30	315.0	174.3	489.3	216.7	706.0
May 28	336.9	170.5	507.4	213.0	720.4
June 25	343.2	171.2	514.4	213.0	727.4
July 30	331.9	170.3	502.2	224.1	726.3
Aug. 29	332.3	166.0	498.3	223.7	722.0
Sept. 24	293.0	163.4	456.4	264.7	721.1
Oct. 29	273.7	161.5	435.2	234.7	719.9
Nov. 26	238.5	160.0	398.5	324.6	723.1
Dec. 31	181.7	158.2	339.9	384.4	724.3
1942 - Jan. 28	144.4	157.0	301.4	424.3	725.7
Feb. 25	107.1	152.9	260.0	464.2	724.2
Mar. 25	55.9	149.3	205.2	515.4	720.6
Apr. 29	54.3	149.4	203.7	516.5	720.2
May 27	53.3	151.7	205.0	516.5	721.5
June 30	52.4	153.1	205.5	518.8	724.3
July 31	43.2	151.8	195.0	529.9	724.9
Aug. 31	42.6	153.7	196.3	529.9	726.2
Sept. 30	44.1	157.2	201.3	529.9	731.2
Oct. 31	37.9	149.4	187.3	535.4	722.7
Nov. 30	34.1	148.0	182.1	540.4	722.5
Dec. 23				545.4	

1/ New York Federal Reserve District only.

2/ Including an insignificant amount of Official Funds held outside the New York Federal Reserve District.

Source: Reports to Federal Reserve Banks.

Treasury Department, Division of Monetary Research.

April 1943

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Authority E.O. 10501
 By TRB NARA Date 1/28

RG 56
 Entry Country Area Reg
ACC 56-67A1804
 File Switzerland
Gold + Silver
 Box 27

Switz

Balances and earmarked Gold Held in the United States
 for the Account of Switzerland*

(In Millions of Dollars)

As of:	Gold held under earmark	Balances with N.Y.F.R.B.	Other Official Balances	Private Balances	Total
Dec. 16, 1942	545	20			
Oct. 31, 1942	535	25	13**	119**	722**
Aug. 31, 1942	530	21	22	151	724
June 30, 1942	519	27	25	153	724
July 1, 1942	519	27	24	150	720
Dec. 31, 1941	304	124	58	156	724
Dec. 31, 1940	193	246	28	235	702

* Includes gold and funds held for the account of the B.I.S.

** Second Federal Reserve District only.

Notes: Due to a revision, the figures June 30, 1942 on are not strictly comparable to the series through July 1, 1942.

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Authority E.O. 10501
By TW NARA DATE 1/28RG 56
Entry COUNTRY AREA REG
ACC 56-67A1804
File Switzerland
Gold + Silver
Box 27*Switzerland*

October 23, 1943.

MEMORANDUM FOR THE FILES:Subject: Argentine sale of gold to Switzerland.

In operations pursuant to cables sent from July 29 to August 21 the Argentine Central Bank sold to the Banque Nationale Suisse a total of 50,500 U.S. gold eagles and placed them on consignment for the latter bank in Buenos Aires. Total gold content was kg. 760 (2650,000.00 @ \$35. per ounce). The price was 4,8698 Swiss francs per gram (equivalent to 23.107 cents per Swiss franc, if gold is taken at \$35. an ounce), so the Swiss bank was instructed to credit a total of about 3.7 million Swiss francs to the account of the Argentine bank. These transactions were carried on under the monetary agreement of June, 1942, and according to a request of the Swiss bank dated May 31, 1943. Details are given below:

<u>Date of letter</u>	<u>Bags of 500 coins</u>	<u>Bag numbers</u>	<u>Net weight of coins (grams)</u>	<u>Fine gold content (grams)</u>	<u>Swiss franc credit (100)</u>
8-9-43	28	5,550-5,577	234,025	210,622.5	1,026
8-12-43	20	5,578-5,695	234,033	210,629.7	1,026
8-26-43	17	5,696-5,712	142,087	127,878.3	623
8-26-43	28	5,713-5,740	234,026	210,629.4	1,026
	102		844,171	759,759.9	3,701

Source: British consularship.

John S. deLoera.

JSdeB-ef 10/23/43

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 Authority EO 10501
 BY W NARA DATE 7/28

RG 56
 Entry Country Area Rec
ACC 56-67A1804
 File Switzerland
Gold + Silver
 Box 27

Meeting in Mr. Bernstein's Office
 Room 3445 at 3:30 P.M.
 December 7, 1944

Present: Messrs. Straessle and Thoman of the Swiss Ministry
 Messrs. Bernstein and Southworth of the Treasury

Mr. Bernstein reported that the Treasury would approve the proposal to authorize the transfer of gold from the Swiss National Bank's ordinary earmarked account to Gold Deposit Account T, consisting of freely exportable gold, at the New York Federal Reserve Bank, to an amount equal to the amount of gold earmarked in payment for Swiss francs obtained by the Treasury under Account 2 and to make all subsequent payments for governmental purposes with dollars convertible into freely exportable gold. The New York Federal Reserve Bank will be instructed to send a cable to the Swiss National Bank advising them of this situation and requesting the necessary authorization to make the shift in earmark from one account to the other.

In regard to the establishment of dual rates of 4.25 and 4.29 francs to the dollar, Mr. Bernstein reported that the Treasury was unwilling to see dual rates established but that if the higher rate were instituted by the Swiss National Bank for a certain class of transactions, it would be established also in the market, resulting in dual rates.

Mr. Bernstein mentioned in some detail the U. S. Treasury experience in gold import sterilization in 1936-1937.

The Swiss were then informed of a request from the U. S. Army for \$25 million worth of Swiss francs for the year 1945 to be used for the purchase of prefabricated hospitals and paper and paper pulp. Mr. Straessle suggested a monthly basis of 10 or 11 million francs as being the equivalent and indicated that he would recommend that the request be granted. Mr. Bernstein expressed the view that putting the yearly amount on a monthly basis appeared to be satisfactory, if a certain amount of flexibility were allowed. The Army, he said, were not content to accept an indefinite answer as to the availability of the francs. Mr. Straessle was confident that a reply could be obtained within a week.

S. D. Southworth

SDS:ff 12/8/44

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Authority E.O. 10501
By W NARA Date 1/28RG 56
Entry Country Area Reg
AGG 56-67A1804
File Switzerland
Gold + Silver
Box 27*Switzerland*

September 21, 1944

MEMORANDUM FOR THE FILES

Subject: Modification of Swiss Statement of Gold Policy

Mr. Reinstein called me with respect to the proposed cable to Bern forwarded to State under date of August 16, 1944 which included a re-statement of the gold policy which the Swiss Government was to be asked to accept. Before this message could go out we received word that the American and British Missions had already approached the Swiss Government and had submitted the statement of policy as originally transmitted. Mr. Reinstein therefore questioned the desirability of the cable under reference going out in its original form.

Since the only changes involved the substitution of "Axis" for "Germany" and the spelling out of references to governments, entities and persons, it was agreed after consultation with Mrs. Shwartz, Mr. McNeill, Mr. Fleisher of FEA and Mr. Taylor, to replace the last sentence of the first paragraph reading "You should therefore substitute the following for the statement contained in cable No. 2558" with the following wording: "These are changes in detail rather than in substance, but in order to make the statements of policy uniform, you may wish to substitute the following for the statement contained in cable No. 2558 at an appropriate time in the discussions, provided such substitution would not jeopardize Swiss acceptance of the program." Mr. Reinstein concurred in this suggestion.

Mr. Reinstein also wished to make some reference in the message to the incoming cables notifying us that steps had already been taken to bring the matter before the Swiss Government. It was agreed that State should be permitted to make proper reference to this matter.

Allan J. Fisher

cc: Mr. Taylor
Mr. McNeill
Mrs. ShwartzA. J. F.
AJF:er

9/21/44

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Authority E.O. 10501

By W NARA Date 1/28

RG

56

Entry

Country Area Rec
AEG 56-67A1804

File

Switzerland
Gold + Silver

Box

27Switzerland
Gold

July 8, 1946.

Mr. Closser

G. A. Ddy

The Swiss today are purchasing from the Fund \$9,979,048.29 of gold for cash. This is being bought with their 7 dollar account for the Bern office. (There has recently been a definite newspaper report that the Swiss Government has bought a lot of the gold acquired in recent years, rather than the National Bank, whose head office is in Zurich.)

The exact amount of the Czechoslovakian purchase of gold (reported as \$7,100,000 on July 3) was \$2,698,746.46.

The Federal has received a cable from Argentina saying that they plan to resume actual shipments of gold from New York to Buenos Aires. This is in accordance with the agreement between Ambassador Messersmith and the Argentine Government, as reported in the Treasury by Mr. Schmidt.

231044

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Authority E.O. 10501By WB NARA Date 1/28

RG

56

Entry

Country Area Recs
AGG 56-67A1804

File

Switzerland
Gold + Silver

Box

27

Switzerland - Gold Transactions
 Treasury Department
 Division of Monetary Research

Date Sept. 19, 1946. 194

To: Mr. Glasser
 From: G. A. Eddy *gae*
 Subject: Your Inquiry Concerning Swiss Gold Purchase.

The \$10 million of gold did go into earmark and is one of a series of such purchases. Every now and then they convert \$10 million into gold, the dollars having accumulated from our purchases of Swiss francs and other Swiss receipts of dollars.

When the Swiss had a T account and an ordinary blocked account, they would fairly regularly convert the T dollars into gold in \$10 million lumps. Now the 2 accounts are merged and they have a balance of \$24 million at the moment.

We do not know the principles upon which they convert their ordinary account balance into gold. It perhaps involves some international Swiss arrangement between the Government, the Swiss National Bank, and the commercial banks. The arrangement would not appear to be of much significance to us.

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By TW NARA Date 1/28

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Box

56Country Area Regs
ACC 56-67A1804Switzerland
Gold + silver27*Switzerland - Gold Transactions*
Treasury Department
Division of Monetary ResearchDate September 17 1946.To: Mr. GlasserFrom: G. A. Eddy
gae

Switzerland on September 16 bought \$9,975,062.00 of gold from the Stabilization Fund. Of this, \$7,667,627.23 was bought by the Fund from the monetary stock and \$2,307,434.77^{came} from the Stabilization Fund's own holdings. The reasons for the divided source are insignificant technicalities.

The Fund bought \$507,448.93 of gold from Belgium and will buy another \$600,000 (roughly) today.

