

**Presidential Advisory Commission on
Holocaust Assets in the United States**

PCHA

Box 55

Murphy, Greg (1 folder)

***Various Unnumbered documents
from Archives II**

***Various notes**

Offen, Laura (3 folders)

RG 260

Entry Finance

Inventory Forms

Restitution Law on Identifiable Property. Any private settlement of duress claims made since the publication of Law No. 52 is void...⁴⁵ Even where a claimant indicated willingness to renounce his claim, once he had indicated that a transfer under duress was involved, it would be presumed that a private negotiation was taking place and the property would not be released. Until such time that claims could be resolved, the claimant was denied even arm's length involvement with the property, including access to balance sheets. By the same token the restitutor was to be equally removed from dealings with a claimed property, except when a dwelling was involved.

Although Title 17 was quite specific in setting out the operational base upon which the German authorities would act, there remained ample room for interpretation. For example Title 17 stated, "Military Government retains general supervision over the German Property Control Agencies," but did not define the extent of such supervision. As it went on to emphasize the discretion assigned to the German property control authorities (e.g., 17-123, described the need for "local control" over property decisions; and 17-501, stated that German property control heads will "do what is reasonable, depending on the circumstances of each case"), there was considerable leeway for each LCAH to construe his room for action. And this became yet more ample with the adoption of the Internal Restitution Law and the start of the official claims and release procedure.

The Internal Restitution Law, finally promulgated as MG Law No. 59, was developed through a difficult, protracted process. As early as 1946, the USMG asked the Laenderrat, through its Property Control Committee, to prepare a law that would implement the restitution of identifiable property, that for reasons of race, religion, nationality, ideology, political conviction, had been transferred under duress during the Nazi regime. By March 1947 a draft emerged that

⁴⁵ NARA, ?? Office for MG for Bavaria, order to branch Staff No. 15, 17 October 1947, p. 6, Section 5, sub. b. (308533).

Handwritten notes:
 7
 Bx 5 on PROPERTY RIGHTS
 File # 386
 390/46/1911-
 87 ✓ (1947) WR 0-1-1837
 132-71
 172-74
 FILE # 386

LAW 59 Folder

any such successor organization." This was seen as "a rather difficult legal and moral problem" by the head of the JRSO in Germany.⁷⁴ However, the legal opinion within the JRSO held that Art. 11 was ruling and they sought and received Court confirmation.⁷⁵ Pressure from a host of individual claimants motivated JRSO nevertheless to create a Board of Equity, that would accommodate late claims, albeit for a fee. The fee was scaled according to the claimant's relationship to the original owner and the value of the property. It ranged from 5 to 40 percent for assignment of rights back to the claimant and an additional 10 percent if the property had already been recovered by JRSO. Upon proof of indigence the fee could be waived.⁷⁶

In the end, JRSO dealt with 5,042 equity claims, of which 949 were rejected for insufficient proof of property rights, payments were made in 2,084 cases and rights were assigned in 1,587 cases. The values involved were DM 10.3 million and an estimated DM 12.7 million respectively for payments and assignments for a total of DM 23.0 million. Fees collected amounted to DM 1.5 million.⁷⁷ In commenting on these claims, the Report on the Operations of the JRSO, 1947-1972 took the view that the right to the property involved was indisputably that of the JRSO and that the demands of the living claimants posed the following moral dilemma: "...should it [JRSO] proceed with the recovery of properties to which it was legally entitled or should it reduce the funds available for the relief and rehabilitation of Nazi victims by accepting claims of heirs who retained at least equitable rights?"⁷⁸

- 1) LAW 59 X
- 2) JRSO X
- 3) RESTITUTION X
- 4) PROPERTY X

⁷⁴ Stanford University, Special Collections, Papers of Salo W. Baron, Box 234, Files 2-3, Letter of Benjamin B. Ferencz to Eli Rock, dated 10 June 1949, (326603) and reply from Eli Rock, dated June 14, 1949, (326606); also see Report No. 2 of the JRSO, op.cit., p. 11, (326702).

⁷⁵ NARA ??, OMGUS, Office of the Military Governor, Memorandum on Interpretations of Articles 11 and 56 of MG Law, No. 59, dated June 1949 (308370).

⁷⁶ NARA, RG 466, Records of US High Commission for Germany, Box 6, File JRSO 257.1.

⁷⁷ Stanford University, Special Collections, Papers of Salo W. Baron, Box 44, Folder 2 JRSO, Annual Report November 1, 1955 - October 31, 1956, p.4, (326552)

⁷⁸ JRSO, Report on the Operations of the Jewish Restitution Successor Organization 1947 - 1972,

???

supported litigation and, in the event, proved conducive to delay. The limited number of Restitution Chambers and Courts and the limited time spent on restitution cases inevitably produced bottlenecks. This was especially true for the Courts. An undated report, prepared for Judge William A. Clark, comments that "the chambers have only averaged 4 sittings per month on law 59 and the Oberlandsgerichte [Laender High Courts] have only averaged 2 such sittings and even then only part of the day..."⁸³ That this was not an isolated finding is confirmed in the report of the O'Sullivan Committee, which assessed the functioning of the internal restitution program in the British Zone. It makes essentially the same points, but its findings are much harsher and it probably reports at a later date.⁸⁴

A further cause for delay was that, although MG Law No. 59 was quite comprehensive, it left a number of serious problems unresolved. These involved mainly tax and currency control issues:

a) the Equalization of Burdens Law. This law was designed, as its title says, to spread the financial losses suffered as a consequence of the war equitably. A main component was a tax to be levied on owners of real estate, who had benefited from the currency reform. This tax was to fall on duress property as well. The representatives of persecutees, and especially the JRSO, argued that "...the property of those who were victimized by the Nazis should be relieved of the burdens of the Equalization of Burdens law, present and future.....people, understandably, are unable to reconcile what happened to them, with their present liability for part of the losses sustained by those who, directly or indirectly, participated in their expropriation and expulsion."⁸⁵

Beside the incongruity of demanding that those who had suffered most under the regime

? 260 / PMA n. 17. LES : AEST. PROPERTY

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⁸³ NARA ? Box 15, file 13, Memorandum Concerning the Operation of the restitution Program under Military Government Law 59, submitted at the request of the Hon. William A. Clark, Chief Judge, MG Courts for Germany, (308485).

⁸⁴ Report of the O'Sullivan Committee on the progress made in the disposal of internal restitution claims in the British Zone of Germany, 30th June 1951, London, HM Stationery Office, 1951, p. 9-11.

⁸⁵ Major Abraham S. Hyman, Final Report, op. cit, p.4 (327493).

✓ Ex Journal Assets file / Box 15 LA 59 1949

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5657*



NARA APPROVED

[Handwritten signature]

number of amicable agreements fell, the number of court cases rose and delays were being introduced at every point.⁸⁹

The mounting and well-organized opposition to the program produced in the spring of 1951 a further attempt to emasculate the Law. The Federal Association of Loyal Restitutors, a group organized to protect the interests of restitutors, under the guise of wanting to achieve uniformity across the Western Zones, submitted a draft restitution law, that would have reversed the basic principles of MG Law No. 59, to the Law Committee of the Federal Parliament. This situation prompted the High Commissioner, Mr. McCloy, to write to the four Minister Presidents of the U.S. Zone Laender to reassert the earnest in which the U.S. Government held MG Law No. 59 and to release the text to the Press.

While the restatement of U.S. commitment to the implementation of the Law brought clarity, the paucity of trained personnel and the relatively large number sympathetic to the restitutors' arguments, continued to produce delays. Thus, in Bavaria, PC officers considered that many Law 59 claims were simply "grievances against neighbors".⁹⁰ A confidential, unsigned report, written by an attorney who had represented claimants before 17 different Restitution Chambers in the U.S. and French Zones, offered candid and detailed reflections on this experience:

"I have come to believe that the fate of restitution is...strictly a personality problem. Wherever the German officials charged with the conduct of attempts for settlement...take their duty seriously in the spirit of the restitution laws...the overall spirit of willingness to reach speedy settlements...causes approximately 80% of the cases...to be settled on a more or less satisfactory basis. In contrast thereto settlements are reached to a much smaller percentage and

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⁸⁹ See for example, NARA ??, Office of the U.S. High Commissioner for Germany, Memorandum from Loewenthal to Miller, dated December 1, 1949, on "Conditions Impeding Restitution Programs", (308365).

⁹⁰ NARA RG 260, Records of the Branch Chief, Property Division, Box 15, Law 59 file, Letter from OMG Bavaria Property Control dated February 1, 1949. *P. 985*
9. 78. 29



NARA APPROVED

Jls 7/28/00

Subj: Re:
Date: 00-06-09 05:50:36 EDT
From: junz@hbj.sonnet.co.uk (Helen B. Junz)
To: Gscmurphy@aol.com

Dear Greg: Thanks. The point is that I cannot access the online papers 0- I do not have a password as yet. So could I have your good offices after all? Thanks.

On the prop. control paper again: I had asked whether you could please, perhaps with the help of Dan and Albert, put the missing bits into the cites; also Bates stamp numbers where the documents were stamped after Ellen or I copied and sent them to London - in some cases the documents may need to be pulled again. Could you please get in touch with Colin Fallon, who is supposed to be putting these things right.

Thanks Helen

At 06:48 08/06/00 EDT, you wrote:

>Helen:

>

>The prewar Gold policy paper is online at:

> <http://holocaust>

>assets.gov/rsh000604/Prewar%20US%20Gold%20Policy%20MM%205-26-00.htm

>

>The BIS paper is online at:

> <http://holocaust.assets.gov/assetgo/ga1.htm>

>

>The OJA is manageable - I can send it to NY.

>

>I'll have the core documents ready for you when you arrive. I think, though,

>you have the only copies of the Austria 1948 report from Box 1432 and,

>possibly anything from Box 27 of the Madrid Embassy (RG 84). I can't find

>those documents. I could always re-order if necessary.

>

>Greg

>

>

Headers

Return-Path: <junz@hbj.sonnet.co.uk>

Received: from rly-yg01.mx.aol.com (rly-yg01.mail.aol.com [172.18.147.1]) by air-yg04.mail.aol.com (v74.10) with ESMTTP; Fri, 09 Jun 2000 05:50:36 -0400

Received: from mail.sonnet.co.uk (mail.sonnet.co.uk [195.238.160.234]) by rly-yg01.mx.aol.com (v74.16) with ESMTTP; Fri, 09 Jun 2000 05:50:25 -0400

Received: from hbj (hbj.sonnet.co.uk [195.238.164.106])

by mail.sonnet.co.uk (8.9.1/8.9.1) with SMTP id KAA29108

for <Gscmurphy@aol.com>; Fri, 9 Jun 2000 10:50:22 +0100 (GMT/BST)

Message-Id: <3.0.1.32.20000609105158.007fdd60@gpo.sonnet.co.uk>

X-Sender: hbj@gpo.sonnet.co.uk

X-Mailer: Windows Eudora Light Version 3.0.1 (32)

Date: Fri, 09 Jun 2000 10:51:58 +0100

To: Gscmurphy@aol.com

From: "Helen B. Junz" <junz@hbj.sonnet.co.uk>

Subject: Re:

In-Reply-To: <ca.5b399f7.2670d40d@aol.com>



NARA APPROVED
09 JUN 2000

57

619

8-10:15 99-014
10:15-10:45 00-002
12:15 -

File?

Subj: Re: Austrian shipments to FED
Date: 00-07-10 14:33:00 EDT
From: junz@hbj.sonnet.co.uk (Helen B. Junz)
To: Gscmurphy@aol.com

P6/(b)(6)

P6/(b)(6)

Hi Greg: Fax number is P6/(b)(6). Please do not fax anything after 6pm your time (11pm my time). Also : I need most urgently the missing bits we discussed last Friday. In addition, I only have the first two pages of the following document Bates no. 304780 RG 260 Box 162 Financial Adviser, From Abba Schwartz to Col. Brey [27 July 1948]- I need the following pages and also the correspondence he refers to. In addition, in the Interim Report - of which we now have 3 copies, he keeps referring to making pblicly available all the expenses incurred in the IRO sales of non-monetary gold once Price Waterhouse finishes their audit - we never found this in anyt of the documentation we have. Could you please put Jim Lide on this urgently!!! p. 13 of the Interim Report (Bates no. 326392) refers to this. Also, was there any progress on the annual reports of the Sec. General to the IRO? Please give this absolute priority over anything else as I must deliver this paper this week. Please let me know what is happening by cob today. Thanks, helen At 08:48 09/07/00 EDT, you wrote:

A 171
0181

B

C

the end of VWSG

>Helen:

>
>It would be easier to fax this over rather write it up and forward. What's
>your fax #? I know London has added a 207 or 27 somewhere in the digits.

>Thanks,

A - Call Sarah - fax 304 782 - 'til end of October

>Greg

>
>

</XMP>

Headers

Return-Path: <junz@hbj.sonnet.co.uk>
Received: from rly-yb01.mx.aol.com (rly-yb01.mail.aol.com [172.18.146.1]) by air-yb03.mail.aol.com (v75.18) with ESMTTP; Mon, 10 Jul 2000 14:33:00 -0400
Received: from mail.sonnet.co.uk (mail.sonnet.co.uk [195.238.160.234]) by rly-yb01.mx.aol.com (v75.18) with ESMTTP; Mon, 10 Jul 2000 14:32:46 -0400
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Message-Id: <3.0.1.32.20000710193423.0080ae00@gpo.sonnet.co.uk>
X-Sender: hbj@gpo.sonnet.co.uk
X-Mailer: Windows Eudora Light Version 3.0.1 (32)
Date: Mon, 10 Jul 2000 19:34:23 +0100
To: Gscmurphy@aol.com
From: "Helen B. Junz" <junz@hbj.sonnet.co.uk>
Subject: Re: Austrian shipments to FED
In-Reply-To: <43.739d4c1.2699ce92@aol.com>
Mime-Version: 1.0
Content-Type: text/plain; charset="us-ascii"

JAMES LIDE

P6/(b)(6)

Subj: Prop. Control paper
Date: 00-06-12 08:41:18 EDT
From: junz@hbj.sonnet.co.uk (Helen B. Junz)
To: kklothen@PCHA.GOV, gsofer@PCHA.GOV, Colin.Fallon@hqda.army.mil (Fallon, Colin Mr HAC), Gscmurphy@aol.com

File: Property Control, HBJ, 5-31-00.doc (153600 bytes)
DL Time (26400 bps): < 2 minutes

Please find attached the Property Control Paper revised to include your comments as well as those of others.