231046

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Authority E.O. 10501
By JB NARA Date 1/28

RG 56
Entry Country Area Rec
ACC 56-67A1704
File Switzerland
Gold + silver
Box 27

CDE. 10B-4-45M-6-46
FEDERAL RESERVE BANK
OF NEW YORK

INFORMATION COPY FOR

17
Switzerland
Gold

INCOMING CABLEGRAM-SERIAL NO. 220

RECEIVED ON January 13 1947

TIME 8:36 AM

SENT FROM ZURICH 1/11/47

TIME 1256

NLT

Federal Reserve Bank of New York
New York
No. 22

Note circulation reached new high of 4090 million francs end 1946 or 250 million more than end 1945. Gold and foreign exchange holdings increased by 170 million francs for 1946 to total of 5100 million in spite of considerable sales of gold bars and coins in market. Holdings of bills discounted still unimportant at 74 million. However banks have for first time in many years to a more substantial extent had recourse to issue bank facilities for their year end requirements namely some 125 million francs. Since December 31 inflow of bank notes has set in markedly permitting banks to considerably reduce indebtedness with issue bank and as result temporary tightening of money market has disappeared. Nevertheless private bank rates have since some time shown tendency of rising slightly

Banque Nationale Suisse

RCA 134
Received in English
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[Handwritten signature]

CABLE DIVISION

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By TB NARA Date 1/28

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Country Area Reg
ACC 56-67A1804Switzerland
Gold + Silver

27

EXCERPT FROM
BANK R INTERNATIONAL SETTLEMENT
PRESS REVIEW

Call

No. 204

Basle, 20th October 1947

GOLD

Restitution of Looted Gold N.Z.Z., etc., 20/10, Paris. The Tripartite Commission for the Restitution of Monetary Gold looted by Germany published, on 17th October, a report on the preliminary distribution of 128,468 kgs of fine gold. Of this amount, 90,649 kgs have been allotted to Belgium, 35,890 kgs to Holland and 1,929 kgs to Luxemburg. 33,783 kgs have been earmarked for Austria and 3,805 kgs for Italy, pending a decision on whether these countries' claims on recovered looted gold shall be met. The gold allotted to Belgium will be transferred to France in virtue of an agreement concluded in 1944, under which the French Govt returned to Belgium an amount of gold corresponding to the Belgian gold deposited with France on the eve of the invasion of Belgium, on which Germany had laid hands. The same applies to the gold allocated to Luxemburg. The actual recipient of the 92,578 kgs of gold involved will be the Bank of France.

Ozs. 2,976,451.439165
\$104,175,800.37 for France

Ozs. 1,153,890.148325
\$ 40,386,155.19 for Holland

Ozs. 1,086,148.5338775
\$ 38,015,198.69 for Austria

Ozs. 122,333.5752125
\$ 4,281,687.13 for Italy

231048

DECLASSIFIED
 Authority E.O. 10501
 By W NARA Date 1128

RG 56
 Entry COUNTRY AREA REG
AGG 56-67A1804
 File Switzerland
Gold + silver
 Box 27

Bern, March 2, 1948.

MEMORANDUM FOR THE FILES

Subject: Domestic sales of gold out of Switzerland's official reserves

Gold

The annual report of the Swiss National Bank for 1947 reveals that their total sales of gold coins and bars on the domestic market, including the gold made available for industrial use as well as that sold for the account of the Swiss Confederation, amounted to 480 million Swiss francs during the year. This total far exceeds those for previous years, which are now indicated to have been as follows:

	millions of Swiss francs ^{1/}
1940	70
1941	100
1942	190
1943	80
1944	120
1945	160
1946	310

Furthermore, the sales reported for the year 1947 actually represent a period of slightly more than eight months, because these sales of gold were completely suspended by the Swiss National Bank on September 9, 1947.

This report calls attention to the fact that, except for the domestic sales of gold during 1947, the official gold and dollar reserves of the National Bank and Confederation would have increased by 102 million francs during the year, instead of decreasing by 378 million francs.^{2/} Similar adjustment of the net growth in official gold and dollar reserves for previous years, to allow for the domestic gold sales indicated above, would give the following approximate results:

	---millions of Swiss francs---	
	Net growth of published reserves	Same, adjusted for gold sales
1940	547	617
1941	379	479
1942	72	262
1943	508	588
1944	875	995
1945	854	1,014
1946	376	686

^{1/} The report of the National Bank does not contain explicit figures other than that for 1947; those shown for 1940 through 1946 are derived from inspection of the graph which appears on page 13 of this report, but are believed to be accurate to francs 10 million.

^{2/} The (rounded) figures 120 and 360, respectively, shown in the table attached to my memorandum entitled "Conversation with Professor Wagner re capital movements in Switzerland's post-war balance of payments", dated February 11, 1948, were erroneous. In hasty reading of the excerpt from the National Bank's report which had just appeared in the Swiss press, the statement that the Confederation's gold reserves had declined to 610 million francs (i.e. by 629 million) was mistranslated as by 610 million.

3 To Mr. J. 79 From Ostrom
Bern

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Authority EO. 10501By WB NARA Date 1/28

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Entry

Country Area Regs
AGG 56-67A1804

File

Switzerland
Gold + Silver

Box

27

- 2 -

For 1947, moreover, this report also points out that 250 million francs of the decline shown in Switzerland's reserves represents the gold payment which she had to make to the Allied powers as a result of the Washington Accord. (Thus, without the domestic sales or the Washington Accord, Switzerland's gold and dollar reserves would have increased by 353 million francs during 1947 -- despite her unusually large adverse balance of commodity trade.)

This same report contains a short discussion of the reasons for the limitation of domestic sales of gold in August 1947 and their complete suspension early in September, a full translation of which is attached. Of primary interest, is the choice of words in one sentence which explicitly indicates that the Swiss National Bank "took this step on its own authority, solely in the interest of the nation's currency, and without giving in into any foreign intervention" -- clearly implying that it was only a coincidence that this step should amount to the adoption of "a gold policy in harmony with the recommendations which the International Monetary Fund addressed to its members at the end of June 1947". In explaining the National Bank's decision, much emphasis is given to the fact that the arbitrage operations connected with the Swiss gold market were frustrating the efforts of the National Bank to bring the rate for the finance dollar up to the official parity. It is also noted that the gold sales had always been considered a temporary measure and that "the increasing deficit of the commercial balance created a new situation which no longer made it possible to justify continuation of the sales of gold".

Donald W. Curtis
Donald W. Curtis
U.S. Treasury Representative

Attachment.

231050

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Authority E.O. 10501
By TW NARA D213 1/28RG 56
Entry Country Area Res
ACC 56-67A1804
File Switzerland
Gold & Silver
Box 27

Translation of excerpt from Annual Report, Swiss National Bank, 1947.

By reason of the dangers of a monetary order which may threaten the level of prices, the National Bank at first continued to sell gold to the market last year. This policy leads to the absorption of purchasing power: at the same time it assured the bank of issue a greater freedom of action in the acceptance of gold and foreign exchange....

During the course of the year, the gold trade unfortunately gave rise to increasing abuses. The sales of gold resulted, by way of arbitrage operations, in an extraordinary supply of finance dollars; but the sellers more than compensated their losses, thanks to the substantial profits realized on the gold. The heavy sales of dollars exercised a pressure on the dollar rate in the free market and thus thwarted the efforts undertaken by the bank of issue to bring the rate for the finance dollar to the official parity. It is for this very reason that the National Bank had, already at the end of February 1947, suspended the sale of bar gold destined for arbitrage transactions.

During the summer, Switzerland became the focus of the international demand for gold. The worse the monetary situation became in certain countries, the more active became the search for secure investments, particularly abroad. Despite the prohibition on export, gold pieces left the country in increasing volume. Gold became ever more the instrument of international speculation and smuggling. As, after all, it could not be to the interest of a bank of issue to give over to the speculators monetary metal obtained in part from foreign banks of issue whose reserves are becoming exhausted, the National Bank was lead to limit the sale of gold coins at the end of August and to suspend it completely on September 9. In taking this step on its own authority, solely in the interest of the nation's currency, and without giving in to any foreign intervention, the National Bank exercised a gold policy in harmony with the recommendations which the International Monetary Fund addressed to its members at the end of June 1947. The authorities in charge of this Fund considered, in fact, that purchases and sales of gold effected at prices well above parity endanger the stability of exchange rates. They disapproved of gold transactions carried out at excessive prices and invited the members of the Fund to take effective measures to suppress them. In the middle of July 1947 the Secretary of the Treasury of the United States and the Board of Governors of the Federal Reserve System addressed a similar recommendation to the American banks. Then, in November, the American Treasury strengthened the regulations governing transactions in gold, in order to control them more closely. In principle, gold will be able to fulfill its basic role, namely to settle deficits in the balance of payments, only if the bank of issue or the state can dispose of it freely at all times. The National Bank considered the sale of gold coins and bars on the market as a temporary monetary measure. By its repercussions on the balance of payments, the increasing deficit of the commercial balance created a new situation which no longer permitted continued sales of gold to be justified.

INTERNATIONAL MONETARY FUND
OFFICE
WASHINGTON, D.C.
EX-100
JUL 10 1947

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Authority E.O. 10501

By *TM* NARA Date 1/28

RG

Entry

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Box

56

Country Area Recs

AGC 56-67A1804

Switzerland

Gold + Silver

27

1-30 *Kammerck**Switz: Gold*

Bern, May 19, 1948.

No. 159

CONFIDENTIAL

Dear Mr. Southard:

Attached is a translation of a story recently published in Paris about the gold traffic carried on through the Swiss free ports, which was called to my attention by a prominent Swiss banker and may be of interest in connection with the Legation's telegram No. 595 of May 5, 1948, to the State Department.

It will be noted that the volume of this traffic is estimated to exceed 25-30 million Swiss francs per month and is expected to increase, and that prices for "gold in free port" — currently fluctuating between \$44 and \$46 per ounce — are regularly quoted. It will further be noted that Swiss, South-African, and other gold is reportedly also involved in this traffic, though in lesser quantities than that from the satellite countries.

In discussing the subject, this banker stated that the reason given in this story for the gold shipments by the satellite countries was the true one; the Swiss free ports are used as a convenient base of operations for selling this gold against hard currencies at the best rates which can be obtained in the free markets throughout the world.

This banker also indicated that the Soviets (and presumably the satellites) are currently seeking Swiss francs rather than dollars, for fear that the United States might take some action designed to destroy the value of their dollar holdings or restrict their freedom to utilize them. On the other hand, he said there was no indication that the Soviets or the satellites were actually "unloading" dollars in Switzerland, and it was his view that their current preference for Swiss francs was not a significant factor in the current decline of the dollar on the Swiss market.

Very truly yours,

Mr. Frank A. Southard, Director,
Office of International Finance,
U.S. Treasury Department,
Washington 25, D.C.

Donald W. Curtis,
U.S. Treasury Representative.

Enclosure:

Translation of report published by La Tribune Economique, dated May 14, 1948.

231052

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Authority E.O. 10501
By WJ NARA Date 1/28RG 56
Entry Country Area Reg
AGG 56-67A1804
File Switzerland
Gold & Silver
Box 27

(Translation of report from Geneva published by
La Tribune Economique, Paris, May 14, 1948)

How gold crosses frontiers

The attention of financial circles has been drawn to the transactions in gold in free port which have been conducted for some time now in this country. Rather modest when they began, they now exceed a figure of 25 million to 30 million Swiss francs per month and it seems that they may be expected to increase, since the means at the disposal of certain addicts of this new type of "parallel" transactions would appear to be very appreciable.

Repatriations of Swiss gold, which had been blocked in Great Britain because of the war and is now authorized by the Bank of England to be exported, have been the source for a good part of these free-port operations at Geneva. Export from Switzerland being prohibited now, this gold had been deposited there like ordinary merchandise with a view to its reexport at the rates quoted on the free market.

Thus, overnight, there has been established a quotation for gold in free port. It fluctuates at present between \$44 and \$46 per ounce, while the official rate is \$35. Such a premium tempted, not only individuals who find more convenience operating in this fiscal and monetary "no man's land", but also the official agencies of certain countries which, not being bound by the Bretton Woods agreements, do not neglect to operate on a truly free market. It is thus that planes taking off from countries satellite to the U.S.S.R., who are themselves gold producers, deposit their cargoes at the Geneva airrome from where they then go the free-port way without anyone being able to prevent the re-shipment and the subsequent transactions which result from it. By this means, these countries — despite the nonconvertibility of their currencies — can thus procure on better terms the dollars with which to obtain the raw materials which the Marshall Plan has not been able to offer them as a result of the Soviet veto. There have also been several shipments of gold from the Cape, undoubtedly originating from mines which succeed in hiding from control a small part of their production, as well as private shipments from Tangier or even from the Western countries. However, the bulk of these operations is made up by the deliveries originating from Eastern Europe, excluding Russia. The Soviets — for reasons which will be understood — appear, indeed, much more interested by the similar markets of the Far East with which they are in direct contact across Siberia.

Encl. # 1 To Ltr. # 159 From Curtis

231053

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Authority E.O. 10501By WJ NARA Date 1/28

RG

56

Entry

Country Area Regs
AGC 56-67A1304

File

Switzerland
Gold + Silver

Box

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- 2 -

The gold sold in the Swiss free ports goes freely to the Near East and then to the Far East where the operations are much greater and the rates perceptibly higher. Being quoted in Beyrouth for example at \$118, gold sells in Bagdad and Amman in the neighborhood of \$50; at Macao and Hong-Kong up, to \$65 and even \$75 an ounce. The rates go up with the transport risks and especially because of the demands of the secret suppliers of protection, who do not deliver their "merchandise" in these strategic and troubled regions except for payment in gold!

Would a revision of the international agreements regulating free ports be able to prevent or reduce this sort of traffic which is destined to disturb the official monetary markets? Up to now, the representations made to the countries which countenance these semi-official exports have been too circumspect. If more energetic and less confidential, these same representations would undoubtedly produce more positive results. In any case, it is much easier to act at the source, if one may say so, than against the purchasers themselves.

231054

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Authority EO. 10501

By TM NARA Date 1/28

RG

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Entry

Country Area Reg
AGG 56-671804

File

Switzerland
Gold + Silver

Box

27

Switzerland - Gold

June 28 9

CONFIDENTIAL

- Mr. Willis
- Mr. Southard
- Mr. McNeill
- Mr. Schaffner
- Mr. Howard
- Mr. Ostrow
- Mr. Dickson (for info)

From: G.A. Eddy

I am sending this memo to the above list before getting any other people's views; requesting comments to be sent to me for relaying to Willis in Switzerland c/o Ostrow before the Treasury delegation gets there and has to discuss this question.

Should Federal Reserve be consulted too?

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Authority EO. 10501
By MB NARA Dels 1/28RG 56
Entry Country Area Reg
AGG 56-67A1804
File Switzerland
Gold + Silver
Box 27**CONFIDENTIAL**

Mr. Willis

June 28, 1949

G.A. Eddy

Swiss Proposals Regarding the Finance Dollar and Gold Sales

If the Treasury delegation stops in Switzerland, it seems likely that discussion will be started by people there concerning the termination of the discount on so-called "finance dollars." The discount on June 24 had been reduced to about 7%, but it has been larger for many months. The discount is the only regular current instance of the dollar selling below par. Although it is a minor embarrassment to the U.S., it is chiefly resented by Swiss, since this market is the only way they are supposed to repatriate most of their dollar investments. There has been some public agitation for the Swiss National Bank to end the discount on finance dollars.

Current discussions on the subject in Switzerland involve schemes for gold. Some of these involve features which conceivably might become important for world gold policy.

The Swiss electorate recently rejected a referendum to amend the Constitution by giving permanent legal tender status to notes of the Swiss National Bank. Although this bank note question and finance dollars are not organically connected, it seems possible that Swiss financial thinking may link the two together. Swiss discussions with Woodlief Thomas of the Federal Reserve Board research staff and other U.S. representatives have presented the possibility of raising the finance dollar to parity in terms of Swiss francs and offsetting this release of francs by selling gold in one way or another which would be obtained from the U.S. Treasury. One communication spoke of dividing the profits from this operation between the Swiss National Bank and the Federal Reserve.

Recommendations

1. The United States should avoid any entanglement in the domestic Swiss controversy over giving bank notes permanent legal tender status. It seems probable that the Swiss will work the problem out by some extension of emergency powers without being forced to resume redemption of Swiss National Bank notes in gold. However, some governmental act will be necessary to prevent the restoration of gold convertibility and the lapse of the legal tender status of bank notes on January 1, 1950.

2. Whether by exceptional intelligence or by unexplained good luck, the Swiss public agitation against the discount on finance dollars seems correctly directed at the Swiss National Bank, with the U.S. apparently escaping any blame. It seems desirable to continue this direction of blame away from the U.S. Accordingly any Treasury statements and discussions might make clear that the choice and responsibility are those of the Swiss National Bank or the Swiss Government.

3. At the moment both the Swiss proposal regarding some sale of gold and also the volume of support necessary to end the discount on finance dollars are

/cc

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Authority E.O. 10501

By TW NARA Date 1/28

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Entry Country Area Rec
ACC 56-67A1704File Switzerland
Gold & Silver

Box 27

- 2 -

CONFIDENTIAL

too confused to permit definite analysis. If the Swiss ask U.S. policy on the question, as a minimum U.S. Treasury officials might say they are interested in exploring the magnitude of the problem involved. However, the implication of some reports from Switzerland that it is a once-for-all problem of restoring parity in the finance dollar market, seems to err in failing to recognize that it may be a continuing problem. It seems unlikely that anyone will be able to tell exactly how many Swiss francs will be needed to restore parity promptly or to maintain this capital transfer rate at parity during any given period of the future. The flow of finance funds might conceivably reverse itself and become a net drain on Swiss dollar reserves.

4. If the Swiss National Bank or Government is willing to lay out the francs needed to buy finance dollars at the parity rate of exchange, and either hold these dollar balances or convert them into gold from the United States to be held in official reserves, the Treasury would presumably have nothing but commendation for the plan. The Treasury should be eager to have this unique discount on the dollar terminated, and it would exchange dollars for gold as a matter of course for a government or central bank to settle such an international balance.

5. It seems possible under the Swiss law (on which the writer is no expert) that Swiss bank notes after January 1, 1950, will become convertible, not in gold coin (to which the Swiss authorities seem strongly opposed), but in U.S. dollars. The Treasury should say the decision is one for Switzerland, and the U.S. has no objection.

6. Cable 947 of June 16 from Bern said Rossy (of SNB) was discussing selling gold in the Swiss domestic market and using francs obtained thereby to eliminate the finance or free dollar market. He thought it might take a half billion to one billion Swiss francs. Mr. Ostrow thought that 250 million might suffice. The gold would be bought from the U.S. If there is any reason to believe that the latter figure (\$60 million) will suffice, and if the Swiss have firm regulations against the export of gold by private persons, the writer would favor the Treasury's saying that it is not concerned with the mechanics, that the Swiss should do as they think best, and that the Treasury will be glad to sell gold as usual. The Treasury does not normally care whether or not a foreign country permits private ownership of gold or public sale of gold by a central bank, provided the country does not rather extensively engage in selling gold for export to private buyers. The International Monetary Fund does not oppose domestic sale of gold unless a country with weak reserves thereby loses gold, and of course Switzerland is not a member anyway.

The Treasury has sold Switzerland about \$15 million in gold since the end of March. If all along they had been selling francs against dollars for all purposes, including "finance," we would have had no thought of objecting to their selling gold for well-policed domestic holding only. The Treasury had no objections to such sales during the years till October 1947 when the Swiss National Bank stopped gold sales (for reasons not entirely clear to the writer), nor do we even now object to Mexico's selling gold in that way.

7. If Switzerland may elect to sell a larger amount ^{of gold to the public} such as 1/2 to 1 billion

/francs

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Authority E.O. 10501

By W NARA Date 1/28

RG

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Entry

Country/Area Recs
ACC 56-67A1304

File

Switzerland
Gold & Silver

Box

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- 3 -

CONFIDENTIAL

ances ^{worth} (\$115 to \$230 million) or more, and if there is good grounds for suspicion that the gold will leak into other countries illegally, the Treasury's problem becomes more difficult. The Treasury has not, so far as I know, defined its policy if faced with a case of a country which wants to sell gold for domestic holding, either systematically at the gold parity of the paper money, or unsystematically at open market prices, and where the country may not have very effective barriers against exportation of gold. It would seem a grave and questionable intrusion for the United States to say it will not sell gold to a country which sells gold for private ownership. Yet on the other hand, the United States would be reluctant to set up any country in a position to feed illegal gold demand in third countries.

If Switzerland proposes this sort of arrangement, I recommend the Treasury have the question discussed in the IMF.

8. If the Swiss go ahead with some plan to end the discount on dollars, the U.S. Treasury might favor buying finance dollars at parity from the outset, so that no profits from purchases below par would be obtained by the monetary authorities, and so that no-one will be able to complain that they were allowed to sell their dollars below par after a policy to restore parity had been adopted.