I have added explanatory text where you indicated that drafting was somewhat sparse. I also added a number of cites and ibids, but not in all the instances you indicated. In my discipline it is habitual to put a cite at the end of a para. if that para. has one coherent theme and, therefore is based on the same reference. I would only use the ibid within the para. if the line of argument is interrupted by a direct quote. I have followed this habit in a couple of instances, though have added ibids in others, where they were not required for every sentence.

On the whole, I think, the narrative is well documented with over one hundred cites in 43 pages.

I have added only 3 cites for which I did not have Bates numbers and am flagging those to Colin as well as Greg, who are working on getting this finished. I am sorry about this, but a lot of the material that I have in London was sent (taken) before the stamping and I am quite sure that the office copies actually were stamped later. As you know, the restitution paper has the same problem and I will see that it is taken care of during my upcoming stay in Washington.

I hope I have done justice to your main concerns. I have not accommodated some of the more general concerns Colin has expressed as I do not agree with them. In fact, they have raised concerns on my side as to implied concept of what research is all about is one I cannot accept. If we delete anything that is not a checkable fact or number, we will have a very limited and, I think, impoverished result. Knowledge is furthered by "pushing the envelope", by combining facts and inferring results in new, albeit well-founded, ways. That is called analysis at its most narrow. It is the talent of being able to take straws in the wind and weave baskets that will hold water that increases knowledge and understanding. I, therefore, suggest that we might get together week after next to discuss this matter and to get your guidance.

Best regards, Helen

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Headers

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Received: from rly-ye03.mx.aol.com (rly-ye03.mail.aol.com [172.18.151.200]) by air-ye02.mx.aol.com (v74.10) with ESMTP; Mon, 12 Jun 2000 08:41:17 -0400
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by mail.sonnet.co.uk (8.9.1/8.9.1) with SMTP id NAA05816;
Mon, 12 Jun 2000 13:39:53 +0100 (GMT/BST)
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X-Sender: hbj@gpo.sonnet.co.uk (Unverified)
X-Mailer: Windows Eudora Light Version 3.0.1 (32)
Date: Mon, 12 Jun 2000 13:41:30 +0100

File

Subj:
Date: 00-06-12 10:24:32 EDT
From: junz@hbj.sonnet.co.uk (Helen B. Junz)
To: Gscmurphy@aol.com

Greg: I messed up your cc. here it is: Dear Colin: I have sent the revised paper, which I now think is final except for the clean-up of some of the cites, under separate cover (together with Ken and Gene's). I really did not think I needed to disturb your weekend with this, especially as you never sent me your suggestions for "copy-editing and reorganizing". I have accomodated a number of your comments, but not some others as you will see from my other cover note. I only have three new cites for which there are no Bates numbers: footnotes 3,64 and 80. If need be I can fax the first page of each document - to you greg or Sarah, as you wish - if that helps the process.

On some of your queries/comments:
re document 308533 - I do not undrstand, it does contain the text verbatim on p. 6, sub. 5 - that page is stamped 308538, but as I was told to use the first page number I did so.

I do not agree with your other comments and we can discuss this at some later date.

I also am puzzled about what you mean by "an objective review of the documents". If you mean fact checking, I am of course very pleased if you want to take on this task. However, I would think that both time and resource availability would dictate the more normal procedure of leaving fact checking to the final Report draft stage.

Many thanks for your efforts. See you. Helen.

At 12:52 09/06/00 -0400, you wrote:

>Helen,
>
>When you send your new draft, would you please also send it to my home
>e-mail account at colinjfallon@compuserve.com. I'll probably read through
>it over the weekend.
>
>Thanks, and have a good weekend,
>
>Colin
>
>

</XMP>

----- Headers -----

Return-Path: <junz@hbj.sonnet.co.uk>
Received: from rly-za01.mx.aol.com (rly-za01.mail.aol.com [172.31.36.97]) by air-za03.mail.aol.com (v74.10) with ESMTP;
Mon, 12 Jun 2000 10:24:31 -0400
Received: from mail.sonnet.co.uk (mail.sonnet.co.uk [195.238.160.234]) by rly-za01.mx.aol.com (v74.16) with ESMTP; Mon,
12 Jun 2000 10:24:08 -0400
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by mail.sonnet.co.uk (8.9.1/8.9.1) with SMTP id PAA11022
for <Gscmurphy@aol.com>; Mon, 12 Jun 2000 15:24:05 +0100 (GMT/BST)
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X-Sender: hbj@gpo.sonnet.co.uk (Unverified)
X-Mailer: Windows Eudora Light Version 3.0.1 (32)
Date: Mon, 12 Jun 2000 15:25:38 +0100



NARA APPROVED

JS 7/28/00

Subj: Re: citations
Date: 00-07-17 03:59:37 EDT
From: junz@hbj.sonnet.co.uk (Helen B. Junz)
To: Gscmurphy@aol.com

Hi Greg: Thanks for your messages over the weekend - I agree with your appellation for McMurray. Should I do something about this? I think you want to lodge a formal complaint with Sarah, at least. Do you now have all the documents back and are they being stamped?

On the cites you are sending me - there is no way for me among now some 90 cites to find the place where they belong - I need you to give me the p. no and the original footnote number to be able to find them. When I asked for the full citation before, I did not mean that I did not need the earlier description, incl. footnote number you had given me. Please let me have those for all the cites you sent me.

RE FT. KNOX - THE PROBLEM IS THAT ELLEN'S PAPER DOES NOT HAVE A CITE - I AM SIMPLY CITING IT TO THE history NOW sorry I hit the cap. lock but I do not want to retype this.

Are you also turning to the property control and restitution papers for these Bates stamp numbers - do I need to get in touch with Colin/Gene on the former or will you in the first instance?

I am assembling a set of documents I have here that are not stamped and will FED-EX it to the office for stamping - should I address it to you or Sarah? Of course, I need to be sure I get it back pronto without it having been cannibalized. Let me know.

I will be in Geneva for four days from tomorrow. I am trying to arrange an e-mail contact. Unless you hear from me you can use "Esperanza Duran" <eduran@worldcom.ch>. I hope it works - otherwise you would have to call or fax me at the Noga Hilton in Geneva - the Hilton chain should be able to give you their phone and fax numbers - I do not have them, unfortunately. I can be reached here until cob your time today. Regards, Helen

At 14:43 16/07/00 EDT, you wrote:

>Helen:

>

>Records of IRO Subject File is Lot File 53D307.

>

>Quote re Ft. Knox should be in Ellen's paper which I don't have a copy of.

>

>The Bates #'s for RG 260; Entry 103 - RD&R General Records; Box 167; History of the Restitutions and Reparations Branch file; June 30, 1948 [320063-103]

>

>The Bates #'s for RG 260; Entry 102 - Restitutions & Reparations Branch; Box 77; File: Hungarian Claim #176; "List of Materials Looted from Property Control Warehouse"; circa June 1946 [337301-366]

>

>Greg

>

>

</XMP>

Headers

Return-Path: <junz@hbj.sonnet.co.uk>

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Received: from mail.sonnet.co.uk (mail.sonnet.co.uk [195.238.160.234]) by rly-yh05.mx.aol.com (v75.18) with ESMTP; Mon, 17 Jul 2000 03:59:32 -0400



NARA APPROVED

Jes 7/28/00

Did we ever go to Ken & Sal's to the harbor?
Alison's paper? Green paper? Hums? Cymle?
Borneo Harbor Inventory? WHAT SHIP?
Deck logs? Customs? - BOCKY

- ILO Interim A.P.S. → Dr. Heller BE NEAR COAST, 1059
ILO Final A.P.S. - AT TIME → SOURCE (LOTTILES)

Primo warehouse Borneo

Primo' ~~Log~~ Borneo

Manilla

Allied Control Council Docs.

→ Helen Prasad

~~PAK~~
~~Witch~~ ~~Investigation~~
Fabric test.

Nov 1938

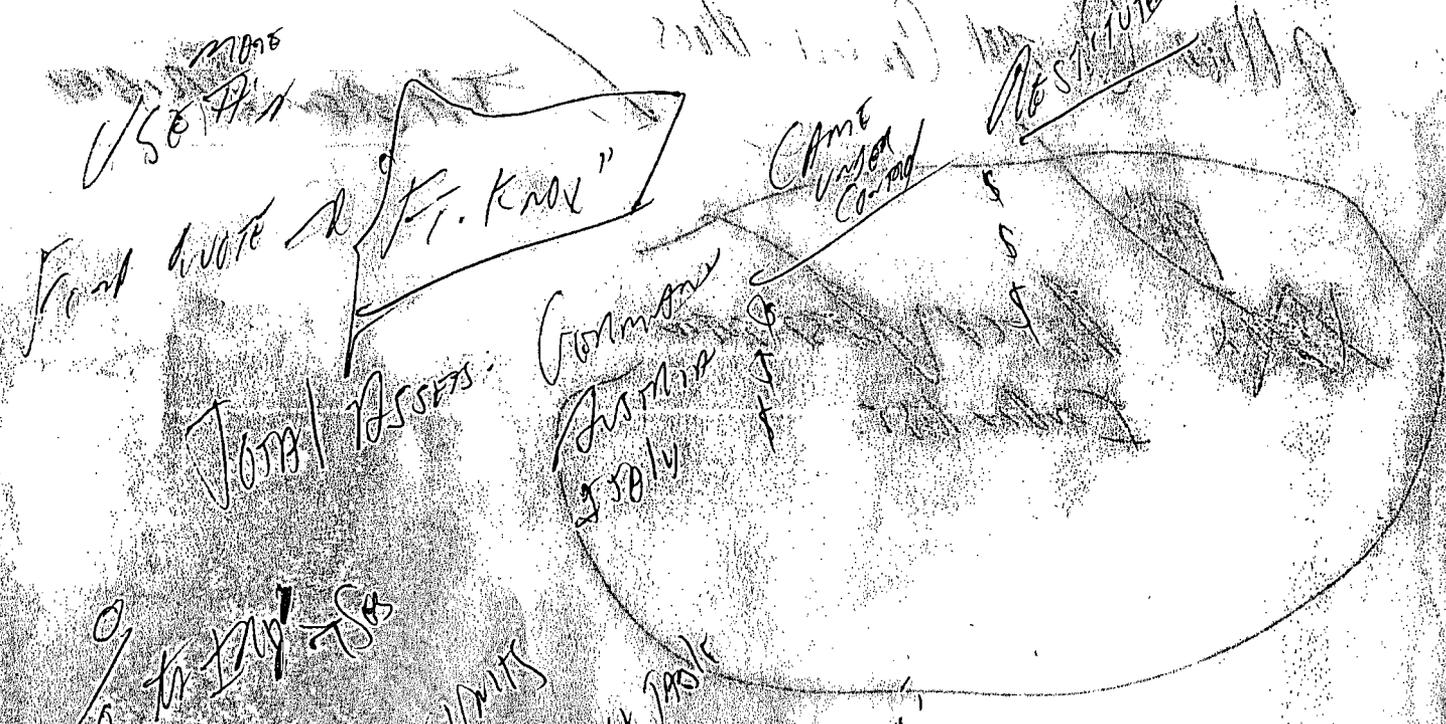
Approx 7.5 - \$1

Look at
7904
M. A. Smith
Q. 065 1005 10A
1005 1005

FOI → TOM! Fournes
J. Miller - too small

AC 84; ENTRY 25318
Bx #211
SERIES OF CARLOS needed

Fournes, MARKEN-UP / NAME



0 to 100%



NARA APPROVED
Jes 7/26/00

Financial Assets Taken Under Control in Europe

by Greg Murphy (based largely on research undertaken by Greg Murphy and Sebastian Saviano)

SECOND DRAFT

June 29, 2000

Introduction:

This paper addresses the issue of non-monetary gold financial assets that came under American control following World War II. It attempts to explore how these properties were confiscated by the Nazis; how they were discovered; what was the final disposition of them; and whether the disposition of these valuables was handled properly.

I. Nazi Looting of Non-Gold Financial Assets

Considering that by May 1941, the Nazi German government was incurring 2.5 billion marks a month in operating expenses,¹ ways were needed to be found to continue the financing of their terroristic regime. Jewish assets such as currency and bonds had already been confiscated in Germany, as well as such occupied countries as Czechoslovakia, France, Holland, and Poland, while diamonds were usually bought at "ridiculously low" prices, as they were sold under duress, and subsequently, even those minimal proceeds would be confiscated!² The Gestapo looted assets from cocentration camp inmates and deposited them with the Reichsbank. 76 shipments of SS loot (bank notes, gold and silver coins, dental gold and silver, jewelry, and securities) valued at 45 million Reichsmarks were so deposited.³ Non-Jewish sources were then needed to help fuel the Nazi war machine - with one large difference in implementation: these assets were largely purchased at reasonable prices, some under duress, many not. Yet, as a result of the London Agreement of January 1943 which stated that all transactions with Nazi Germany were subject to invalidation,⁴ those non-Jews who sold their assets to the Nazis could claim that all sales were under duress and therefore, they could receive these goods back as restitution. In other words, items were sold, the money was pocketed, and the items eventually returned. Jews, on the other hand, received little or, in most cases, no

(AMM 1008 818 million)

¹NARA/CP; RG 38; Entry 98A - Naval Attaches; Box 595; File #C-11-B 6306B - German Finances & General Notes; Intelligence Report; May 29, 1941 (325742)

²NARA/CP; RG 84; Entry 2108 - Brussels Embassy; Box 113; File #711.6; "Netherlands Claims for German Diamonds Found in Madrid; Letter from Godley (U.S. Embassy, Brussels) to Secretary of State; August 21, 1947 (336524-526)

³NARA/CP; RG 260; Entry: FED; Box 423; File #940.304; "Part I Summary"; no date; (302572)

⁴NARA/CP; RG 407; Entry 368B; Box 1451; File: Rehabilitation of Austria (1945-49) Volume III; Prepared by the United States Allied Commission, Austria; p. 65 (319358)

Foreign Relations of the United States (FRUS); 1945; Volume III; Telegram from U.S. Ambassdor to Great Britain (Winant) to the Secretary of State; pp. 1170-1171 (329456)

NARA/CP; RG 59; Lot File #60D139; Box 13; File: Netherlands Defrosting; "Declaration Of January 5, 1943 Regarding Forced Transfers Of Property In Enemy-Controlled Territory" (328968-969)

compensation for their assets, many were murdered during the war, and then their assets, assumed to have no owner, were handed over to the IRO who sold them to finance their rehabilitation and resettlement operations, a crisis caused by the Nazis themselves! Thus, those who collaborated with the Nazis often profited, while those who paid with their lives due to Hitler's extermination orders of 1942,⁵ were victimized again after the war.

Aryanization had forced out the leading German foreign exchange firm, Gebruder Arnholdt, in 1938. The legal German mechanism to carry out the purchase and sale of securities was DEGO (Deutsche Goldkontbank), an arm of the Reichsbank.⁶ DEGO had correspondents in various countries, some occupied, some neutral. In Holland, they worked with Lippman, Rosenthal & Co., as well as Mendelssohn & Co. In Switzerland, the primary associates were the Zurich Creditanstalt Nd, the Basler Handelsbank of Zurich. DEGO's main contact in Sweden was the Enskilda Bank owned by the Wallenberg family.⁷

Holland's Jewish population had their securities and foreign exchange (including \$8-9 million of American bearer bonds) confiscated by being required to deposit them with Lippman Rosenthal & Co. whereupon they would be seized and then sold by the German management or German banks.⁸ The criminal nature of these actions was made more.

NEW

⁵NARA/CP; RG 84; Entry 3208 - U.S. Legation, Bern - Confidential Records; Box 7; File #840.1 - Jews; Letter with attachments from JKH to Howard Elting, Jr. (U.S. Vice Consul, Geneva); August 21, 1942. Hitler's genocide campaign against the Jews claimed over 5.5 million lives by November 25, 1944 according to the War Refugee Board. This tabulation was done during the Hungarian phase of the Holocaust and with 256,000 Jews still in concentration and labor camps. See RG 226; Entry 16; Box 1196; File #106287 (321650-651)

NARA/CP; RG 84; Entry 3208 - U.S. Legation, Bern - Confidential Records; Box 7; File #840.1; Despatch #49 with enclosures from Paul C. Squire (U.S. Consul, Geneva); "Affidavit re Order for Extermination of the Jews"; October 29, 1942. The reason two orders were needed was that Himmler and Poland Governor Frank were in opposition, preferring to use Jews for slave labor purposes. ✓

⁶NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based On Interrogation Of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223536)

⁷NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based On Interrogation of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223538)

⁸NARA/CP; RG 131; Entry: FFC Subject Files; Box 404; File: Securities - Caveat List; Letter from Hays, St. John, Abramson & Schulman to Foreign Property Control, Federal Reserve Bank (New York); March 11, 1947 (311518-519)

NARA/CP; RG 84; Entry 2109A - Brussels Embassy; Box 17; File #711.2; Safehaven Report #3; "German Purchases & Seizure of Shares in Holland through Lippman Rosenthal"; August 10, 1945.

NARA/CP; RG 59; Lot File #60D139; Box 13; File: Netherlands Defrosting; Memo



evident when confiscations took on a more frenzied pace even after Allied armies approached the Rhine River in September 1944.⁹ Proceeds from the sale of confiscated Jewish assets, mostly transacted in France, went directly to the German government.¹⁰ Estimates of Lippman Rosenthal's plunder range from 300 million to 1 billion guilders.¹¹ Some of these securities even made their way into the United States, bought by speculators at a large discount, in violation of American freezing controls. These securities were subsequently "immobilized" by the U.S. Treasury Department and the Federal Reserve Bank and 70% of their owners perished during the war.¹²

RBW

Lippman's assets, along with the confiscated property of Dutch Freemasons, were deposited into the VVRA (Vermögensverwaltungs und Rentenanstalt or Administration of Formation of Interest Institution). It has been estimated that the VVRA took in 1-3 billion guilders of looted assets.¹³

RBW

from Henry P. deVries "...Concerning Scheduled Securities Claimed By The Netherlands"; February 5, 1948 (329601)

NARA/CP; RG 59; Lot File #60D139; Box 13; File: Netherlands Defrosting; Memo with attachment from Henry P. deVries (Sullivan & Cromwell) to Stanley Metzger, Esq. (Office of the Legal Advisor, State Department); February 6, 1948. (328970-976) In a bitter irony, the pre-war Lippman, Rosenthal & Co. was a well-known banking firm owned by Jewish interests - See RG 59; Lot File #60D139; Box 13; File: Netherlands Claims; Memo from Ely Maurer to Mr. Mosse; March 5, 1952 (328977-328978)

⁹NARA/CP; RG 84; Entry 3011; Box 41; File #851 - Lippman, Rosenthal & Co.; Despatch #25 from American Consulate General (Amsterdam) to Department of State; "History And Present Status Of Lippman, Rosenthal & Co., Sarphatistraat, Amsterdam, The Nazi Agency For The Confiscation Of Dutch-Jewish Property"; April 7, 1946 (322680)

¹⁰NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based On Interrogation of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223540)

NARA/CP; RG 59; Lot File #60D139; Box 13; File: Netherlands Defrosting; Memo with attachment from Henry P. deVries (Sullivan & Cromwell) to Stanley Metzger, Esq. (Office of the Legal Advisor, State Department); February 6, 1948 (328970-328974)

¹¹NARA/CP; RG 84; Entry 3011; Box 41; File #851 - Lippman, Rosenthal & Co.; Despatch #25; April 7, 1946 (322681)

¹²NARA/CP; RG 59 - Lot File #60D139; Box 13; File: Netherlands Defrosting; Memo from Henry P. deVries "...Concerning Scheduled Securities Claimed By The Netherlands"; February 5, 1948 (329598-603)

NARA/CP; RG 59; Lot File #60D139; Box 13; File: Netherlands Looted Securities; Statement of Harold I. Boynton, Assistant Attorney General (OAP Director) to representatives of the New York financial community; "Scheduled Securities Program"; January 12, 1951 (329540)

¹³NARA/CP; RG 84; Entry 3011; Box 41; File #851 - Lippman Rosenthal; Despatch #25; April 7, 1946 (322681)

Other non-Jews were forced to sell their assets to the central bank of Holland (Nederlandesche Bank) at the official price in guilders. The Reichsbank then purchased these assets from the central bank before distributing them to such German bank outlets as Spohnolz & Co., Berliner Handelsgesellschaft, Hardy & Co., and Comess & Co. to sell in Switzerland.¹⁴

In France, transactions involving securities were handled through private German and French banks such as Delbruck-Schickler and Berliner Handelsgesellschaft on one side and Neuflyze & Co., Credit Lyonnais, Societe Generale, and "probably" Banque Nationale pour le Commerce and Industrie (BNCI) on the other side. These transactions involving securities were not simply to make money; they were often used to obtain control over important industries and purchase offers were made by public advertisement.¹⁵ The private German banks also purchased securities on the black market in France, even though the Germans had ordered that all French securities be deposited in banks. These banks would then sell the securities as quickly as possible in Switzerland with the proceeds going into the accounts of DEGO or the Reichsbank with the banks eventually being reimbursed.¹⁶

Sell

It must be emphasized that not all securities were stolen or purchased via sales under duress by the Nazis. For instance, it was stated that the Deutsche Bank, probably for the state-run Continental Oil Company of Berlin, purchased "the majority of the share capital" of the Concordia and Columbia Oil companies. These shares had been advertised for sale by the Banque de Paris et des Pays-Bas even though they were Belgian-owned!¹⁷ Although this shows that these hefty oil shares were not looted, the London Declaration of 1943 declared that all Nazi business transactions were duress in nature and therefore,

¹⁴NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based on Interrogation of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223540)

¹⁵NARA/CP; RG 226; Entry 16 - "Regular Series"; Box 1420; File #124,099; PW Paper (Schutze Kurt Eichel); "Notes On German Purchases Of Foreign And German Securities, Speermark, Foreign Currency And Gold In Paris"; April 14, 1945 (325699-325709)

¹⁶NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based on Interrogation of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223538)

NARA/CP; RG 226; Entry 16 - "Regular Series"; Box 1420; File #124,099; PW Paper (Schutze Kurt Eichel); "Notes On German Purchases Of Foreign And German Securities, Speermark, Foreign Currency And Gold In Paris"; April 14, 1945 (325699-325709)

¹⁷NARA/CP; RG 226; Entry 16 - "Regular Series"; Box 1420; File #124,099; PW Paper #79 (Schutze Kurt Eichel); "Notes On German Purchases Of Foreign And German Securities, Speermark, Foreign Currency And Gold In Paris"; April 14, 1945 (325699-325709)

NARA/CP; RG 260; Entry: Finance ^{Adv}Adviser; Box 160; File: Cocordia & Columbia Shares; Memo from Elizabeth J. Kagan to Bennett; June 14, 1948

NOTE: ~~ATTORNEY~~ THE CONCORDIA & COLUMBIA SHARES WERE RESTITUTED TO THE U.S. OCCUPATION ZONE TO MEET CUSTOM ~~REQUIREMENTS~~ ~~FOR~~ THE WAR AS PART OF AN AGREEMENT ~~18th Nov 1948~~

invalid.¹⁸ So, in effect, the French sold to the enemy, only to get the assets back after the war, although they were supposed to return them to the rightful Belgian ownership.

Foreign currencies were purchased in Paris and "physically delivered to the Reichsbank" for the equivalent Reichsmark value. The Germans had established an official exchange rate at 20 French francs to the Reichsmark.¹⁹

Following the Nazi occupation of Holland and France in 1940, looted shares of Royal Dutch Shell began to make their way to Switzerland, largely through diplomatic pouches.²⁰ The Germans had "found ways and means," with the help of corrupt Swiss bank officials who issued fraudulent affidavits, of converting the registered certificates into bearer shares, whose ownership thereby rested with the possessor.²¹

The Swiss, as a rule, generally did not like to purchase securities obtained by the Reichsbank from Nazi-occupied countries, but were very interested in buying the dollar funds offered to them by Germany's central bank from occupied countries and Latin America. These were "readily converted into Swiss francs" by the neutral fortress and used by Germany to gain control of important industrial enterprises in France and Latin America.²²

Other looted assets that found a safe haven in Swiss banks included currency, real estate, industrial property, gold, and art objects. Besides diplomatic pouches, other methods of

¹⁸NARA/CP; RG 59; Lot File #60D139; Box 13; File: Netherlands Defrosting; "Declaration Of January 5, 1943 Regarding Forced Transfers Of Property In Enemy-Controlled Territory" (328968-328977)

¹⁹NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based On Interrogation of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223541)

²⁰NARA/CP; RG 84; Entry 3228 - Confidential File; American Consulate (Basle, Switzerland); Box #8; File #851.6; Letter from Walter H. Sholes (American Consul General, Basle) to Leland Harrison (American Minister, Bern); February 16, 1944 (222909-222910)

²¹NARA/CP; RG 84; Entry 3228 - Confidential File, American Consulate (Basle, Switzerland); Box #8; File #851.6 - Royal Dutch shares scandal; Memo from 25,590; March 18, 1944 (222915-222916)

NARA/CP; RG 84; Entry 3228 - Confidential File, American Conulate (Basle, Switzerland); Box #8; File #851.6 - Royal Dutch Frauds; Letter from Walter H. Sholes (American Consul General, Basle) to American Legation, Bern; February 15, 1944 (222904-222908)

²²NARA/CP; RG 38; Entry 98A - Naval Attaches; Box 595; File #C-11-B 6306B - German Finances & General Notes; Intelligence Report; May 29, 1941 (325742)

NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based On Interrogation Of Emil Puhl, Vice President Of The Reichsbank (Foreign Securities)"; October 15-18, 1945 (223542)

smuggling included Nazi front companies established in Switzerland; the opening of Swiss bank accounts for German nationals; the establishment of trusts (especially in Liechtenstein); the exchange of money via letters and cables from neutral countries; and the transfer of property to the wife's name.²³

Gold and currency were allowed to be transferred from the German Legation in Stockholm to the Bank of Sweden.²⁴ The Germans had also smuggled, via diplomatic pouch, looted diamonds into Sweden for sale.²⁵

Belgium did not escape from greedy Nazi hands either. Safety deposit box owners were ordered to be opened in the presence of German authorities. All "foreign currencies, negotiable securities, and uncut diamonds" were to be turned over to a bank and then to the German Government in exchange for German marks.²⁶

"Polished diamonds, because of their ease of concealment and transportation, the tremendous differential in value between the rough and finished product, and the difficulty in identifying individual stones, would be the ideal medium"²⁷ for economically fueling Germany's war machine. As a result the illicit diamond trade flourished during World War II. Some Jewish diamond dealers had fled Germany, as well as such Nazi-occupied nations as Belgium, Czechoslovakia, France, Holland, and Poland, plus Nazi-allied countries like Hungary, to neutral nations like Spain and Portugal.²⁸ Once there, they

²³NARA/CP; RG 226; Entry 190/M1642; Reel 108; Frames 165-172; no date (325715-325722). As late as April 1945, Switzerland, Germany's leading trading partner, was still supplying the Nazi regime with 3 million Swiss francs of hard currency through trade. See RG 226; Entry 16; Box 1401; File #122409; "Nazi Financial Transactions"; April 6, 1945 (321658) and RG 131; FFC Subject Files; Box 459; File: Switzerland Economic & Financial Development; "Annual Review Of Swiss Economic Developments"; 1941 (314365)

²⁴NARA/CP; RG 131; Entry: FFC Subject Files; Box 388; File: Looted Gold; Note from Ministry of Economic Warfare; "Gold, Currency Transferred To Bank Of Sweden"; June 17, 1945

²⁵NARA/CP; RG 153; Entry 145; Box 94; File #108-7; Letter from Ravidal, Counselor of U.S. Legation, Stockholm to Secretary of State; "Additional Information Concerning the Sale of Looted Diamonds by the Germans in Sweden; October 19, 1945 (321659)

²⁶NARA/CP; RG 38; Entry 98A - Naval Attaches; Box #425; File: Conditions in France, Belgium, and Luxembourg; Intelligence Report based on conversation with National City Bank Representative; February 17, 1941 (325710)