If the Swiss go ahead with some plan to sell gold at premium rates, it would seem preferable for the U.S. to sell any gold at \$35 rather than to share in the profits. In fact, there may be no legal basis, without getting approval from the President, for the Stabilization Fund to sell gold above \$35 plus 1/4%.

GAEddy:ryb:6/28/49

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Authority EO. 10501
By WB NARA Date 1/28

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Entry

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Box

56Country/Area Reg
ACC 56-6741104Switzerland
Gold + Silver27**INCOMING TELEGRAM***Swiss Gold*

DEPARTMENT OF STATE—DIVISION OF COMMUNICATIONS AND RECORDS

TELEGRAPH BRANCH

15

CONFIDENTIAL

A

Action: DCL

Info:

E

EUR

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DCR

Control 6774

Rec'd June 16, 1949
8:55 a.m.

FROM: Bern

TO: Secretary of State

NO: 947, June 16, 10 a.m.

FOR TREASURY FROM OSTROW

In conversation at which Woodruff Thomas was present Rossy proposed elimination free dollar market by selling gold in domestic market and using proceeds to buy up finance dollars. He estimated this operation might require 500 million to 1 million Swiss francs in gold which SNB apparently expects to acquire from US Treasury as he suggested profits from operation might be distributed between Federal Reserve and SNB.

I pointed out this amount appeared too high as in past SNB maintained that turnover in free dollar market relatively small and it should therefore be possible to eliminate it at smaller expense in gold. I inquired whether SNB would be willing to sell to Treasury 250 million Swiss francs (amount which Zurich bankers believe would be adequate) against gold for express purpose of buying up finance dollars in Swiss market. Rossy's reply was SNB would sell Swiss francs in this amount provided Treasury offered no objection to sale of equivalent amount in gold in domestic market. I replied that while I did not know what Treasury or IMF reaction would be to proposed gold sales in domestic market, it was unlikely that objection would be forthcoming especially if this were a non-recurrent operation.

Thomas was

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Authority E.O. 10501
By JB NARA Date 1/28

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56Country Area Reg
ACC 56-67A1804Switzerland
Gold + Silver27

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-2-#947, June 16, 10 a.m., from Bern.

Thomas was of opinion that Treasury could relinquish even much larger amount in gold and he suggested that Knoke of Federal Reserve Bank be consulted.

Foregoing is also of interest as it confirms reports mentioned in last paragraph Legation's A-351, May 26, 1949 concerning increasing pressure on SNB for resumption sale gold coins in domestic market and relaxation restrictions on repatriation unblocked dollar assets.

Repeated Paris TOREP 146 for Tasca.

VINCENT

WMH:GEM

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231060

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Authority EO. 10501
By WJ NARA Date 7/28RG 56
Entry Country Area Reg
File AGG 56-67A1B04
Switzerland
Gold & Silver
Box 27**INCOMING TELEGRAM***Switz. Gold*

DEPARTMENT OF STATE—DIVISION OF COMMUNICATIONS AND RECORDS

TELEGRAPH BRANCH

17

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A

Action: DCL

Control 12895

Info:

Rec'd August 31, 1949
9:22 p.m.

E

EUR

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CIA

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OPD

DCR

FROM: Bern

TO: Secretary of State

NO: 1364, August 31, 4 p.m.

FOR STATE, TREASURY AND OTHER INTERESTED AGENCIES

1. SNB has decided to abandon planned sale of gold coins on domestic market as means of counteracting excess liquidity and resultant pressure on interest rates reported LEQTEL 1159, July 21. Instead gold sterilization operations resumed by arrangement whereby Federal Government agreed to take over until end 1949 against 1 percent 2-year Treasury certificates gold totaling 400,000,000 francs representing accruals on basis existing trade and payments agreements. In contrast gold sterilization in the past which was financed by government borrowing, SNB will bear interest cost this operation.

2. Initial issue Treasury certificates this purpose amounting 125,000,000 francs sold to banks middle of August. Following this operation average price government bonds which had been rising since January, declined gradually with corresponding increase in yield.

3. SNB expects to offset cost such gold sterilization amounting 8,000,000 francs through gold sales to public when present uncertainty with regard European currency adjustment and US gold price and resultant excessive private demand for gold is eliminated. Financial observers therefore attach considerable importance decisions which may be taken September meeting IMF. In view of foregoing, Treasury representative explained to Rossy that increase in gold price would not be in accord with US financial policy, pointing to recent statements on

this subject

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Authority EO. 10501
By WB NARA Date 1/28RG 56
Entry Country Area Reg
ACC 56-67A1B04
File Switzerland
Gold + Silver
Box 27

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-2-, # 1364, August 31, 4 p.m., from Bern.

this subject by Secretary Snyder.

4. Upon inquiry Rossy stated that redemption Swiss banknotes in gold as result negative outcome plebiscite on revision Article 39 (see Legation's A-351, May 26, 1949) now unlikely. In view present international demand for gold free redemption would make Switzerland indirectly redemption center also for dollars. Since SNB would not use own gold reserve but would use such dollar accruals to buy gold from US, Rossy fears Treasury might object or even threaten to discontinue sales gold to Switzerland. According Rossy, problem will be solved by new emergency law limited to one or two years to gain time for new plebiscite.

HUGHES

JSP:WAH

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231062

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Authority: NND978021

By ETL NARA Date 7/31

RG

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Country/Area Rec's

acc - 56-67A1804

Switzerland
Gold + Silver

27

SWITZERLAND: Gold and Silver

Globe Vernicle
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CIRCUITS

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Switz. Gold

Confidential

**GOLD IN UNITED STATES BANKED BY FEDERAL RESERVE BANK AT NEW YORK,
 FOR ACCOUNT OF PORTUGAL, SWITZERLAND AND SWITZERLAND.**

Source: Confidential weekly reports to U. S. Treasury by Federal Reserve Bank at New York.
 (In thousands of dollars)

<u>Date</u>	<u>Portugal</u>	<u>Switzer</u>	<u>Switzerland¹</u>
1938:			
Dec. 28	4	79,751	155,962
1939:			
Feb. 1	Same	80,955	144,770
March 1	Same	84,673	153,314
March 29	Same	Same	140,117
May 8	Same	86,674	205,087
" 31	Same	87,754	199,283
June 28	Same	Same	211,152
August 2	Same	Same	210,050
" 30	Same	Same	189,103
September 27	Same	39,272	177,662
November 1	Same	64,565	170,103
" 29	2,090	67,907	161,435
1940:			
January 3	3,252	47,059	150,985
" 31	Same	15,512	159,093
February 26	19,330	5,474	149,854
April 3	19,465	56,109	172,804
May 1	23,543	76,822	176,516
" 29	23,021	Same	180,004
July 3	30,074	64,521	191,337
" 31	37,767	59,370	199,606
August 28	52,366	62,740	195,186
October 2	79,543	47,659	187,483
" 30	93,645	47,659	190,417
November 27	106,551	Same	195,454
December 31	111,003	Same	193,045
1941:			
January 29	114,932	58,532	217,077
February 26	117,239	Same	216,515
April 2	121,226	Same	217,633
" 30	121,545	59,885	216,694
May 26	122,369	61,691	212,986
July 2	Same	60,569	Same
" 30	124,107	Same	224,086
August 20	Same	Same	Same

¹ Includes Bank of International Settlements.
² First 11 figures for Portugal are same; only \$16,000.

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 Ray Ovid Hall

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**PORTUGUESE & SWEDISH DEPOSITS, REPORTED BY BANKS
 AND BANKERS IN THE NEW YORK FEDERAL RESERVE DISTRICT**

Source: Quarterly reports to Treasury Department, by the Federal Reserve Bank at New York, to itemize "All Other" in weekly statistics of foreign short-term funds in the United States. These quarterly figures include only deposits.

(In thousands of dollars)

<u>Date</u>	<u>Portugal</u>	<u>Sweden</u>
<u>1938:</u>		
Dec. 22	?	29,537
<u>1939:</u>		
March 29	?	110,000
June 29	?	125,000
Sept. 27	?	100,000
Dec. 27	?	125,100
<u>1940:</u>		
March 27	30,500	From Treasury "Bulletin" ⁴ 170,000
June 29	29,700	169,000
Sept. 25	37,000	221,000
Dec. 31	32,700	250,400
<u>1941:</u>		
April 2	50,700	221,100
July 2	50,400	220,000 ⁴

✓ Last six figures for Sweden include (besides deposits) Swedish holdings of bills, short-term Federal Government obligations, etc.

✓ From summary of most "bulletin."

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Switzerland

United States Assets of Neutral European Countries, as of June 14, 1941

(in millions of dollars)

	<u>Portugal</u>	<u>Spain</u>	<u>Sweden</u>	<u>Switzerland</u>
Gold (sequestered)	123	-	70	<u>203</u>
Official balances	2	9	218	342
Private balances	48	6	32	133
Stocks and registered bonds	8	17	70	435
Direct investments	-	1	30	65
Other investments	<u>1</u>	<u>15</u>	<u>12</u>	<u>140</u>
Total	182	48	432	1,348

Note: As of July 1, 1942 sequestered gold for the account of each country was as follows: Portugal, \$154,000,000; Sweden, \$169,000,000; and Switzerland, \$519,000,000. Official deposits were: Portugal, \$3,000,000; Spain, \$7,000,000; Sweden, \$132,000,000; and Switzerland, \$51,000,000.

WAB:cmh
 8/25/42

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Switzerland

December 20, 1941

Mr. White

Mr. Cass

Subject: Meeting of December 19th with the Swiss Minister

The Swiss Minister, Mr. Brugmann, called on Mr. White on December 19, 1941 to request that the Treasury approve the transfer of earmarked gold in New York from Swiss to Portuguese account.

Present also were Mr. Gauthier (special representative of the Swiss National Bank and financial counselor to the Swiss Legation), Mr. Bernard Bernstein and Mr. Cass.

The Minister raised first the question of whether he had been dealt with quite straightforwardly by the United States Government. It was his impression that, at the time when a license was denied Switzerland to ship gold to Portugal, it had been suggested by Treasury officials that payment through an earmarking operation would be approved. Now that an earmarking operation was suggested by Switzerland, that was being disapproved also. At the State Department he was given no explanation at all of why the Swiss applications were being denied or else palpably unsound ones. He had waited ten weeks for an answer to the last Swiss application. He had been told by the State Department that approval could not be given for the shipment of gold to Portugal because our Government did not wish more free gold to come into Portuguese hands, yet now -- due to our refusal to allow Portugal to be paid with earmarked gold in New York, where it would remain under United States control -- Switzerland was being compelled to ship Portugal free gold from her own holdings in Switzerland. The whole matter did not make sense, and it did not correspond to the treatment which a friendly neutral had a right to expect under its General License.

Mr. White assured the Minister that all Swiss applications receive the most careful and sympathetic consideration possible in the Treasury. No action was ever taken on Swiss matters except in the light of what seemed to be Switzerland's long-term interests.

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Division of Monetary
Research

With respect to approving gold earmarking transactions in cases where gold shipments would be disapproved, Mr. White was confident that no general ruling had been laid down by the inter-departmental committee and that therefore no Treasury official could have intended to convey the assurance that such transactions would be approved. However Mr. White would again raise this question with the inter-departmental committee when it next met. It was greatly to be regretted that the Swiss Minister had not received a reply for so long. With respect to the question of whether gold is safer in Swiss than in Portuguese hands, the Treasury could take no stand; that was a matter that lay exclusively within the competence of the State Department.

The Minister replied that he was grateful to hear the Treasury express such friendly sentiments towards Switzerland because it was the general impression that it was precisely at the Treasury that Swiss interests received least consideration. Indeed the United States Government had been so inconsiderate of Swiss needs, and so persistent in refusing to give reasons for its actions, that the Minister thought that it might come to an open public protest. He saw no other way out.

Mr. Gautier added that in the present matter of earmarking transfers in New York they had been given no explanation of why such a transaction was frowned upon. Could Mr. White explain it?

Mr. White replied that in general it was the view of the United States Government that this was not a propitious time to facilitate international financial transactions among European countries. The Swiss could, if necessary, pay Portugal by shipping gold directly from Switzerland and that form of payment seemed preferable under present circumstances.

Mr. Gautier stated that this was surely a matter in which the Swiss National Bank could not accept dictation from the United States. It was a question of sovereignty. The Swiss wished to dispose of their own destiny. Further it was a question of law. The Swiss needed gold at home to meet legal reserve requirements.

Mr. White responded that it was not our intention in any way to question or impair Swiss sovereignty. With regard to legal gold reserve requirements, surely these could be relaxed under emergency circumstances. In May and June 1940 the Swiss Government had, it seemed, entertained the idea that all their gold should be shipped to the United States.

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Division of Monetary
Research

The Swiss representatives didn't know of any such plan to ship Switzerland's gold reserves to the United States. When evidence was submitted that Mr. Somary, of the Swiss Embassy, had discussed such plans with Mr. Cochran, the Swiss representative questioned Mr. Somary's authority and emphasized the unusual emergency circumstances of May and June 1940. It was apparently their thought that no such emergency prevailed at the present time.

Mr. Gautier conveyed the information that 63 percent of Swiss monetary reserves were in the United States and 18 percent in the United Kingdom. The United Kingdom had not been asked to release gold for shipment to Portugal because Swiss reserves in New York were so much larger. The United Kingdom had not been asked to earmark gold for Portuguese account because Portugal might regard gold in London as unacceptable. In any case the Swiss wished to feel that they could dispose of their gold at their own discretion in normal and innocent transactions. They had only 500 million to 600 million Swiss francs of gold at home, and they wished to use their gold abroad to facilitate the provisioning of their country.

Mr. White again assured the Swiss Minister that Swiss requests would be examined with all possible sympathy and that the pending Swiss application would be dealt with expeditiously.

OG:mw
 12/23/41

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Treasury Department
Division of Monetary Research

Date 12/20/41 19

To: Mr. White

You said when Mr. Gass submitted report on the Swiss conference, to remind you you may want to send a copy of the memo to Mr. Acheson.

You wanted this paper back with Mr. Gass' memo.

L.S.

cc to Mr. Foley 12-23
MR. WHITE
Branch 2058 - Room 214½

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Secretary	Mr. Coley
Mr. D. W. Bell	Mr. Sullivan
Mr. Gaston	Mr. Thompson
Mr. Bartelt	Mr. Anderson
Mr. C. S. Bell	Mr. Arnold
Mr. Bernard	Mr. Carlock
Mr. Broughton	Mr. Clay
Mr. Cairns	Mrs. DeLacey
Miss Chatfield	Mr. DuBois
Mr. Cochran	Mr. Friedman
Mr. Coe	Mr. Golding
Mr. Dietrich	Mr. Grills
Mr. Ellis	Mr. Hannett
Mr. Graves	Mr. Hexter
Mr. Heffelfinger	Miss Hmiel
Mr. Howard	Miss Hodel
Mr. W. R. Johnson	Mr. Johnston
Mr. Kades	Mr. Kehl
Mr. Klaus	Miss Klein
Mr. Koken	Miss Lake
Mr. Kuhn	Mr. Lawler
Mr. Lemay	Mr. Luxford
Miss McGuire	Mr. Mann
Mr. O'Connell	Mr. J. H. Murphy
Mr. O'Daniel	Mr. Park
Mr. Penle	Mr. Petersilge
Mrs. Ross	Mr. W. H. Reeves
Mr. Schmidt	Mr. Sherbondy
Mr. Schwarz	Mr. E. E. Smith
Mr. Southard	Miss Utech
Mr. Spingarn	
Mr. Tietjens	
Mr. Timmons	
Mr. Towson	
Mr. Wanchel	
<u>Mr. White</u>	
Chief Writon	

FROM: MR. BERNSTEIN

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December 18, 1941.

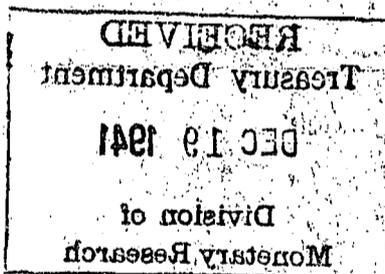
MEMORANDUM FOR THE FILES

Dean Acheson called and said that he had explained to Gautier that the Government had given full consideration to the Swiss applications to transfer gold or dollars to Portugal and the applications had been denied. Gautier said that the result of the denial of the applications would be that Swiss gold would go to Portugal and he assumes that that is precisely what the U. S. Treasury Department does not want to happen. Acheson asked me if this was so and also asked me if it would make a difference in our decision if, in fact, Portugal was not going to deliver to Switzerland gold which the Portuguese had in Bern in exchange for the transfer of Swiss-owned gold in New York.

I told Mr. Acheson I did not believe the Treasury was at all troubled by the fact that Swiss gold might then be shipped to Portugal; what we were trying to do was to cut down the amount of gold that would leave from the United States to Europe and that the more gold Switzerland could withdraw from the United States to Europe the greater would be its financial and other facilities to help the German war effort. I also told him that the Treasury felt that regardless of whether Portugal would deliver gold in Switzerland in exchange for the gold or dollars transferred in New York, we would deny the application.

I cleared the foregoing with Mr. White and Mr. Pehle.

(Signed) Bernard Bernstein



12/19/41

Copies to Mr. Foley

Mr. White ✓

Mr. Pehle

BB/ma - 12/18/41

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By EIL NARA Date 7/31

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Switz
Treasury Department
Division of Monetary Research

Date March 16 19 42

To: Mr. White
From: Mr. Southard

You may be interested to know that in the last three days the Swiss Bank has purchased \$20 million in gold and the Bank of Sweden \$25 million over earmark in New York.

3/16 - Or. to White

MR. WHITE
Branch 2058 - Room 214½

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RG 56
Entry Country Area Rec's
acc - 56-67A1804
File Switzerland
Gold + Silver
Box 27

Treasury Department *Switzerland*
Division of Monetary Research

Date 5/20/42 19

To: Mr. White Mrs. Hallock
From: Mr. Cass

Switzerland

1. The Swiss say that their gold holdings are distributed in the following way:

- 22% in Switzerland
- 17% in England, and
- 61% in the U. S.

2. The shortage of raw materials in Germany is becoming so acute that the Germans are even greatly reducing the stocks supplied to Switzerland for conversion into finished products for re-export.

Consular Report, Apr. 25, 1942, Bern
0-21 To file #10808

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SECRET
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Globe Vernicke
MADE IN U.S.A.
CINCINNATI

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French Delegation

Washington, D.C. March 15, 1946

MEMORANDUM ON THE BELGIAN GOLD

A considerable part of the deposit belonging to the "Banque Nationale" of Belgium was included among the amounts of gold received by Switzerland from Germany during the war. This gold had been delivered to the German Government under coercion.

By close collaboration and through repeated and exhaustive inquiries carried out in the various zones of occupation in Germany, the Allied powers have gathered sufficient detailed information to enable them to reach definite conclusions. This matter of the Belgian gold is an explicit example of the manner in which the Germans were able to profit from the assets stolen in the countries invaded and occupied by their armies. It confirms the conclusions reached in the overall surveys made on the exhaustion of German reserves during the war.

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After having demanded, in December 1940, that the Bank of France turn over the deposit made by the Bank of Belgium, the German Government decided to requisition the gold. The Reichsbank, which had originally received this gold as a deposit credited to the Bank of Belgium, incorporated it with its own holdings which were subject to requisition by the German authorities under the provisions of the "Four-Year Plan." In this manner the German financial authorities, on their own initiative, freed themselves from the obligation which, as depository, they had incurred towards the National Bank of Belgium, as well as the Bank of France (cf. letter National Bank of Belgium, as well as the Bank of France (cf. letter from the Direktorium of the Reichsbank, dated September 3, 1943). The National Bank of Belgium was notified of this decision by the Reichsbank-direktorium in a letter addressed to the former, dated July 23, 1943; the Bank of France was likewise notified in a letter dated September 3, 1943.

Both the National Bank of Belgium and the Bank of France refused to recognize the requisition of the deposit, and despite all the pressure to which they were subjected, they both firmly refused to accept the exchange value in Reichsmarks offered to each of them in

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turn. (see attached documents).

While the deposit was being requisitioned and written into the books as its own holdings, the Reichsbank ordered the German Mint to remelt the ingots as well as part of the coins making up the deposit. This remelting was intended to produce new ingots carrying dates and numbers which would not only differ from those previously shown on the ingots, but would even refer to dates prior to the war, so as to make it appear that the ingots in question belonged to the Reichsbank holdings such as they were before the war. Once this falsification had been carried out, it became possible for the German financial authorities to use the gold belonging to the Bank of Belgium as if it were in fact the actual property of the Reichsbank.