²⁷NARA/CP; RG 84; Entry 3017 - Classified General Records: London-American Mission to Dutch Government In Exile; Box 2; File #863.4; Despatch #134 from Austin Preston (American Consul General, Antwerp) to Secretary of State; "Illicit Exports of Diamonds from Belgium to the United States..."; May 24, 1946 (325729)

²⁸NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Watch"; circa December 1943

NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - ✓

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acted as middlemen for both industrial diamonds and precious gems coming from Lisbon via Brazil and various African locales (Angola, Belgian Congo, Sierra Leone) through Tangier, Spanish Morocco. The diamonds would then be shipped to Nice, France and soon found their way to Germany in order to assist the Nazi war effort.²⁹ The diplomatic pouch was the preferred method of transportation for these stones, especially on the Brazilian-Portuguese-Spanish-French route.³⁰ Smaller quantities were smuggled aboard ships by sailors³¹ and even the Naviera Aznar Shipping Line of Spain was suspected by the U.S. to be involved.³² Another method was by air as French airlines carried diamonds from Africa to Algiers, en route to Lisbon, then to Germany.³³ A more direct approach occurred when the German Embassy in Madrid bought "chipped" diamonds from Spanish merchants.³⁴ Another supply route for the Axis Powers came from Turkey, via Egypt, Palestine, and Syria.³⁵

Germany increasingly used these sources of diamond procurement as it still needed 200,000-500,000 carats per year after completing its looting of the diamond industry in Belgium, France, and Holland, hauling in "several million" dollars "from Jewish holders"³⁶

Diamonds; "Diamond Watch"; February 11, 1943 ✓

NARA/CP; RG 226; Entry 92; Box 262; File #32; no date (321716)

²⁹NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 -

Diamonds; "Diamond Watch"; no date ✓

³⁰NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 -

Diamonds; "Diamond Watch"; circa December 1943 ✓

³¹NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 -

Diamonds; "Diamond Smuggling"; no date ✓

³²NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 50; File #863.4 -

Diamonds; "Watch List of Suspected Firms and Individuals"; no date (310166-310167)

³³NARA/CP; RG 84; Entry 3126 - U.S. Embassy, Lisbon; Box 103; File #863.4 -

Diamonds; Letter from Lousada (UK Ministry of Economic Warfare) to Adams; December 22, 1943

³⁴NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 -

Diamonds; "Diamond Watch"; circa December 1943 ✓

³⁵NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 -

Diamonds; Telegram #2629 from Cordell Hull (Secretary of State) to U.S. Embassy, Madrid; December 11, 1943 ✓

³⁶NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 -

Diamonds; Memo from Cronin; "Diamond Smuggling"; no date ✓

NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 -

Diamonds; Letter from Harrington (U.S. Embassy, Madrid) to Brown (U.S. Commercial Company); August 16, 1943 ✓

NARA/CP; RG 84; Entry 3126 - U.S. Embassy, Lisbon; Box 103; File #863.4 -

Diamonds; Airgram #29 (310164-310165) *DATE? memo → now cut*

NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Lisbon; Box 50; File #863.4 -

Diamonds; Enclosure to Despatch 2527 from U.S. Embassy, Madrid to Hull;

"Transmitting Minutes of Discussions by the Diamond and Platinum Smuggling Section of

that were not able to escape. Diamonds, unlike confiscated securities and foreign exchange) were bought under compulsion from Jewish traders and manufacturers in Holland (and presumably in Belgium as well) under threat of deportation to concentration camps.³⁷ In December 1944 alone, 23,900.77 carats were taken from Holland to Germany to help fuel the increasingly desperate Nazi war machine. Most of these were obtained by blowing up safe deposits at Arnhem.³⁸

Yet, despite all the confiscations, Jews, along with other groups (i.e., political prisoners) that found themselves in concentration camps were further degraded by having their remaining assets (usually jewelry and currency) stripped from them. These valuables were used to fund SS operations as well as for SS "luxuries."³⁹

Hungary's pro-Nazi governments of 1944-45 took confiscation of Jewish assets to new levels when it ordered the deposit of all Jewish goods, including silverware, glassware, and furniture.⁴⁰ Many of these items found their way on board the Werfen Train which was later captured by French and American forces in Austria. Yet there was no economic motive for this action; no foreign exchange strategy. It was purely a hate crime.

Despite the large-scale conversion of ill-gotten gains into the Nazi machine, it was estimated by Reichsbank Vice-President Emil Puhl that, by war's end, Germany still had

the Anglo-American Sub-Committee"; May 26, 1944

³⁷NARA/CP; RG 84; Entry 3017 - Classified General Records, U.S. Legation & Embassy, The Hague; Box 4; File: Refile Envelope; Enclosure 2 to Despatch #94 from the U.S. Embassy, The Hague; March 10, 1949. (325825-325-826) Jewish diamond dealers in Holland that cooperated in sales to the Nazis received a "special mark" on their identity cards. See Box 5 of Entry 3017, File #523.1 - Confidential File, 1949; July 22, 1949 letter from Dumig

³⁸NARA/CP; RG 84; Entry 3011; Box 34; File #711.3 - Looted Property, 1945; Enclosure 1 from Despatch #308 in the Netherlands Series from London; August 1, 1945 (325691)

³⁹NARA/CP; RG 260; Entry: FED; Box 437; File: Shipment Records; CIC Report from Special Agent Steve Vrabel; "Arrest of Heinze, Ursula"; circa September 1945 (303667)

⁴⁰Dwight D. Eisenhower Presidential Library; Eleanor Dulles Papers; Enclosure 2 to Despatch #2738; Letter from Central Board of Jews in Hungary and Autonomous Orthodox Religious Bodies in Hungary; March 13, 1947

NARA/CP; RG 84; Entry 2056 - POLAD/USCOA, Vienna - Classified General Records; Box 18; File #710 - Hungary; Telegram #41 from Caffery (U.S. Embassy, Paris) to Department of State; March 23, 1948

NARA/CP; RG 84; Entry 2056; Box 18; File #710 - Hungary; Memoranda for the Record from James A. Garrison (Chief, RD&R Division, USACA); February 25, 1948

NARA/CP; RG 84; Entry 2691; Box 67; File #851.5 - Currency; Despatch #7 from L.L. Ecker-Racz (Economic Adviser, U.S. Mission, Budapest); "Foreign Exchange In Hungary As Of November 13, 1945"; November 14, 1945

20 billion Reichsmarks worth of external assets, roughly equivalent to \$2 billion. However, approximately 90% of all foreign securities in Germany had been liquidated.⁴¹

The 1945 Paris Conference on Reparation instructed governments that were neutral during the war to turn over or liquidate all German assets in their respective countries. The proceeds were to go to the Inter-Allied Reparation Agency (IARA) against Germany's reparation account.⁴²

II. The U.S. Takes Control

As American, British, and French forces invaded Germany from the west and the Soviet Union rolled into eastern Germany in 1945, various caches of hidden loot were uncovered. On April 8, 1945, an "immense amount" of looted valuables (the Melmer deliveries from the SS to the Reichsbank) from the Auschwitz and Lublin concentration camps in Poland, along with Reichsbank reserves, was discovered at the Merkers Salt Mine by the Third Army.⁴³ An estimated 2,527 pounds of precious and semi-precious stone, as well as novelty jewelry was discovered in the mine, a hideaway from Allied air attacks.⁴⁴ Also included among the valuables were thousands of gold and silver crowns and bridges and plate.⁴⁵ This treasure trove of loot prompted Colonel Bernard Bernstein to remark that

⁴¹NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based on Interrogation Of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223542)

⁴²NARA/CP; RG 84; Entry 2113T; Box 3; File: IARA; Paris Conference On Reparation (November 9-December 21, 1945), Final Act; pp.12-13 (204202-204203)

⁴³NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); "Contents of Shipment 1"; circa April 1945 (308081)

NARA/CP; RG 260; Entry: FED; Box 423; File #940.304; "Part II Detailed Analysis Of The Agreement And Transactions"; no date (302574-576)

NARA/CP; RG 331; Entry 6; Box 1; File #000.5-9; Letter from Patrick Dean (UK Foreign Office) to SHAEF; May 7, 1945 (311794A).

Also see RG 260; FED; Box 423; Memo from Curtis to Chief, Financial Investigations Branch; "Procedures and Records, Confiscation of Jewish Property"; September 26, 1945 (301498) for account of theft of Jewish assets from concentration camps in Poland and Czechoslovakia.

NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 130; File #400B - Duress; Bacle CC-1796 from OMGUS to AGWAR; September 30, 1947 (328990-328992)

⁴⁴NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); Contents of Shipment 1"; circa April 1945 (308081)

NARA/CP; RG 260; Entry: Finance Division; Box 164; File: FED - 1947; "The Foreign Exchange Depository - Finance Division"; April 27, 1947 (336537)

NARA/CP; RG 260; Entry: FED; Box 423; "Draft Tab - Evaluation of the loot"; p. 19 (303428)

⁴⁵NARA/CP; RG 260; Entry: AG Decimal Files; Box 61; File #123; April 20, 1945 *X Nov 16 - e 145CR*
NARA/CP; RG 331; Entry 6; Box 1; File #000.5-9; Letter from Patrick Dean (UK

“the Germans were planning to use these foreign exchange assets... as a means of perpetuating the Nazism and Nazi influence both in Germany and abroad.”⁴⁶

The Merkers Mine discovery in April 1945, which received a great deal of publicity, was significant both for its immense size and because it served as a catalyst for the Army to seek other treasure hidden elsewhere in Germany. The Merkers find also served as a catalyst to find a central depository to store these valuables. As a result, the Foreign Exchange Depository (FED) was formally created out of the Currency Section of SHAEF's (Supreme HQ, Allied Expeditionary Force) Financial Branch in April 1945, taking over the Reichsbank building in Frankfurt.⁴⁷ The Merkers cache became Shipment 1 to the FED. From 1945 through 1947, 91 separate shipments were made to the FED.⁴⁸ The extent of the holdings and the related operations to support them were said to be “the first such assignment performed in the U.S. Army.”⁴⁹

Currency that was “abandoned or captured from enemy forces” generally constituted war booty according to the accepted rules of land warfare.⁵⁰ However, U.S. forces were instructed to turn over such currency to an Army Disbursing Officer for disposition, who would then deliver the assets to the Currency Section of the FED.⁵¹

The FED had many different functions:

- a) Custody, inventory, and accounting for assets uncovered in Germany by Allied forces;
- b) Custody of assets delivered in the U.S. Zone under Military Government Law 53 which confiscated foreign exchange from German hands;

Foreign Office); May 7, 1945 (311794A)

⁴⁶Bradsher, Greg. Prologue. “Nazi Gold: The Merkers Mine Treasure”; Spring 1999; p. 16

⁴⁷NARA/CP; RG 260; Entry: FED; Box 394; File #900.10 - Organization & History of FED; Memo from Maj. Kurt L. Walitschek (Currency Branch) to Acting Deputy Director, OMGUS Finance Division; “History of the Origin and Present Status of the Currency Branch and the Foreign Exchange Depository”; February 8, 1946 329035-329037)

⁴⁸NARA/CP; RG 260; Entry: Finance Division; Box 93; File: FED; “Register Of Valuables In The Custody Of The Foreign Exchange Depository, Frankfurt A/M Germany”; February 9, 1948 (305897-305910)

⁴⁹NARA/CP; RG 260; Entry: FED; Box 394; File #900.10 - Organization & History of the FED; “Foreign Exchange Depository”; circa 1947

⁵⁰NARA/CP; RG 260; Entry: FED; Box 395; File #900.152 - Title 17, Property Control; Memo from T.H. Ball for Jack Bennett (OMGUS Finance Director) to McClaskey (FED); Jan. 8, 1947 (321623)

⁵¹NARA/CP; RG 260; Entry: FED; Box 395; File #900.152 - Title 17, Property Control; Memo from T.H. Ball for Jack Bennett (OMGUS Finance Director) to McClaskey (FED); Jan. 8, 1947 (321623)

- c) Investigation of ownership and claims pertaining to assets held. Individual ownership of such assets as currency, stocks, and bonds were often impossible to determine;
- d) Custody, issue, retirement, and accounting for Allied Military Marks of U.S. forces;
- e) Accounting for Military Government court fines;
- f) Acting as custodian for special jewel collections;
- g) Acting as custodian for valuables seized by G-2 Censorship Division;
- h) Acting as central clearing agency in processing payments of settled claims to released German POW's.⁵²

The FED also acted as a loan agency, not just for the U.S. Zone of Germany, but for much of war-torn Europe. In a precursor to the Marshall Plan (announced in June 1947) the FED made advances in Allied Military Marks to the following entities in late 1946 and early 1947:

- a) U.S. Military - 126.2 million
- b) French Army - 670.9 million (paid off by January 31, 1947)
- d) Government of France - 44.5 million (paid off by January 31, 1947)
- e) Government of Czechoslovakia - 511,490
- f) Czech Military Mission - 190,000
- g) Government of Netherlands - 318,597
- h) Government of Poland - 103.2 million
- i) Government of the USSR - 3.1 million
- j) Brazilian Military Mission - 71,154
- k) Chinese Military Mission - 60,000
- l) Danish Military Mission - 30,000⁵³

American soldiers guarded the FED building 24 hours a day, but Displaced Persons performed much of the menial tasks inside. Despite recent insinuations that American soldiers stole looted Jewish assets,⁵⁴ there were few recorded cases of this happening. The biggest problem concerning security at the FED concerned widespread black market activities, primarily involving clandestine trade in cigarettes, light bulbs, office supplies,

⁵²NARA/CP; RG 260; Entry: Finance Division; Box 164; File: FED - 1947; "Foreign Exchange Depository: Finance Division"; April 27, 1947 (336535-539)

NARA/CP; RG 260; Entry: FED; Box 421; File: Shipment Records; "Securities (Account No. 17)"; no date (301845-849)

NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Currency Section - FED; "Currency Section, Foreign Exchange Depository Group Final Report"; September 30, 1948; p. 4

⁵³NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED - 1948, 1946; "Exhibit 'A', Currency Section Balance Sheet, 31 January 1947 And 31 December 1946"

⁵⁴Kenna, Kathleen. Toronto Star. "Report to 'tell all' about U.S. role in Holocaust. Commission to study possible seizure of assets during WWII. April 6, 2000

and Coca-Cola⁵⁵ and, to a far lesser extent, theft from Polish DP's employed by the U.S. military authorities. The only assets stolen from the FED were gold coins, along with Allied Military Marks.⁵⁶ These were recovered from the guilty DP's. Meanwhile, the theft of items for the black market flourished, probably in collusion with the U.S. soldiers from the 508th Parachute Infantry Regiment acting as FED guards since the looted locations were "in plain view" of two guard posts.⁵⁷

Another important finding of loot was the cache discovered in a cave near the Buchenwald concentration camp by the 1st U.S. Army. The valuables originated from Buchenwald and Dachau and it contained items such as jewelry, tableware, and teeth fillings. Major Whitman of the 1st Army suggested that the Buchenwald items be placed in safekeeping for the War Crimes Sections.⁵⁸ Apparently, they remained in the FED for two years until disposition to the IRO, although Colonel Bernstein did turn over written reports about the SS loot found earlier at Merkers.⁵⁹

Soon it became apparent to U.S. military personnel that the bulk of valuables was becoming too great for the amount of storage space at the FED's Reichsbank building. As a result, the FED's operations ground to a virtual halt in August 1945, including a cessation of incoming shipments of looted property. Instead, such assets were temporarily sheltered at various Reichsbanks and other bank branches. Following alterations that enlarged vault space,⁶⁰ they were able to resume operations on a full-time level again in 1946.