By these spurious methods Germany could remedy her lack of means for foreign payment and could continue to carry out the payments required by her political as well as economic foreign activities. Accordingly the Belgian gold was used in various ways. The main part of the gold was shipped to the Swiss National Bank. These shipments took place from the end of January until February 1944 and included a total of 114,760,329.5 grams gross weight and 109,291,964 grams pure weight.

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Through the documents collected by the Allies in Germany and taken from the files of the Reichsbank and the German Mint as well as from the correspondence between these two organizations, it was possible to retrace and to follow throughout the operations described above, namely:

1° - The reception of the crates containing the gold deposits of the National Bank of Belgium;

2° - The itemized list of the deposit;

3° - The entry of the gold into the books of the Reichsbank as assets subject to the provisions of the "four-Year Plan";

4° - The remelting of the ingots and part of the coins;

5° - The entering of the gold in the books after remelting it into new ingots;

6° - The disposal of the gold making up the deposit of the National Bank of Belgium.

These documents therefore cover the whole history of the gold deposit of the National Bank of Belgium from the time of its entry into Germany to its final use to meet the requirements of the German war economy. The exact correspondence between the weights and values gives these data undeniable authenticity.

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The Allied investigations also uncovered the numbers used by the German Mint during the remelting operations together with the numbers given to the same ingots by the Reichsbank. As stated above, the German Mint added false year numbers dating from before the war. It should likewise be noted that the remelting numbers were taken from the melting books of the German Mint in Berlin and that the French Delegation has photostats of this book which will be made available to the Swiss Delegation if so desired.

Moreover, the two series of numbers - the remelting numbers and the Reichsbank numbers - have already been transmitted to the Swiss National Bank in the correspondence sent to this Bank by Mr. Frere, Governor of the National Bank of Belgium, and of which copies are attached.

The case of the Belgian gold is thus a striking example of the procedure which the Reich did not hesitate to follow and of the risks assumed by the neutral powers when accepting gold shipments from Germany. Although the Allied powers have approached this matter in a completely objective manner, they have, nevertheless, come to the conclusion that the Swiss National Bank did not seem to have taken the most elementary precautions in accepting the gold held by the financial authorities of the Third Reich. Such precautions would appear all the more advisable since, as already shown,

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it was current knowledge, at the time of the transfer of the gold in question, that Germany had exhausted her gold and silver reserves and had no further means of foreign payment. It seems unlikely that Switzerland could have been unaware of the fact that the Nazi Government had seized public and private gold holdings in all countries occupied by its troops or under its authority. The need for precautions had not escaped the notice of the financial authorities of another European country whose situation was similar to that of Switzerland right up to the end of hostilities. The documents held by the Allies show that the National Bank of the country in question duly shipped back to the Reichsbank the gold ingots it had received from that institution. Thus a shipment received from the Reichsbank on May 5 was sent back to Germany on the 21st of the same month.

The acceptance of Reichsbank gold by the Swiss National Bank appears to be all the less justified since, on January 5, 1943 - a date which corresponds closely to that of the first shipments of Belgian gold, the original one having taken place on January 25, 1943 - the "United Nations Delegation" expressly warned all neutral countries against the acquisition of holdings seized by the Germans.

It therefore seems very clear, in the light of the documentation collected by the Allies, that the gold handed over by the Reichsbank to the Swiss National Bank cannot under any circumstances be considered as

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a valid delivery.

The attitude of both the National Bank of Belgium and the Bank of France has shown to what extent these two institutions constantly endeavoured, under extremely difficult circumstances, to observe the most correct attitude in their relations with other National Banks. Moreover, in a letter dated September 23, 1943 to the Reichsbankdirektorium, the Governor of the Bank of France recalled that the relations between National Banks "are such that they imply on the part of each Bank such complete confidence in the good faith of the others that the most important agreements are often made verbally or through an exchange of very summary letters, without it being necessary to remind the parties concerned of the accepted principles and the customs which are recognized as law on this international level and are observed by all National banks. This even holds true when these principles and customs vary from measures allowed by private law dealing with private deposits or when they depart from exceptional measures decreed by certain States."

The Allied Governments are convinced that the principles adhered to by the National Banks of Belgium and France will be observed just as strictly by the Swiss financial authorities and that the Swiss National Bank, in particular, will desire to give back to the Allied authorities acting as trustees for the plundered countries, either the gold delivered invalidly, or an amount equivalent to the same weight in pure metal.

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GERMAN GOLD MOVEMENTS (ESTIMATE)
 From April, 1938 to May, 1945 (In Millions of U. S. Dollars)

3/5/46

INCOME

OUTGO

Germany started the war with estimated gold reserves of 100 (Published gold reserves were only 29)	Sold to Swiss National Bank 275 to 282
	Possibly sold to Swiss Commercial Banks before 1942 20
Taken over from Austria. 46	Washed through Swiss Nat'l Bank depot account and eventually re-exported to Portugal and Spain (larger part by far to Portugal) 100
" " " Czechoslovakia 46	Rumania 32.5
" " " Danzig 4	Sweden 18.5
" " " Poland 12	Found in Germany (including 64 earmarked for Italy and 32 earmarked for Hungary). 293
" " " Holland. 168	Sold to or used in Balkan countries and Middle East--mainly Turkey 10
" " " Belgium. 223	
" " " Yugoslavia 25	
" " " Luxembourg 5	
" " " France 53	
" " " Italy. 64	
" " " Hungary 32	
	<u>752</u>
<u>748</u>	

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SWISS GOLD MOVEMENTS (SWISS OFFICIAL STATEMENT)
 From January 1, 1939 to June 30, 1945 (In Millions of U.S. Dollars)

Purchased from Germany 282.9	Sold to Germany 4.9
" " Portugal. 12.7	" " Portugal 116.6
" " Sweden. 17.0	" " Spain 42.6
	" " Turkey 3.5

Conclusions: (1) All gold that Germany sold after a certain date, probably from early 1943 on, was looted gold, since her own reserves, including hidden reserves with which she started the war, were exhausted by that time; (2) out of \$278,000,000-worth of gold that Switzerland purchased from Germany, the larger part was looted gold; in addition, Switzerland has taken \$100,000,000 looted gold in deposit, which later on was re-exported to Spain and Portugal for German account; (3) among the gold that the Swiss sold during the war to Portugal, Spain, and Turkey, there could have been looted German gold; (4) the gold that Switzerland bought from Sweden during the war could theoretically be German looted gold; (5) monetary experts all over the world (Switzerland has monetary experts at her disposal) knew, or ought to have known, roughly the figures and movements as contained in the above estimate--certainly they knew the gold holdings and gold reserves of the German Reichsbank. Switzerland therefore was lacking good faith. In addition, she was warned that all Germany's own pre-war gold stocks had been used up by mid-1943 at the latest and therefore all the gold then in the possession of Germany must be presumed to be looted gold.

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SWITZ - Germ
External Assets
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DATE 07-03-01 BY 60322 UCBAW/STP

SWITZERLAND: German External Assets
Negotiations - Briefing Data Vol. II

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RESEARCH

RESEARCH

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SWITZ - Germ
External Assets
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GERMAN GOLD MOVEMENTS (ESTIMATE)

From April, 1938 to May, 1945 (In Millions of U. S. Dollars)

INCOME

OUTGO

Germany started the war with estimated gold reserves of about (Published gold reserves were only 29.)	120
Taken over from Austria	(71) 46
" " Czechoslovakia	33
" " Danzig	4
" " Poland	12
" " Holland	164
" " Belgium	223
" " Yugoslavia	25
" " Luxembourg	5
" " France*	53
" " Italy (earn.)	64
" " Hungary (earn.)	<u>32</u>
	<u>781</u>

Sold to Swiss National Bank	276
Possibly sold to Swiss Commercial banks before 1942	20
Washed through Swiss National Bank depot account and eventually re-exported to Portugal and Spain (larger part by far to Portugal)	138
Rumania	32.5
Sweden	18.5
Found in Germany (including 64 earmarked for Italy and 32 earmarked for Hungary)	293
Sold to or used in Balkan countries and Middle East—mainly Turkey	<u>10</u>
	<u>788</u>

SWISS GOLD MOVEMENTS (SWISS OFFICIAL STATEMENT)

From January 1, 1939 to June 30, 1945 (In Millions of U. S. Dollars)

Purchased from Germany	282.9	Sold to Germany	4.9
" " Portugal	12.7	" " Portugal	116.6
" " Sweden	17.0	" " Spain	42.6
		" " Turkey	3.5

Conclusions: (1) All gold that Germany sold after a certain date, probably from early 1943 on, was looted gold, since her own reserves, including hidden reserves with which she started the war, were exhausted by that time; (2) out of \$276,000,000-worth of gold that Switzerland purchased from Germany, the larger part was looted gold; in addition, Switzerland has taken \$138,000,000 looted gold in deposit, which later on was reexported to Spain and Portugal for German account; (3) part of the gold that the Swiss sold during the war to Portugal, Spain, and Turkey, could have been looted German gold; (4) the gold that Switzerland bought from Sweden during the war could theoretically be German looted gold; (5) monetary experts all over the world (Switzerland has monetary experts at her disposal) knew, or ought to have known, roughly the figures and movements as contained in the above estimate—certainly they knew the gold holdings and gold reserves of the German Reichsbank. Switzerland therefore was lacking good faith. In addition, she was warned that all Germany's own pre-war gold stocks had been used up by mid-1943 at the latest and therefore all the gold then used up by mid-1943 at the latest and therefore all the gold then in the possession of Germany must be presumed to be looted gold.

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*Taken from private holdings—no Central Bank gold was taken.

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MEMORANDUMSWISS OBSERVATIONS WITH REGARD TO THE GOLD PROBLEM

1. Total of the German gold reserves at the outbreak of the war.
 - a. According to the records of the Swiss National Bank, these reserves were estimated at Sfr. 1.800 mill.
 - b. According to information from German sources, these reserves amounted to 2,000 "
 - c. "Financial News" of February 11, 1944 and the "Times" of February 23, 1944 estimated German gold reserves at 50 million gold pounds, which is equivalent to 1.800 "
 - d. The Allied estimate, based on data which Switzerland is unable to check, arrives at 160 million dollars. For obvious reasons, the Austrian and Czechoslovakian gold must be added, in the amount of 96 million dollars, the figure given by the Allies which Switzerland is again unable to check. Thus a total of 256 million dollars is reached, which corresponds to 1.100 "

Furthermore, there can be no doubt that the German Reichsbank legitimately acquired during the war sizable quantities of gold from various sources such as, for instance, the B.I.S., neutral banks of issue, and banks of issue friendly to Germany (Japan, Italy, Hungary, Rumania). The over-all total therefore considerably exceeds the value of the gold transferred to Switzerland.

2. Total of Swiss gold imports from Germany during the war.

Total import during the war	Sfr. 1.618,6 Mill
Share purchased by the Swiss National Bank	1.209,8 "
Acquired from that amount prior to Feb. 23, 1944	Sfr. 1058,6 million
" " " " after Feb. 23, 1944	Sfr. 151,2 million
3. The sales which Germany made to third parties, and which total 408,8 million francs, do not concern the Swiss National Bank in any way.
4. During the war the Swiss franc was the most sought after European medium of exchange. Both belligerents endeavored to obtain this currency in exchange for gold. As a neutral

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state, Switzerland could not adopt an entirely one-sided attitude towards Germany, this all the less since she was entirely surrounded by that country.

The direction of Swiss endeavors appears clearly enough from the following figures:

a. Purchases of gold from the Allies Sfr. 3.700 million

This gold did not come into Switzerland, and the largest part of it was, furthermore, frozen.

b. Gold purchases from Germany 1.200 "

This gold was transferred, without exception, into Switzerland which had refused to establish a gold deposit in Germany.

Germany always reproached Switzerland, which had frequently refused to accept gold offered to her, that she favored the Allies and therefore violated her neutrality. Switzerland could not possibly have carried any further the discrimination against the then still powerful Germany in the treatment of the gold problem, especially since she did not possess concrete information on the subject of looting of gold.

5. Gold of the Belgian National Bank

With the exception of a few general and sketchy indications given to the Swiss National Bank by Mr. Boisanger during his vacation in Switzerland, the Swiss National Bank learned only through Mr. Frere at the beginning of 1946 about the fate of this so-called looted Belgian gold. According to this information the Swiss National Bank would have received 378 million Swiss francs of the gold, whereas the Reichsbank would have sold directly out of its gold deposits in Switzerland an amount of 153 million Swiss francs to other purchasers. This Belgian gold was not transferred separately by the Reichsbank but arrived in Switzerland together with other gold. In the meantime, a considerable portion of the Belgian gold has been resold by the Swiss National Bank and is no longer in Switzerland.

Switzerland reserves any commitments with regard to the identity of this gold, and numerous inconsistencies were brought to the attention of Mr. Frere on March 15, 1946. No reply has as yet been received. Even if the identity of a major portion of the 378 million Swiss francs could be established, this gold could not possibly be considered looted since its restitution to Belgium had been refused by the Bank of France at a time when such restitution would still have been possible; after having been transferred for greater safety to Dakar, the gold was nevertheless brought back by the French Government and transferred to Berlin.

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For these reasons the Swiss National Bank is forced to decline the total or partial restitution of this gold. Considering the tactics of deception practiced by the Germans, about which it was only informed in the most recent past, no one can doubt the Swiss National Bank's good faith.

6. Statements by Mr. Fuhl

The Directors of the Swiss National Bank, as well as those of other banks of issue, considered Mr. Fuhl a decent and honest man. Upon the publication of his letters to Funk by the Kilgore Committee, the Swiss National Bank had to realize that it had been mistaken. If he made on August 10, 1945, the declarations which were communicated to the Swiss Delegation on a paper which was neither signed nor authenticated, he has once more departed from the truth. Switzerland, moreover, could not be expected to give weight to declarations made in circumstances where she was not represented. Incidentally, if the statements of Mr. Fuhl were correct, what were the reasons for the careful deception of melting the gold, impressing it with new mint marks, and selling it with falsified certificates?

7. Position of the Swedish Riksbank

The Swedish Riksbank has purchased gold from the German Reichsbank and has also sold gold to that institution. Out of the gold deposit of the Reichsbank in Switzerland it received 81.2 million Swiss francs. As late as January 17, 1944, it acquired so-called Belgian gold, despite the fact that it allegedly returned between March and November 1943 7.3 million dollars' worth of "Belgian gold" on the ground that it was looted.

A few days ago the Governor of the Swedish Riksbank explicitly and specifically declared to the President of the Swiss National Bank that the Swedish Riksbank has never returned any gold to the German Reichsbank on the ground that it was looted.

The nature of the transactions of the Swedish Riksbank mentioned by the Allies was not restitution, but sale-which is a vastly different matter. The Swedish Riksbank maintained a gold deposit in Berlin.

During the war the Swedish Riksbank occasionally demanded payment by Germany in Swiss francs; so it happened that the Swiss National Bank paid the equivalent of a portion of the gold which it received from the Reichsbank in Swiss francs to Sweden. The Swedish Riksbank transferred in 1943 25 million francs received in this way to the Federal Reserve Bank for the American Treasury. The latter was therefore the ultimate beneficiary of the sale of Swiss francs to the German Reichsbank in exchange for gold. This serves to illustrate the truly international character of gold operations.

8. It is regretted that the Allied Delegations declined on April 9 to answer the questions of the Swiss Delegation contained in its communication of April 4, 1946.

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April 17, 1946

MEMORANDUM

Reference is made to the memorandum of the Swiss Delegation entitled "Swiss Observations with Regard to the Gold Problem".

First of all, the Allied Delegations reiterate their position that once Switzerland has agreed to the principle of handing over to the Allies for due restoration looted gold or the equivalent which it has accepted in the course of the war, the figures necessary to determine Switzerland's total liability together with the information on which they are based will be made available to the Swiss Delegation. The Allied Delegations feel that no useful purpose is served in continuing an exchange of memoranda concerning details until Switzerland has accepted the principle under discussion. The Allied Delegations are unable to see the relevancy of certain comments made in that memorandum to the question at hand. However, since the Swiss Delegation has made observations concerning certain points, the Allied Delegations would state their position *seriatim* on those points.

1. Total of German Gold Reserves at the Outbreak of the War.

The figures given by the Swiss Delegation are presented as an estimate, but the Allies are in a position to say that the books of the Reichsbank and other information in our possession prove that the Swiss estimates of the pre-war German gold reserves are wrong.

The acquisition of the Austrian and Czechoslovakian gold can, under no circumstances, be included into the legitimate hidden gold reserve of the German Reichsbank. The Swiss Delegation can scarcely contest that the acts of force by which, in characteristic fashion, the Germans seized the gold of Austria and Czechoslovakia constitute

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constitute spoliation and loot.

If the Swiss Delegation possesses proof of movements of legitimate gold to Germany from the Bank of International Settlements or from the central banks of other countries which were either neutral or associated with Germany, the Allied Delegations will be happy to receive such information. Having regard to the general economic and financial condition of those countries and failing such proofs the Allied Delegations must continue to doubt that there were appreciable movements of gold to Germany from sources other than heretofore disclosed to the Swiss by the Allies. It may be of interest to note that Allied investigations in Germany have not revealed substantial movements from such sources.

2. Total of Swiss Gold Imports from Germany during the War.

The Allied Delegations take note that the total imports of gold from Germany during the war may be taken to be 1,618,600,000 Swiss Francs and the amount of gold which Germany disposed of to third parties to be 408,800,000 Swiss Francs.

It is the view of the Allied Delegations that Switzerland is responsible for all gold shipped to her from Germany. If the Swiss Delegation alleges that some of this gold was only deposited with the Swiss National Bank and transferred by the Reichsbank to third parties, the Allied Delegations maintain that this does not relieve the Swiss of their responsibility. In any event, the Swiss Delegation should disclose to whom and at what date and in what amounts these transfers were made.

The Allied Delegations cannot accept the 23rd of February 1944 or any other date as the determinant in establishing the amount of looted gold or equivalent thereof which Switzerland must restore.

Switzerland

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Switzerland cannot plead that she was ignorant of the despoilment and robbery which the Germans committed against the countries which were under her authority, nor was it the less a matter of common knowledge that the Germans lacked foreign exchange and had only limited amounts of legitimate gold. Furthermore, the Allied Declaration of the 5th of January 1943 applied to gold no less than to any other item of which Germany might have had need. The Declaration of the 22nd of February 1944 was only declaratory of a state of affairs which had existed long before either of the Declarations, and it behooved interested parties to be on guard and draw their own conclusions.

The statements made in the Swiss memorandum concerning gold purchased by Switzerland from the Allies have no relevance to the question of looted gold received by Switzerland from Germany.

3. Gold of the National Bank of Belgium.

The Allied Delegations have already stated their views as regards looted gold which is alleged to have been transferred by the Reichsbank to third parties through Switzerland.

The Allied Delegations cannot accept as final the Swiss Delegation's observation that the gold of the Belgium National Bank taken by the Germans could not be considered as loot and that the Swiss National Bank is forced to decline the total or partial restitution of this gold. The Allied Delegations point out that the remarks contained in the Swiss memorandum are not directed at the proposition that the Germans did not loot the gold but are directed at attempting to hold the National Bank of France responsible because of certain actions which it took during the period of the German occupation, and prior to the German act of loot. What transpired

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insofar as the Bank of France is concerned cannot in any way be construed to relieve the Swiss National Bank of its liability to restore this looted gold.

When Switzerland has agreed to restore this gold, the Allies will be glad to make arrangements for full exchange of information covering all aspects of the problem.

4. Statements by Mr. Puhl.

The Allied Delegations take note that the Swiss National Bank now realizes that it had been mistaken in its estimate of the integrity of Mr. Puhl. The Allied Delegations also take note that the Swiss representatives in the meeting of the Gold Committee on March 27 did not see fit to direct any question to the interrogator of Mr. Puhl, although they had been informed that the interrogator was present at the Committee meeting and available for questioning.

5. Position of the Swedish Riksbank.

The statement of the Governor of the Swedish Riksbank presented by the Swiss avoids any denial of M. de Boisanger's statement that the Swedish Riksbank has refused to accept from Germany certain gold on the ground of its suspected origin.

The Allied Delegations note with interest from the Swiss memorandum that as late as January 17, 1944, the Swedish Riksbank "acquired so-called Belgian gold" and will discuss such acquisitions with the Swedish Government at the appropriate time. They think, however, that it would be proper that the Swiss Delegation should disclose the dates and amounts of such acquisitions.

As the Swiss Delegation is aware, the three Allied Delegates not only represent in these negotiations their particular countries

but

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but are also concerned with the interests of other United Nations. In dealing with the problem of looted gold, the Allied Delegations must be even more conscious of the interests of those Allies which suffered the greatest losses through German looting of their monetary reserves. The Allied Delegations wish to call this fact to the attention of the Swiss Delegation at this time and to state clearly that no agreement with the Swiss Delegation would be regarded as satisfactory unless such an agreement deals effectively with the problem of restitution of looted gold or its equivalent.