As of July 1946, the FED contained "approximately 50,000 ounces of non-monetary gold on hand, in the form of watches, chains, tableware, jewelry, dental gold, rings," and pins.⁶¹ The FED also had over 6.4 million ounces of silver bullion and commercial jewelry in its possession,⁶² along with huge stocks of currency and securities. Most silver

⁵⁵NARA/CP; RG 260; Entry: FED; Box 399; File #910.73; Memo from Col. William Brey, (FED Chief) to USFET HQ Commandant; August 19, 1946 (325679-325681)

⁵⁶NARA/CP; RG 260; Entry: FED; Box 399; File #910.73; Statements of November 25, 1947 from Edwin P. Keller (Head, Depository Section) and Sgt. Armando Hernandez (325686-325688)

⁵⁷NARA/CP; RG 260; Entry: FED; Box 399; File #910.73; Memo from Col. William Brey (FED Chief) to USFET HQ Commandant; August 19, 1946 (325679-325681)

⁵⁸NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); Shipment 16; circa May 1945 (308022)

⁵⁹Bradsher, p. 19

⁶⁰NARA/CP; RG 260; Entry: FED; Box 394; File #900.10 - Organization & History of the FED; Memo from Capt. Paul S. McCarroll to Executive Officer, Finance Division; "Foreign Exchange Depository"; January 24, 1946 (304760)

⁶¹NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); Memo from Brey, "Non-Monetary Gold"; June 4, 1946

⁶²NARA/CP; RG 260; Entry: External Assets; Box 649; File: Gold & Other Metals; Memo from Brey to OMGUS Finance Division Director; "Status Report on Assets Held in

housed at the FED was in the form of bars⁶³ and not stolen from individuals, although some silver bullion was considered victim loot. The estimated value of all assets stored at the FED was "well in excess of 500 million dollars."⁶⁴

Although the FED continued to receive some shipments of hidden loot from various U.S. Army units up until September 1947, it was increasingly obvious that the FED's primary order of business was inventorying the property in its custody for eventual restitution. In July 1946, OMGUS ordered the FED to begin the disposition of certain assets for restitution.

Meanwhile, in the American zone of occupation in Austria, the central depository for all looted assets that came under U.S. control was the Property Control Warehouse in Salzburg. The depot's objectives were twofold:

- a) it acted as the custodian for property found in Austria by U.S. forces - jewelry, currency, gold, art, cultural property, and securities (with the exception of Nazi Party or German government property⁶⁵ which was turned over to the Austrian National Bank).⁶⁶ Within this function, it was often a mid-way or holding station for property found in Austria that was to be transferred to other organizations or facilities such as the various art and cultural property collecting points, the Tripartite Gold Commission, and the FED.
- b) it served as a supply center for military forces and their families, providing them on loan with furniture and other household goods.⁶⁷

Along with the Property Control Warehouse, other smaller facilities were also used to store valuables in Austria. For example, small deposit boxes in the Banks of Oberdonau and Salzburg were used to store items of great value. The Reichsbank and the basement of the Salzburg City Post Office were also used to store foreign currency.

Security at the Property Control Warehouse suffered in comparison with that of the FED, although repeated efforts to break into the depot were apparently unsuccessful.⁶⁸ The

Foreign Exchange Depository"; July 1, 1946 (333097-333099)

⁶³NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V: German Non-Monetary Gold; Memo from Col. Bernstein (Financial Division Director) to Gen. Clay; "Value of Gold and Silver Bullion and Coin Held by Commanding General USFET at the Reichsbank Building in Frankfurt"; August 19, 1945 (328935)

⁶⁴NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED - 1947; "The Foreign Exchange Depository"; April 27, 1947 (336537-538)

⁶⁵NARA/CP; RG 260; Entry 116 - P Files; Box 12; File: P-916; Memo from Merwin to Property Control Officer, Salzburg; "Foreign Currency, Coins and Valuables"; January 23, 1946

⁶⁶NARA/CP; RG 260; Entry 116 - P Files; Box 12; File: P-916; Minutes of the First Meeting of the Board of Officers to Validate Foreign Currency Records; Recorded by Joseph Z. Schneider (Office of the Director USACA, HQ USFA); October 14, 1948

⁶⁷NARA/CP; RG 260; Entry 113 - Property Claims, Salzburg; Boxes 20-21; all files

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depot's most spectacular lapse in security was the U.S. Army's wanton requisition of art, silverware, tableware, china, and oriental rugs from the contents of the Werfen Train stored at the warehouse. Although the loan (not theft, as mistakenly laid out by the PCHA in its October 1999 "Hungarian Gold Train" report) of such assets to furnish officer quarters technically within military regulations, the lavish lifestyles of high-ranking officers and sloppy paperwork regarding the requisition led to an Army investigation which resulted in the eventual return of all items except some oriental rugs and camera equipment.⁶⁹

It must be emphasized that the amount of looted assets that came under American (as well as other Allied) control was just a fraction of what was actually stolen. Assets were sold, especially in neutral countries like Switzerland for hard currency. For instance, much SS-looted jewelry never made it places like Merkers because it was already disposed of by the Reichsbank through pawnshops such as the City Pawn Shop in Berlin.⁷⁰ The pawnshops would then reimburse the Reichsbank for the most valuable jewelry. These pieces were then exported for hard currency.⁷¹

While the FED (and to a far lesser extent, the Property Control Warehouse) stored the non-cultural assets for the American-occupied zones in Germany and Austria, they had no role in the decision-making process involving restitution. The Reparations and Restitutions Branch within the U.S. Zone of Germany and its equivalent in Austria had some authority and General Clay at OMGUS headquarters in Berlin even more so, but Washington, through the State and War Departments, had the final word. While OMGUS optimistically attempted to work in conjunction with the other Allied powers on a quadripartite basis, Washington, weary of Soviet obstructionism, was more prepared to work unilaterally in restituting assets.

⁶⁸NARA/CP; RG 260; Entry 119 - Property Control Branch, General Correspondence Files; Box 6; Captain Howard A. MacKenzie (Property Control Officer, HQ Military Government E1B, "Monthly Report 28 May - 28 June 1946"; June 28, 1946 (110395-110396)

⁶⁹NARA/CP; RG 59; Lot File 62D4; Box 17; File: Austria; Letter from Eye Tucker (Restitutions & Reparations Branch) to Ardelia Hall (State Department) 11/1/49 ✓ *see PWS*

NARA/CP; RG 260; Entry 102 - Restitutions & Reparations Branch; Box 77 ; File: Hungarian Claim #176; "List of Materials Looted from Property Control Warehouse, circa June 1946" ✓ *see PWS*

⁷⁰NARA/CP; RG 260; Entry: FED; Box 423; File: Melmer Deliveries; Cable CC-9926 from Keating (OMGUS) to AGWAR; July 18, 1947 336546548 ✓ *see CAPS 105*

⁷¹NARA/CP; RG 260; Entry: FED; Box 423; Memo from City Pawn Shop to the German Reichsbank, Hauptkasse; "Price quotation in the evacuation lists Example 8th and 12th consignment R.F.M. delivered by you on 20.2.43"; September 14, 1943 *see line*

NARA/CP; RG 238; Entry 171; Microfilm T 301; Reel #117; File: NID 14462; "Statement by Reichsbank direktor Karl Friedrich Wilhelm about Puhl's activity in connection with the SS"; January 28, 1948 (322720)

IV. Restitution

A. France

The French strongly believed that there should be no discussion of reparations without a decision on restitution, but they were alone among the Allies in this view. The United States figured that simply defining "restitution" would lead to unacceptable delays, stating "that an entire assembly line should not be broken up in order to take out a few looted items."⁷²

The French also saw no distinction between assets that were removed directly by force (as in the USSR) and assets that were acquired through transactions during occupation. After all, they reasoned, the London Declaration of January 5, 1943 presumed such dealings to be under duress.⁷³

The leading recipient of restitution from the French Zone of Germany was - surprise! - France! 61% of all assets restituted from that zone through July 1948 were sent back to France.⁷⁴

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B. USSR

While the French were obsessed with restitution, the Soviets were only interested in reparations as they helped themselves to a generous interpretation of what constituted German assets in their eastern zone of Austria, as well as Bulgaria, Finland, Hungary, and Romania.⁷⁵ When the French cited the disastrous effect upon the morale of those who were victims of Nazi looting if restitution continued to be delayed, the Soviets reminded them that no country was violated more than the USSR and that some French business interests had collaborated with the Germans.⁷⁶ The American Ambassador in Moscow, Averill Harriman sympathized with the Soviets, "strongly" recommending to Secretary of

⁷²FRUS; Volume III; 1945; Telegram from Robert Murphy (USPOLAD, Germany) to Secretary of State Byrnes; October 30, 1945; p. 1364 (325736)

⁷³FRUS; Volume III; 1945; Note from Lacoste (French Charge d'Affaires) to the Secretary of State; November 17, 1945; pp. 1392-1393 (325723)

⁷⁴NARA/CP; RG 260; Entry: Reparations & Restitutions Branch; Box 713; File: Restitution Claims Report; "State Of The Restitution Progress in the French Zone including the French Sector of Greater Berlin..."; May-July 1948

⁷⁵NARA/CP; RG 260; Entry 107 - German External Assets Branch; Box 212; File: GEA Reading File; Decree of Gen. Kourasov, USSR Military Governor of the Russian Zone of Austria; July 5, 1946 (317717)

NARA/CP; RG 260; Entry: External Assets; Box 650; File: Policy - German External Assets; Memo from Theodore H. Ball (Chief, External Assets) to Jack Bennett (Finance Division); "The Inventory and Status of Disposal of German foreign assets"; July 2, 1946 (335487)

⁷⁶FRUS; Volume III; 1945; Telegram from Robert Murphy (USPOLAD, Germany) to Secretary of State Byrnes; October 13, 1945; p. 1345 (325727)

State James Byrnes that the U.S. not restitute gold and securities until a reparations agreement could be reached.⁷⁷

The entire story is not known concerning the valuables that were uncovered by Soviet forces as they swept into Germany and Austria from the east, although it is a fairly safe presumption that the vast majority of securities fell into their hands since it was the USSR that liberated the center of German finance, Berlin. The Soviet authorities removed the contents of the vaults of an undetermined number of banks in Berlin and from the Giro-Sammeldepot (reportedly containing assets in excess of 100 billion Marks).⁷⁸ It has been estimated that the Soviets took control of \$475 million worth of securities from these Berlin banks⁷⁹ and 690 million RM/Schillings (about \$70 million) worth of securities from Viennese banks.⁸⁰ The Soviets subsequently "refused to submit any inventory or information regarding these securities."⁸¹ This may be due principally to the fact that the U.S.S.R., based on their interpretation of the Potsdam Agreement, argued that they retained the sole rights to any assets found in Germany and that they could dispose of them through their Zone Commander without Allied participation.⁸² The U.S. was

⁷⁷FRUS; Volume III; 1945; Telegram from Harriman to the Secretary of State; August 13, 1945; pp. 1254-1255 (325741)

⁷⁸NARA/CP; RG 260; Entry: Property Division; Box 8; File: History Report - U.S. Census; "History Report of the U.S. Census Section, Property Division, OMGUS"; no date *see this file*

⁷⁹NARA/CP; RG 260; Entry: Property Division; Box 8; File: History Report - U.S. Census; "History Report of the U.S. Census Section, Property Division, OMGUS"; no date. Many other securities were removed from Berlin to western Germany in order to avoid the advancing Soviets in the waning days of the war. See RG 260; Entry: External Assets; Box 669; File: Correspondence with Branch Chiefs; Letter from Mehr and Buchholz (Deutsche Landerbank) to OMGUS External Assets Branch; no date (311635-636)

⁸⁰NARA/CP; RG 59; Lot File 57D540; File: Austrian Looted Securities; Box 30; "S.E.C. Asks Trading Ban Continue on German Bonds to Foil Russians," Financial Times; September 10, 1952

⁸¹NARA/CP; RG 260; Entry: FED; Box 470; Cable P-1266 from USFA to AGWAR; July 22, 1946 (201385)

⁸²NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 53; File #400B - Restitution, General; Cable CC-4204 from Clay to AGWAR; September 23, 1946 (325665)

⁸³NARA/CP; RG 59; Lot File 54D328 - Office of Western European Affairs Relating to Italy; Box 1; No File; "Austrian treaty negotiations and U.S. action..."; August 6, 1947

NARA/CP; RG 260; Entry: Reparations & Restitutions Branch; Box 2; File: Cables - Permanent Outgoing, 1946; Cable CC-7048 from Keating (OMGUS) to AGWAR; November 20, 1946 (336574)