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Legation of Switzerland
Washington, D. C.

April 30, 1946

My dear Mr. Clayton:

After the conversation I had with you last Thursday, I asked our Delegation to provide me with a short statement about the Belgian gold of which certain quantities had been purchased by the Swiss National Bank. The report, of which I enclose a copy, contains such a statement which seems to me to give all the essential information.

I would be very much obliged to you if, in order to elucidate the problem, you would be so kind as to look at this statement and particularly at the enclosed two documents, in translation; first, the "Accord of October 29, 1940, on Article VIII of the Franco-Belgian Convention on Gold" and, second, the "Additional Protocol of December 11, 1940, to the said Franco-Belgian Gold Accord."

From these documents it clearly appears that the French authorities are responsible for having delivered the gold to German authorities, thus placing them in the position to requisition the Belgian gold just as had been requisitioned at that time all the gold which was in the possession of Germans.

As you told me that you would give me word about your views, I would be very grateful if you would get in touch with me as soon as possible in this connection.

Very sincerely yours,

The Honorable
William L. Clayton,
Assistant Secretary of State
Washington, D. C.

Sgd. Charles Bruggmann

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11 30, 1946

THE QUESTION OF THE SO-CALLED BELGIAN GOLD

It is maintained by the Allies that the Swiss National Bank bought a part of the huge amount of Belgian gold which was held by the Bank of France and transferred to Germany under orders of the French Government, melted and impressed with false mint marks by Germany.

1. Background

The Belgian National Bank entrusted in 1939-1940 a part of its gold reserve to the Bank of France for safekeeping. Prior to the conclusion of the French-German Armistice in June 1940, Belgium asked the French Government to have this gold transported to safety on an English cruiser from Bordeaux to London. Instead, it was sent on a French ship to Dakar.

On October 29, 1940, the "Convention Franco-Belge sur l'or" was drafted. In this Convention the Bank of France agreed to return to the Belgian National Bank its gold which was then located in French West Africa. On December 11, 1940, a protocol was annexed to that Convention whereby the Bank of France undertook to fulfill the above obligation by means of the surrender of the Belgian gold to the representatives of the German Reichsbank. This document is, on the French side, signed "Boisanger." Besides this, there is a German signature.

It is by reason of such betrayals that Laval was sentenced to death and executed. Switzerland is now asked to bear the consequences of his deeds.

From the information available to Switzerland it appears further that the Belgian gold in question was indeed transferred by the Laval government from Dakar, where it would have been safe (as was the case with regard to the Polish gold transferred there under similar conditions), first to Marseilles and then to Berlin. The German Government subsequently requisitioned this gold which had been transferred to Berlin by this arrangement between the French and German authorities, and deposited with a court as compensation the equivalent amount in German legal tender, namely, reichmarks. It is alleged that this is the gold which was then melted down, impressed with antedated mint marks and supplied with false certificates.

The Governor of the Belgian National Bank transmitted to the Swiss National Bank at the beginning of 1946 lists purportedly concerning the melted gold bullion and gold coins, and requested information as to whether the indicated numbers corresponded with

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those of the gold in Swiss possession. As a result of laborious examinations, the Swiss National Bank ascertained that this was partly so. On March 15, 1946, the Swiss National Bank requested clarification of numerous discrepancies. To date this information has not been received.

2. Identity

Assuming that all the identification given by the Belgian National Bank relates to the gold which formerly belonged to it--a supposition which the Swiss Government, in the absence of any possibility of verification, cannot pass upon--and if all existing discrepancies were resolved in favor of the Belgian contention, the following picture would result:

Purchases by the Swiss National Bank of such gold (of which 228,000,000 are no longer held by the Swiss National Bank but were disposed of by it in the normal course of its business)	378.6 mill. Sfr.
Safekeeping deposits in Switzerland of such gold subsequently sold abroad by the German Reichsbank	153. " "
TOTAL	531.6 " "

The Swiss National Bank clearly has no responsibility for those amounts which the Reichsbank sold to other banks of issue without any Swiss participation whatever. The sum in controversy is therefore limited to a maximum of 378.6 million Swiss francs.

3. Legal Position

(a) No question can be raised with respect to the good faith of the Swiss National Bank. It had no knowledge of the facts mentioned above. Switzerland, as a neutral and in its particular geographic position, obviously had to have some commercial relations with Germany and as a consequence the Swiss National Bank had corresponding relations with the Reichsbank. In those relations the Swiss National Bank had to conform to the usual practices existing between central banks.

(b) As the Belgian National Bank has been indemnified by the Bank of France, it is assumed that the Bank of France would be substituted as a complainant. In this connection it is significant that the gold was transferred to Berlin and placed under the control of the German Government and the German Reichsbank by the French Government, and while thus under German domination and control was requisitioned according to the existing laws of Germany and against compensation at the legal rate, and in accordance with procedure quite usually followed by belligerent governments. As a complainant the Bank of France would have to meet

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the objection that it had made itself responsible for creating the possibility for the requisitioning of the gold by the German Government or Reichsbank.

(c) The claim could only refer to the gold whose identity could be established and which today is still in the possession of the Swiss National Bank. This gold amounts to approximately 150 million francs, which represents the maximum which the Swiss National Bank could in any case be condemned to surrender.

(d) With respect to 228 million francs of gold purchased and resold by the Swiss National Bank in the normal course of its business, any claims should be brought against the present holders of the gold. The Swiss National Bank does not know the names of those who may be the present holders of the gold.

4. Conclusion

On the basis of all these considerations Switzerland believes the risk of an adverse ruling by a court or arbitral tribunal to be extremely small. Even in the most unlikely hypothesis of the issue theoretically most unfavorable to her, the sums involved could never exceed a relatively modest fraction of the sums demanded.

All figures mentioned by the Allies concerning the total amount of gold alleged to have been looted by the Germans—figures which the Swiss Government is in no position to verify—do not alter the fact that only for a part of the Belgian gold does a possibility for identification exist. A reference made by France to Dutch gold has in the meantime been fully clarified. The gold involved amounted to 14 million Swiss francs and was sold by Germany to a foreign, not a Swiss, bank of issue.

Under these circumstances one might justifiably ask why Switzerland offers a very considerable voluntary payment. Such an offer could indeed not be justified with regard to the risks involved in litigation. However, she is conscious of her privileged position when compared with the Allied countries ravaged by war. Hence, she has offered a voluntary payment which in her opinion is extremely generous, and which it would be exceedingly difficult for her Government to justify in the Swiss Parliament and before the public opinion of Switzerland.

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AGREEMENT

regarding the restitution of gold and other valued assets which the National Bank of Belgium has entrusted to the Bank of France, and the settlement of questions dependent thereon of the 29 October 1940.

(Franco-Belgian Convention regarding gold)

Article VIII

10 The Bank of France agrees to place again at the disposal of the National Bank of Belgium, in the condition in which it received it, the gold reserve (encaisse) entrusted to it by this same institution, and which was transported to French West Africa.

20 According to information in the possession of the Bank of France, this reserve, which was never examined by its services, is contained in 4,944 sealed boxes. In regard to the checking of the exact number of boxes, the Bank of France and the National Bank of Belgium will immediately get in touch with each other.

0 The responsibility of the Bank of France will end with the delivery and removal of the boxes by the accredited representatives of the National Bank of Belgium. From the moment when the latter accept delivery of these, the National Bank of Belgium will assume responsibility for their safeguarding and for transportation risks.

40 The Bank of France and the National Bank of Belgium will come to an agreement on the subject of the dates and places of delivery and removal of said boxes; these dates and places will be chosen so as to ensure under the best conditions the delivery, removal and transportation of said boxes. The case arising, the Bank of France will lend its good offices to the National Bank of Belgium, in view of facilitating the removal of the boxes and the planning of transportation.

50 Charges pertaining to shipments already effected or still to be effected will be incumbent on the National Bank of Belgium.

At Wiesbaden, 29 October 1940

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27Additional Protocolof 11 December 1940to the Franco-Belgian Agreement on Gold of 29 October 1940Article I

For the application of Article VIII, paragraph 1 of the Agreement of 29 October 1940, the Bank of France will hand over at Marseilles, to the accredited representatives of the Deutsche Reichsbank, the sealed boxes containing the gold of the National Bank of Belgium in exchange for a simple receipt as custodian and renouncing all claims concerning this gold against the Reichsbank.

The Deutsche Reichsbank takes charge, in the place of the Bank of France, of the custody of these boxes on behalf of the Bank of Belgium, and assumes vis-a-vis the National Bank of Belgium from the time of delivery, responsibility for the safeguarding and transportation risks of these boxes.

Article II

The representatives of the Deutsche Reichsbank will ask the National Bank of Belgium for all information and all technical assistance necessary in view of proceeding with the representatives of the Bank of France to a check by all parties concerned (reconnaissance contradictoire) of the number of boxes, as provided for in Article VIII, paragraph 2, of the Agreement referred to above.

Article III

Article VIII, paragraph 3 of the Agreement of 29 October 1940 is abrogated.

Article IV

For the application of Article I above, the Bank of France and the Deutsche Reichsbank will come to an agreement on the subject of the dates of delivery and removal of these boxes; these dates will, be selected so as to

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ensure under the best conditions possible the delivery, removal, and transportation of these boxes. The case arising, the Bank of France will lend its good offices to facilitate the removal of the boxes and the planning of transportation.

Done in duplicate in French and German at Wiesbaden, 11 December 1940.

The French Delegation with
the German Armistice Economic Delegation
the President
NOISANGER

The German Economic
Armistice Commission
The President
HELMEN

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DEPARTMENT OF INTERNATIONAL FINANCE
 ROOM 5000

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ACC 66-A-1039
File FARA LOOTED
G-OLD + recovery loc
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CARE SHEET HEADQUARTERS, U.S. GROUP CC

To: Mr. Curtis

Must remain with attached papers

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ITEM No.	TO	FROM	DATE	SUBJECTS: Enter AG File Classification:
	↑ Dir. Fin. Div.	Dir. Pol. Affairs	17/ Sept 45	<p>1. The Office of the Political Adviser is in receipt from Washington of a paraphrase of information reported on June 26 from Stockholm. This cable, which has been supplied apparently for information purposes only, is sent out in the attached paraphrase.</p> <p>For the Director:</p> <p><i>Loyd V. Steere</i> Loyd V. Steere</p> <p>Enclosure: Paraphrase of a cable received from the Department 9/14/45.</p> <p>LVS:jmc</p>