NARA/CP; RG 260; Entry: Finance Adviser; Box 161; File: Disposition of Foreign Currencies; Memo from Jack Bennett (Director, Finance Division) to Deputy Military Governor; "Delivery of Foreign Securities in Germany"; November 26, 1946

opposed to this Soviet interpretation, noting that "it was certainly not the intention of the signers of the Potsdam Agreement to award to the Soviet Government all German owned foreign securities found in the Soviet Zone of occupation, irrespective of the physical location of the property."⁸³

The unilateral Soviet removal of assets from their German and Austrian zones finally led the U.S., without support from Britain and France, to withhold any more reparation deliveries to the USSR.⁸⁴

The Soviets, however, did agree that at least some securities were subject to restitution. They were quite selective in their restitution, though: only France and Soviet satellites in Eastern Europe were recipients. However, they were also accused of massive theft. In 1948, the Soviets attempted to sell some securities taken from the Berlin banks through black market channels.⁸⁵ They also tried to sell these Berlin securities and those found in the Soviet zone of occupation in Vienna to Switzerland. The Austrian National Bank was particularly alarmed due to the considerable amount of money involved. But they were unable to cancel the bonds due to fears of credit ruination and the need to appease a strong and vengeful occupying power.⁸⁶

C. United Kingdom

Early on, the United Kingdom stressed that restitution should be limited to identifiable objects only and that it should be done on a country-to-country, rather than on an individual basis.⁸⁷ However, British discoveries of looted non-monetary gold (mostly

NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Currencies - Restitution; Cable CC-7792 from Gen. Lucius Clay (OMGUS) to AGWAR for JCS; January 23, 1947 (328988-328989)

⁸³NARA/CP; RG 260; Entry: U.S. Element, ACC; Box 42; File: Foreign Securities - Investments; "CORC/P[46]383, Foreign Currency and Foreign Securities Found in Germany; December 3, 1946

⁸⁴NARA/CP; RG 84; Entry 2113P; Box 1; File: History of IARA; State Department Report; "The German Reparations Report"; no date (204241)

⁸⁵NARA/CP; RG 260; Entry: External Assets; Box 590; File: Sale of Securities - Berlin Banks; "Evidence of Sale by Soviet Authorities, Through Black Market Channels, of Securities Formerly on Deposit in Berlin Banks"; Memo from Innis D. Harris (Deputy Director of Intelligence; OMGUS) to OMGUS Property Division Chief; December 14, 1948 (311577)

⁸⁶NARA/CP; RG 84; Entry 2056 - US POLAD & USCOA, Vienna: Classified General Records; Box 27; File #851 - Financial Matters; "Soviet use of Austrian securities"; Memo from Martin F. Herz (U.S. Legation, Vienna) to Yost; August 9, 1948 (309544)

⁸⁷FRUS; Volume III; 1945; Telegram from Winant (U.S. Ambassador to Great Britain) to the Secretary of State; April 13, 1945; p. 1196 (328912). Holland was the largest recipient of British restitution. Also see RG 260; Entry: Reparations & Restitutions Branch; Box 713; File: Restitution Claims Report; "Progress Report On Restitutions In The British Zone As At 31st March 1949"

dental gold, wedding rings, and ornaments) within their occupied zones of Germany and Austria were dwarfed by American findings, despite the fact that the Bergen-Belsen and Neuengamme concentration camps fell within its jurisdiction. The British were also more concerned with monetary gold items.⁸⁸

Great Britain was unquestionably the closest ally the U.S. had among the four Allied powers. The two nations even formed Bizonia, a joint occupation zone for such matters as economic and agricultural policy, food distribution, transportation, and communication. Disagreements arose, however, over the restitution non-monetary gold, particularly to the International Refugee Organization, as the British were more concerned about the identifiability of assets and less enamored with such IRO members as the American Joint Distribution Committee.

D. United States

The U.S. restituted identifiable looted assets to countries who were then "assumed" to "fully inform their nationals" and "take appropriate measures to protect the rightful owners" in returning the property in question.⁸⁹ All claims from individuals were to be presented to their respective countries who would then forward the claim to the appropriate U.S. occupation authorities.⁹⁰ In the case of stateless Jews, such organizations as the World Jewish Congress and the American Jewish Conference rejected the notion of restitution to individual Jews and Jewish communities, preferring such restitution to go to the Jewish Agency for Palestine. They felt "that the settlement in

⁸⁸Foreign & Commonwealth Office, General Services Command, United Kingdom. History Notes. "Nazi Gold - Information from the British Archives, Part II: Monetary gold, non-monetary gold and the Tripartite Gold Commission"; Historians, LRD; No. 12; May 1997 (328939-328951)

⁸⁹NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 53; File #400B - Denmark; Enclosure 1 to Despatch #270 from Bernard L. Feig (U.S. Treasury Representative) to Einar Blechingberg (Royal Danish Ministry for Foreign Affairs); May 23, 1946 (328913)

NARA/CP; RG 260; Entry: Control Office; Box 471; File: McJunkins Correspondence; Letter from Fred Hartzson to Fred Halse (OMGUS Property Division); "Hungarian Property; August 30, 1948 (329020-329021). The U.S. expected countries to retribute assets to individual owners. See RG 260; Entry: Control Office; Box 469; File: Correspondence Files - Jones; Letter with attachment from McJunkins (Chief, OMGUS Reparations & Restitution Branch to H. Dienske (Commissioner General for Netherlands Economic Recuperation); March 7, 1949 (309353-354) and RG 239; Entry 51; Box 54; File: Commission Memoranda; "Memorandum For Members And Advisers Of The American Commission; January 7, 1946 (333915)

⁹⁰NARA/CP; RG 260; Entry: FED; Box 394; File #900.10 - Organization & History of the FED; Memo from Capt. Paul S. McCarroll to Executive Officer, Finance Division; "Foreign Exchange Depository"; January 24, 1946 (304760)

NARA/CP; RG 260; Entry: FED; Box 420; File #940.415; Memo from Lt. Col. H.D. Cragon (Chief, Currency Section); "Restitution Policy as to Items in Foreign Exchange Depository"; October 31, 1945 (303113)

Palestine of the surviving Jewish victims of Nazi persecution and the use of reparations for that purpose are imperative for postwar Jewish rehabilitation.”⁹¹

On the other hand, such unidentifiable assets as securities, currency, jewelry, silver, and silver-plated tableware, were turned over⁹² to the International Refugee Organization (IRO), the successor to the PCIRO and IGCR⁹³ to be sold for the “highest possible realizable value.”⁹⁴ It was predicted by an American official that many plundered objects, such as jewelry, rugs, and antiques, would be sold in the United States because “these sales will be for good currency.”⁹⁵ This was echoed by W. Hallam Tuck, Executive Secretary of the PCIRO, who, after conferring with such experts as Gimbels’ department store, felt the best market for the higher quality items was the United States. “According to Tuck, “second quality items” would find a quicker market in the more impoverished European countries.”⁹⁶ As a result, the IRO opened an office in New York and established

⁹¹NARA/CP; RG 59; Central Decimal Files (1945-49); Box 1912; File #462.00R/10-2645; Letter from Stephen S. Wise (WJC President) and Louis Lipsky (Chairman, Executive Committee, American Jewish Conference) to Secretary of State James F. Byrnes; October 26, 1945 (332968). The terms “restitution” and “reparations” were often used interchangeably.

⁹²The U.S. pointedly refused to refer to its disposition of assets to the IRO as restitution since that was reserved for governments, not organizations or individuals, but called it “disposal of U.S. property to a relief agency.” See RG 59; Lot File 53D307; Box 16; File: Restitution of Property; Telegram 7678 from General Keyes (USFA) to War Department; August 21, 1947 (329050) The IRO, although a United Nations organization, was made up of such organizations as, besides the AJDC and the Jewish Agency for Palestine, various Red Cross agencies, and the American Friends Service Committee (see RG 260; Finance Division; Box 94; File: IRO; “U.S. Army Logistical Support of IRO Operations...; December 1, 1947 [306607-609]), an entity that had blamed the U.S. for provoking Germany and Japan into World War II and had asked that U.S. forces be withdrawn from the conflict.

⁹³NARA/CP; RG 260; Entry: Finance Adviser; Box 162; File: FED-IRO; Letter from L.M. Hacking (Department of Mandate Protection & Reparations, IRO) to Jo Fisher Freeman (Office of the Finance Adviser, OMGUS); January 27, 1949. (302151) The IGCR went out of existence on June 30, 1947 and was replaced by the PCIRO which in turn was replaced by the IRO in 1948. The successor organizations also assumed the obligations of their predecessors - see RG 260; Finance Division; Box 94; File: IRO; “Statement of Abba Schwartz”; December 4, 1947 (306591)

⁹⁴NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable WARX-98112 from War Department to OMGUS, USFA, USFET; August 21, 1946 (328937)

⁹⁵NARA/CP; RG 260; Entry: External Assets; Box 707; File: Dr. Auerbach; “Translation of a Paper Clip from a German Newspaper Issued in USA”; August 18, 1947 (308032)

⁹⁶NARA/CP; Lot File 53D307; Box 19; File: IRO Preparatory Committee (June-September 1947); Letter from W. Hallam Tuck (PCIRO Executive Secretary) to U.S. Rear Admiral Lewis L. Strauss; September 15, 1947 (329010-329014)

a Merchandising Advisory Committee of prominent American dealers. Subsequent auctions netted almost \$500,000 in sales by June 1949.⁹⁷

The IGCR/IRO was responsible for the rehabilitation (such as education, vocational training, and medical assistance) and resettlement of the refugees who were persecuted for political, racial, and/or religious reasons, and who did not wish to return their previous homes and not concerned with other refugees in Europe who did not fit this criteria.⁹⁸ These assets were considered unidentifiable largely because they were taken from concentration camp inmates⁹⁹ who were assumed to have been murdered or left no heirs and/or because the determination of individual ownership or national origin was "impractical,"¹⁰⁰ largely due to the melting down of such assets as jewelry and the absence of records.¹⁰¹ "Impractical" was defined in relation to the "difficulty and expense of determining ownership or national origin in comparison with the value of the property"

⁹⁷NARA/CP; RG 59; Lot File 53D307; Box 20; File: IRO White Paper; June 7, 1949 (329015-329017)

⁹⁸NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Claims Instigated by IRO Turnover Policies; Letter from Theodore H. Ball to Vereinigung der Verfolgten des Nazi regimes; December 23, 1947. These other refugees were pressured to return their homelands even though that usually meant living under communist dictatorship. For example, see RG 59; Lot File 53D307; Box 20; File: IRO White Paper; June 7, 1949 (329015)

NARA/CP; RG 59; Entry: Central Decimal Files (1945-49); Box 3895; File #740.00119EW/2-1447; Letter with enclosures from M.W. Beckelman (AJDC *see file* Vice-Chairman) to Sir Herbert Emerson (IGCR); January 31, 1947

⁹⁹NARA/CP; RG 260; Entry: FED; Box 437; File: Shipment Records; Memo from J.H. Lennon (Land Property Control Chief) to Col. Brey (FED); "Deposit of valuable Unidentifiable Personal Property in the Foreign Exchange Depository"; September 19, 1947 (303674)

¹⁰⁰NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Telegram #230 from Secretary of State George Marshall to Dorr (U.S. Embassy, Brussels); February 24, 1947 *333967-969 ✓*

NARA/CP; RG 59; Lot File 53D307; Box 19; File: IRO Preparatory Committee (June -September 1947); Letter from W. Hallam Tuck (PCIRO Executive Secretary) to U.S. Rear Admiral Lewis L. Strauss; September 15, 1947 (329010 - 329014)

NARA/CP; RG 260; Entry: External Assets; Box 8; File: Disposition - Personal Property; Cable WX-85682 from JCS through AGWAR to USFET (McNarney); USFA (Clark); November 16, 1946 *see Clark ✓*

NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable WARX-98112 from War Department to OMGUS, USFA, USFET; August 21, 1946 (328937) *312700-724 ✓ at 10/21/46?*

¹⁰¹NARA/CP; RG 260; Entry: Finance Adviser; Box 167; File: Non-Monetary Gold; Memo from Theodore H. Ball (OMGUS Finance Division Director) to Lt. General Maurice Pope (Canadian Military Mission, Berlin); "Sale of Nazi Loot"; circa September 1947 (219689)

and the extent of a looted asset intermingling with other assets.¹⁰² A shortage of personnel was fingered as a culprit.¹⁰³ Article 8A of the Paris Agreement of December 1945 bound the American, British, and French occupation authorities to turning over all unidentifiable concentration camp loot to the IGCR in order to resettle victims of Axis brutality. The Five Power Agreement of June 1946 extended this policy to cover all non-monetary gold found by the Allies in Germany as well as \$25 million to be secured from the liquidation of German external assets in such neutral countries as Switzerland and Sweden plus all victim heirless assets found within those countries. 90% of this fund was to be allocated to the American Joint Distribution Committee and the Jewish Agency for Palestine, the designated organizations for administering aid to Jewish refugees. 95% of the heirless assets from concentration camp loot was also earmarked for these agencies.¹⁰⁴

Collecting from the neutrals, however, was a difficult process.¹⁰⁵ Thus, with the IGCR's needs greater than its means,¹⁰⁶ despite receiving up to one million schillings a month from Austria for its operations in that country,¹⁰⁷ the State Department was anxious to provide the refugee organization with as much revenue as possible. Therefore, it favored the "broadest possible interpretation" of the definition of non-monetary gold under the Paris Agreements¹⁰⁸ and thus, was reluctant to investigate the possibility of identifiability and to search for the owners of identifiable assets, and leaving that to the IRO's discretion

¹⁰²NARA/CP; RG 260; Entry: FED; Box 469; "SOP Joint Turnover to IGCR" (201173)

¹⁰³NARA/CP; RG 260; Entry: FED; Box 470; Cable P-1266 from USFA to AGWAR; July 22, 1946 (201383)

¹⁰⁴NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver [Hungarian Restitution]; Telegram #228 from Jefferson Caffery (U.S. Embassy, Paris); June 15, 1946 (311479-311486)

NARA/CP; RG 59; Lot File 53D307; Box 20; File: IRO White Paper; June 7, 1949 (329015-329017)

¹⁰⁵NARA/CP; RG 59; Lot File 53D307; Box 20; File: IRO White Paper; June 7, 1949 (329015-329017)

¹⁰⁶NARA/CP; RG 260; Entry: AG Decimal File; Box 511; File #602.3; Letter from Clay to Major General Dr. J. Previn (Chief of Polish Military Mission, Berlin); circa February 1948 (215855)

NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V: German Non-Monetary Gold; Cable CC-1392 from Keating (OMGUS) to War Department and USFA; August 25, 1947 (329439-329440)

NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Telegram #230 from Secretary of State George Marshall to Dorr (US Embassy, Brussels); February 24, 1947

¹⁰⁷NARA/CP; RG 260; Entry 116 - P Files; Box 21; File #P-1400; Letter from Chancellor Figl to Mr. Tuck; June 3, 1948 (312367)

¹⁰⁸NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable WARX-98112 from War Department to OMGUS, USFA, USFET; August 21, 1946 (328937)

through its International Tracing Service.¹⁰⁹ This despite the fact that both Washington and OMGUS knew that the IRO and such member Jewish organizations as the American Joint Distribution Committee and the Jewish Agency for Palestine “do not wish to indemnify claimants.”¹¹⁰ Neither these organizations nor the Americans wanted a claims commission set up because these valuables, “in the vast majority of cases, could not be identified” and “would only give rise to considerable dissatisfaction and possible criticism of whole IRO turnover procedure.”¹¹¹ Besides, “to establish a claims procedure would stress or admit the possibility of identification of assets delivered to IRO which is contrary to our practical application of” U.S. restitution guidelines.¹¹² The Americans were blunt in their desire to expedite the transfer of these items to the IRO: “Any property made available to IGCR will lessen a financial burden on the U.S. Thus in interest of U.S. to make IGCR fund as large as possible.”¹¹³ The State Department directed U.S. military authorities in Germany and Austria that “all property... will be made available to IGCR unless available evidence clearly is to contrary.”¹¹⁴ All the important players in the U.S. Zone of Germany seemed to be on the same page. No wonder the American military’s Adviser on Jewish Affairs commented on “the magnificent team work between the Army, the IRO, and the Jewish Voluntary Agencies.”¹¹⁵

The new American definition of non-monetary gold was that it included all valuable personal property of the victims of Nazi action which could not be returned to either owners or heirs because it was “impossible” to determine nationality.¹¹⁶ Washington was

¹⁰⁹NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Telegram 221 from Berlin to Secretary of State; January 27, 1947 (328932)

NARA/CP; RG 59; Lot File 53D307; Box 16; File: Restitution of Property; Telegram #814 from Dean Acheson (State Department) to OMGUS (Berlin); April 16, 1947 (329024-329026)

NARA/CP; RG 59; Lot File 53D307; Box 20; File: IRO White Paper; June 7, 1949 (329015-329017)

NARA/CP; RG 260; Entry: FED; Box 437; File: Shipment Records; Transmittal Slip to Roberts; circa April 1948 (303695)

¹¹⁰NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable CC-1796 from OMGUS to AGWAR; September 30, 1947

¹¹¹NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable CC-1796 from OMGUS to AGWAR; October 2, 1947

¹¹²NARA/CP; RG 260; Entry: FED; Box 424; File #940.38 - PCIRO; Memo from OMGUS to Civil Affairs Division, AGWAR; September 22, 1947 (329004)

¹¹³NARA/CP; RG 260; Entry: FED; Box 469; “SOP Joint Turnover to IGCR”; circa 1947 (201174-201175)

¹¹⁴NARA/CP; RG 260; Entry: 116 - P Files; Box 21; File: P-1400; “Directive issued to CG, USFET, and CG, USFA, on definition of Non-Monetary Gold pursuant to article 8 of the Paris Reparations Agreement” from J.H. Hilldring (Assistant Secretary of State) to Washington Office, IGCR; November 20, 1946 (336517)

¹¹⁵NARA/CP; RG 165; Entry 476; Box 845; File: Adviser on Jewish Affairs

¹¹⁶NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold;

also anxious to shed itself of some of the financial burden¹¹⁷ that occupation and assistance entailed. To this end, they pressed Britain and France to sign on to this policy.¹¹⁸ Another factor was that OMGUS was growing weary over its responsibility as caretaker to these assets, stating that "the processing of claims for restitution constitutes a very heavy demand" upon its staff.¹¹⁹ Also, the American Joint Distribution Committee and the Jewish Agency for Palestine pushed for concentration camp assets to be given to the IRO because the AJDC, as one of the designated "appropriate field organizations," would then receive 90% of the proceeds¹²⁰ to further their own work in resettling stateless European Jews in Palestine.¹²¹ In fact, the Jewish Agency for Palestine had its own army in that troubled British territory, the Haganah, and "was involved in the activities" of terrorist groups pursuing an independent Jewish homeland that would later become Israel.¹²² Largely because of this situation, Great Britain continued their opposition of the repatriation of Jews out of Europe to Palestine.¹²³ The British, meanwhile, had some regrets about signing the Five-Power Agreement and were opposed to extending the non-monetary gold agreement to Austria because while "British soldiers were being shot down in Palestine, London "could not possibly aid the authors of these deeds," the beneficiary Jewish organizations, by enabling them to gain possession of more funds. Two years after World War II, the AJDC was referring to Great Britain, the first nation to face down Nazi Germany during World War II and one of the two nations

Telegram #616 from Acheson to U.S. Embassy, Moscow, March 21, 1947

¹¹⁷The United States had already granted given the IRO/IGCR \$146 million in foreign assistance from 1947-49 and was planning to give another \$35 million for 1950. See FRUS; Volume I; 1949; Table II; p. 756 (325668)

¹¹⁸NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable WARX-98112; August 21, 1946 (328937)

¹¹⁹NARA/CP; RG 260; Entry: Property Division; Box 14; File: Restitution of Securities; Cable CC-2029; October 19, 1947 (311561-311562)

¹²⁰Foreign & Commonwealth Office, General Services Command, United Kingdom. History Notes. "Nazi Gold - Information from the British Archives, Part II: Monetary gold, non-monetary gold and the Tripartite Gold Commission"; Historians, LRD; No. 12; May 1997 (328939-328951)

¹²¹NARA/CP; RG 59; Lot File 53D307; Box 23; File: IRO Report; "Report of the Director-General to the General Council of the International Refugee Organization"; July 1, 1948-June 30, 1949; p. 59. (328966) As of June 30, 1949, the AJDC received over \$7.5 million and the Jewish Agency for Palestine received over \$11.2 from the IRO for its operations.

¹²²Polk, William R. The Arab World; Cambridge: Harvard University Press. 1980. p. 174

¹²³Foreign & Commonwealth Office, General Services Command, United Kingdom. History Notes. "Nazi Gold - Information from the British Archives, Part II: Monetary gold, non-monetary gold and the Tripartite Gold Commission"; Historians, LRD; May 1997; p. 37 (328946). Of course, the British were always opposed to Jewish immigration to Palestine because of fears that it would provoke the ire of Arabs living in its colonial possession.

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making a concerted effort to recover looted Jewish property for resettlement purposes, as the "arch enemy of world Jewry."¹²⁴

The general thrust of the new American definition was ratified during discussion among the western Allies at the Council of Foreign Ministers meeting of March 1947 in Moscow: in addition to non-monetary gold covered by Article VII of the Paris Reparations Conference, all valuable personal property that represented loot seized or obtained under duress from victims of political, racial, or religious victims of Nazi Germany was to be turned over to the IGCR (IRO), provided that the determination of national origin was impractical or because the owner died without heirs. This was to apply to the western occupation zones of Austria as well as in Germany.¹²⁵ This interpretation allowed for victim loot that was not specifically found at or near concentration camps to be considered non-monetary gold. The interpretation of political victims apparently extended to Allied POW's as their unidentifiable assets (papers, money orders, checks, securities) were also given to the IRO.¹²⁶

Despite this agreement, the British continued to define non-monetary gold as "all unidentifiable articles of intrinsic value looted from persons confined by the Nazis in concentration camps."¹²⁷ Both the British and French were still uncomfortable with the "unidentifiable" designation of certain assets and desired a "sufficient period" of time to elapse, about two years, due to any possible claims, before turning over non-monetary gold items to the IRO. British restitution of unidentifiable assets to the IRO and identifiable assets to the appropriate countries was largely completed by 1951.¹²⁸

Among the non-monetary gold assets that were turned over to the IRO was the SS loot found at the Merkers Mine. When the son of Auschwitz victims inquired about his parents

¹²⁴NARA/CP; RG 59; Lot 53D307; Box 16; File: Restitution of Property; Telegram 3911 from Douglas (U.S. Embassy, London) to Marshall (Secretary of State); July 17, 1947 (329031-329032)

¹²⁵NARA/CP; RG 260; Entry: Finance Adviser; Box 167; Telegram from Secretary of State George Marshall; May 8, 1947. (219690-219691) Note: The Soviet Union was not a party to any IRO disposition.

¹²⁶NARA/CP; RG 260; Entry: FED; Box 399; File #910.911 - Reports, Conferences; "Status as at 30 June 1948 of Assets held by FED" (321596)

NARA/CP; RG 260; Entry: FED; Box 421; File #940.154 - Second IRO Turnover; Memo from Frank C. Gabell (Chief, FED) to OMGUS Finance Adviser; "Assets set aside for delivery to IRO"; August 10, 1948 (328979-328980)

¹²⁷NARA/CP; RG 59; Lot File 53D307; Box 16; File: Restitution of Property; Telegram 3331 from Gallman (U.S. Embassy, London) to Marshall (Secretary of State); June 18, 1947 (32903?) *SOMAH?*

¹²⁸Foreign & Commonwealth Office, General Services Command, United Kingdom. History Notes. "Nazi Gold - Information from the British Archives, Part II: Monetary gold, non-monetary gold and the Tripartite Gold Commission"; Historians, LRD, No. 12; May 1997; p. 32, p. 38, p. 41 (328941-328950)

engraved wedding rings, Colonel William Brey of FED replied that there was "no likelihood of recovering this property" since "it was impractical to catalogue the identifying markings of thousands of items of small intrinsic value much of which had already been melted down in the camps."¹²⁹ Another problem with recovered SS loot was that it was often intermingled with other assets in Reichsbank vaults.¹³⁰

However, in October 1947, the Department of the Army instructed OMGUS to proceed with restitution of registered bonds from a "list of Concentration Camp Securities" at the FED if there were names of owners from a particular country.¹³¹ As a result, six securities were authorized for release to Poland in 1947.¹³² In accordance with U.S. policy, however, other non-monetary gold items that were unidentifiable and came from concentration camps located in Poland, and were claimed by the Polish government, were delivered to the IRO.¹³³ The determination of national origin obviously could not be affected by what country a particular concentration camp was located in.¹³⁴

The U.S. allowed IRO representatives to inspect the stored valuables in order to prepare a joint inventory, but not restitution missions of victim nations.¹³⁵ The fear was that these missions would claim ownership to everything within sight. The same reasoning was → now

¹²⁹NARA/CP; RG 260; Entry: FED; Box 424; File #940.401 - Schedule A; Correspondence between Col. Brey (FED Chief) and Henry Berger; September 8-22, 1947

¹³⁰NARA/CP; RG 260; Entry: Finance Adviser; Box 165; File: Inventory of Certain Currencies & Securities; "Schedule A - Possible Bars to Delivery under W-90078; no date

¹³¹NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box #130; File #400B; Cable WX88721 from Department of Army to OMGUS; October 21, 1947 (321708)

¹³²NARA/CP; RG 260; Entry: Finance Adviser; Box 165; File: International Bank for Reconstruction & Development; Memo from Albert F. Bender, Jr. for Theodore H. Ball; "Securities Authorized for Release to PCIRO"; November 21, 1947

¹³³NARA/CP; RG 260; Entry: AG Decimal File; Box 511; File #602.3 - Restitution; Letter from Gen. Clay to Maj. Gen. Dr J. Prawin (Polish Restitution Mission Chief); March 26, 1948 (215855)

¹³⁴NARA/CP; RG 260; Entry: Reparations & Restitutions Branch; Box 4; File: Incoming, 1947; Cable CC-1796 from OMGUS to AGWAR; September 30, 1947 (321547-549)

¹³⁵NARA/CP; RG 59; Central Decimal Files (1945-49); Box 4236; File #800.515/10-1447; Letter from Paul F. McGuire (Associate Chief, Division of Financial Affairs, State Department) to Christian Valensi (Financial Counselor, Embassy of France); November 12, 1947 (223216)

NARA/CP; RG 59; Lot File 53D307; Box 19; File: IRO Preparatory Committee (June-September 1947); Letter from W. Hallam Tuck (PCIRO Executive Secretary) to U.S. Rear Admiral Lewis Strauss; September 15, 1947 (329010-329014)

NARA/CP; RG 260; Entry: FED; Box 470; File: Securities; Cable CC-3852 from OMGUS to Department of the Army; April 13, 1948

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Cite 139-140 & this since that the FBI's
valuations were not to be taken as gospel.

If the FBI or FNO considered items to be
virtually worthless by valuing them at \$1, this
did not mean that they were not worth
anything.

anything.

applied in OMGUS' objecting to the release of the serial numbers for securities to the various restitution missions.¹³⁶

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The IRO was free to reject items it considered to have "low intrinsic value," for instance, currency that was no longer valid and considered worthless honored by the issuing country.¹³⁷ Non-monetary gold assets rejected by the IRO included currency (generally small denominations of various countries except for 900,000 Soviet rubles); jewelry and silverware (including watches, unengraved wedding rings, imitation pearls, and bracelets in poor condition whose total was appraised at 12,600 French francs); silverware; metals; and miscellaneous items such as papers, cameras, pocket knives, fountain pens, and flashlights.¹³⁸ The FED valued these items at \$1 and considered delivering them to the German Red Cross¹³⁹ and "the Lost Property Office (Fundbuero) for sale with the proceeds going to the German economy."¹⁴⁰

By September 22, 1947, the IRO had received almost \$1 million worth of recovered, unidentifiable concentration camp victim loot from the FED.¹⁴¹ This is a rough estimate, however, as the FED and IRO were unable to come to an agreement regarding valuation of certain assets and were forced to settle upon a "tentative agreed valuation."¹⁴²

¹³⁶NARA/CP; RG 260; Entry: FED; Box 470; Cable CC-4376 from OMGUS to the Department of the Army; May 21, 1948 (201309)

¹³⁷NARA/CP; RG 260; Entry: Finance Adviser; Box 162; File: FED-IRO; Letter from Abba P. Schwartz (PCIRO Reparations Director) to Col. William G. Brey (FED Chief); "Contemplated transfer of additional non-monetary gold to PCIRO under JCS non-Monetary Gold Directive"; July 27, 1948 (304780)

NARA/CP; RG 260; Entry: Finance Adviser; Box 162; File: FED-IRO; Telegram from W. Hallam Tuck to Jack Bennett (Finance Adviser); no date (301822)

NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Currencies - Restitution; Cable CC-9926 from Keating (OMGUS) to AGWAR; July 18, 1947 (336546-548)

¹³⁸NARA/CP; RG 260; Entry: FED; Box 421; File #900.154 - Second IRO Turnover; Note with attachment from George Wenzel (IRO Reparations Officer) to FED; circa October 1948 (328997-329003)

¹³⁹NARA/CP; RG 260; Entry: FED; Box 400; File #910.98 - FED Status Report; December 15, 1950 (303142-303144)

¹⁴⁰NARA/CP; RG 260; Entry: Finance Adviser; Box 161; File: Finance Adviser; Memo from Richard Edwin Fitch (Internal & External Finance Group); "Disposition of Assets Held by the Foreign Exchange Depository"; December 22, 1948 (300002-300003)

¹⁴¹NARA/CP; RG 260; Entry: FED; Box #394; File #900.10; "Foreign Exchange Depository"; September 22, 1947 (309802)

¹⁴²NARA/CP; RG 260; Entry: FED; Box 424; File #940.38 - PCIRO; Internal Route Slip with Proposed Cable from Col. William G. Brey (Chief, FED) to OMGUS Finance Division; July 23, 1947. (329007-009) OMGUS relied on French appraisals in francs and current French market values while the PCIRO relied on American appraisal in dollars and current U.S. market values which, considering the ultimate destination of these valuables, seemed to be the more sensible course.

Therefore, little effort was made to ascertain the value of currencies and securities on hand, despite the fact that US \$97,000 was included.¹⁴³ In fact, the IRO stated that they were not very much interested in such artificial valuation - market conditions would determine the true value.¹⁴⁴ Yet, despite the disposition of some American currency to the IRO, some 14 boxes (weighing 1,120 pounds) of American currency found in Germany and amounting to \$3.6 million, was shipped to the Federal Reserve Bank of New York.¹⁴⁵ The second turnover of unidentifiable assets to the IRO was tentatively valued at 5.5 million French francs in March 1948.¹⁴⁶

The IRO disposed of less expensive jewelry by engaging the German smelting firm, Degussa - the same company that, along with the Prussian Mint, melted gold teeth and jewelry from concentration camp victims into gold bars¹⁴⁷ for sale to banks in Switzerland! - to melt it down into gold bars for sales to governments.¹⁴⁸ The decision to have Degussa smelt the jewelry was questioned by the OMGUS Finance Division Director, Theodore Ball, but the IRO representative, Abba Schwartz, pressed ahead anyway because of lower transportation costs.¹⁴⁹ The contract, signed in the Precious

¹⁴³NARA/CP; RG 260; Entry: Finance Division; Box 163; File: FED Tripartite Commission; Memo with Attachment from Frank J. Roberts (Acting FED Chief) to Fitch; April 12, 1949

NARA/CP; RG 260; Entry: Finance Division; Box 165; File: International Bank for Reconstruction; Memo from Theodore H. Ball; November 21, 1947 (336534)

¹⁴⁴NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; "Statement of Abba Schwartz"; December 4, 1947 (306597)

¹⁴⁵NARA/CP; RG 260; Entry: FED; Box 420; File #940.151; Cable CC-7375 from OMGUS to Department of the Army and Keller (FED); January 11, 1949 (304793)

NARA/CP; RG 260; Entry: FED; Box 421; File #940.51 - Currency, Merkers Mine; Memo from Jack Bennett (Finance Adviser) to Chief, FED; "Authorization for Release of Assets from Foreign Exchange Depository"; January 6, 1949 (332984)

¹⁴⁶NARA/CP; RG 260; Entry: Finance Division; Box 74; File: Releases, FED; Memo from Bennett to FED Chief; "Authorization for the Release of Assets from Foreign Exchange Depository"; circa March 1948

¹⁴⁷NARA/CP; RG 260; Entry: FED; Box 423; File #940.304; "Draft Tab - Evaluation of the Loot" (303421-303422)

NARA/CP; RG 260; Entry: FED; Box 423; File #940.304; Report by Albert Thoms (Head, Precious Metals Department, Reichsbank, Berlin); "Further Evidence On Disposition Of S.S. Loot By Reichsbank"; May 1945 (303421-426)

¹⁴⁸NARA/CP; RG 59; Lot File 53D307; Box 19; File: IRO Preparatory Committee (June-September 1947); Letter from Tuck to Admiral Strauss; September 15, 1947 (329010-329014)

NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; Statement of David L. Rolbein to U.S. Army Criminal Investigation Division (CID); December 3, 1947 (306001-306003)

¹⁴⁹NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; "Statement of Theodore H. Ball"; December 12, 1947 (306604)

Metals Office of OMGUS in the presence of Colonel Fruitman, called for Degussa to retain 5% of the precious metals resulting from the refining process.¹⁵⁰ However, it was soon obvious that Degussa's metal retention exceeded the limits of MG Law 53. Therefore, new arrangements were made by having Degussa be paid with RM 100,000 by the Jewish Agency for Palestine¹⁵¹ - in effect, the Israeli government-in-waiting.¹⁵² The money, according to Schwartz and Jewish Agency representative, Rachel Adiv, was "collected by contributions in Jewish D.P. Camps" in the U.S. occupation zone of Germany, the supposed beneficiaries!¹⁵³ However, OMGUS had strong suspicions the Reichsmarks were illegally obtained through channels in Switzerland.¹⁵⁴

An interesting case of restitution involved envelopes found at Germany's first concentration camp, Dachau.¹⁵⁵ The 2,826 envelopes mainly consisted of such items as wedding rings, watches, and pins, and largely belonged to political prisoners, POW's, Gypsies, Jehovah's Witnesses, Communists, and common criminals. The total estimated value was less than \$10,000 and although each envelope bore the name and birthdate of the owner, just 23% listed the nationality.¹⁵⁶ All identifiable envelopes were restituted to

NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; "Statement of Abba Schwartz"; December 4, 1947 (306591-306596)

¹⁵⁰NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; Statement of David L. Rolbein to U.S. Army Criminal Investigation Division (CID); December 3, 1947 (306001-306003)

NARA/CP; RG 260; Entry: Finance Adviser; Box 165; File: International Bank for Reconstruction & Development; Memo from David L. Rolbein (Chief, Reparations Mission, PCIRO, Frankfurt) to Justen M. Kelley (Chief, Metals Section, Economics Division, OMGUS) "Smelting of Precious metals for PCIRO by DeGussa"; September 19, 1947 (328982-328983)

¹⁵¹NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; Statement of David L. Rolbein to U.S. Army Criminal Investigation Division (CID); December 3, 1947 (306001-306003)

¹⁵²LeBor, Adam. Hitler's Secret Bankers: The Myth of Swiss Neutrality During the Holocaust. Secaucus, NJ: Birch Lane Press. 1997. p. 229

¹⁵³NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; "Statement of Rahel Adiv"; January 6, 1948 (306606)

¹⁵⁴NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; Letter with attachments from General Lucius Clay (OMGUS) to William Tuck (Executive Secretary, PCIRO); January 28, 1948 (306583-306589)

¹⁵⁵NARA/CP; RG 226; Entry 146 - Misc. Washington Files; Box 34; File #425 - Dachau; pp. 5-8 (333021-333024)

¹⁵⁶NARA/CP; RG 260; Entry: Reparations & Restitutions Branch; Box 4; File: Incoming, 1947; Cable CC-1796 from AGWAR to OMGUS; September 30, 1947 (328990-328992)

NARA/CP; RG 260; Entry: FED; Box 161; File: Dachau Envelopes; Memo with attachment from F. Przulski (Chief, Tracing Section, PCIRO) to Jo Fisher Freeman (Finance Division, OMGUS); "Identification of Nationality of Former Dachau Inmates"; September 26, 1947 (312658-312660). These are not to be confused with the 1200

the proper country in 1948 while unidentifiable packets, following a search through the International Tracing Service, were given to the IRO.¹⁵⁷ *Opposed* *Brussels Considered Worst Case* *Respected by the IRO World Bank* *Over to the IRO in the end*

In April 1949, the IRO announced that they had realized over \$2.2 million in sales of the non-monetary gold that was transferred to the organization.¹⁵⁸ How they came up with this figure is unexplained since in June 1949 they had only netted \$500,000 in auctions¹⁵⁹ and in 1951 said they had only gained \$1.6 million in sales of non-monetary gold.¹⁶⁰

The IRO had also hoped to gain an additional \$120,000 from legislation introduced in the U.S. Congress which would have refunded customs duties that were paid for the "considerable quantities of non-monetary gold brought" into the U.S. for liquidation sale.¹⁶¹ It is not known at this time as to whether this bill was ever approved.

It must be underscored that not all looted victim assets discovered by the U.S. were transferred to the IRO. Holland received three separate restitution shipments of diamonds, including an estimated 7500 gems of over 336 carats¹⁶² "found in Madrid in

German POW envelopes which were under consideration for delivery to the German Red Cross.

¹⁵⁷NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 130; File #400B; Cable CC-1796 from AGWAR to OMGUS; September 30, 1947 (328990-328992)

NARA/CP; RG 260; Entry: Finance Division; Box 162; Memo with Attachment from W.J. Dickman to Wilson; "Nationality of Dachau Concentration Camp Inmates Whose Names Appear on Attached Lists"; September 26, 1947 (302164-165)

NARA/CP; RG 260; Entry: Finance Division; Box 162; Memo from W.S. Balderston (Acting Chief, Foreign Exchange Policy Group) to External Assets Branch, OMGUS; "Nationality of Dachau Concentration Camp Inmates"; July 6, 1948 (302163)

NARA/CP; RG 260; Entry: FED; Box 400; File #910.93 - Weekly Reports; Memo from Edwin P. Keller (Head, Depository Section) to Frank C. Gabell (Chief, FED); July 6, 1948 (217754)

NARA/CP; RG 260; Entry: FED; Box 421; File #940.154 - Second IRO Turnover; Memo from Frank C. Gabell (Chief, FED) to OMGUS Finance Adviser; August 10, 1948 (328979-328980)

¹⁵⁸NARA/CP; RG 59; Lot File 53D307; Box 14; File: IRO Reparations; Press Release from UN Department of Public Information, Press & Publications Bureau; "Reparations Funds Yield \$15,306,458 For Victims Of Nazis, IRO Reports"; April 1, 1949 (329437-329438)

¹⁵⁹NARA/CP; RG 59; Lot File 53D307; Box 20; File: IRO White Paper; June 7, 1949 (329015-329017)

¹⁶⁰NARA/CP; RG 59; Lot File 53D307; Box 10; File: IRO, General (May-June 1951); Memo from Herbert C. Madison to Mr. Warren; June 28, 1951 (329034)

¹⁶¹NARA/CP; RG 59; Lot File 53D307; Box 10; File: IRO, General (May-June 1951); Memo from Herbert C. Madison to Mr. Warren; June 28, 1951 (329034)

¹⁶²NARA/CP; RG 84; Entry 2108 - Brussels Embassy; Box 132; File #711.3; Telegram #2151 from Marshall (Secretary of State) to U.S. Embassy, Brussels; May 24, 1948



German hands.”¹⁶³ These diamonds had been purchased by the Nazis from Dutch Jewish sellers under duress at very low prices,¹⁶⁴ although Belgium, nevertheless, made a claim for them.¹⁶⁵ The State Department ruled that this was indeed loot and not a normal commercial transaction.¹⁶⁶ Holland was a large recipient of restitution from the American zones, especially in securities (from the Lippman Rosenthal loot center)¹⁶⁷ and diamonds (23,000 carats in 1947 alone).¹⁶⁸ Some of the diamonds looted from Arnheim and hidden in the Friedrichshall salt mine were extremely easy to identify as they were inventoried by the Dutch themselves during the occupation and in envelopes bearing the individual’s name and address in Holland.¹⁶⁹

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A case of unidentifiable Jewish assets not going to the IRO occurred when Reichsbank deposits of concentration camp looted currency made by SS official Bruno Melmer were processed and, therefore, intermingled with other assets.¹⁷⁰ Although there was little doubt that this processed portion of the Merkers Mine was unidentifiable victim loot and, according to U.S. policy, should have been delivered to the IRO, the FED claimed that it

*Wolfgang Auschwitz
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NARA/CP; RG 84; Entry 2109A - Brussels Embassy; Box 19; File #711.6; Airgram #7 from Bonsal to Dorr; October 11, 1946 (300831-832)

¹⁶³NARA/CP; RG 84; Entry 2453A; Box 18; File #711.3; Memo from U.S. Embassy, Madrid; December 11, 1947

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¹⁶⁴NARA/CP; RG 84; Entry 2108 - Brussels Embassy; Box 113; File #711.6;

“Netherlands Claims for German Diamonds Found in Madrid; Letter from Godley (U.S. Embassy, Brussels) to Secretary of State; August 21, 1947

¹⁶⁵NARA/CP; RG 84; Entry 2109A - Classified General Records of the Brussels Embassy; Box 19; File #711.2 - Safehaven; unnumbered Telegram from Alan G. Kirk (U.S. Embassy, Brussels) to U.S. Embassy, Madrid; October 30, 1946 (300829)

¹⁶⁶NARA/CP; RG 84; Entry 2453A; Box 18; File #711.3; Memo from U.S. Embassy, Madrid; December 11, 1947

¹⁶⁷NARA/CP; RG 59; Lot File #60D139; Box 13; File: Netherlands Looted Securities; Statement of Harold I. Boynton, Assistant Attorney General (OAP Director) to representatives of the New York financial community; “Scheduled Securities Program”; January 12, 1951 (329539-546). These were the “Treuhand” or Administrator of Lippman Rosenthal stocks, the first batch of securities to be restituted from OMGUS.

Also see RG 84; Entry 2531B; Box 130; File #400B - Restitution, General; Cable CC-2071 from OMGUS to the Department of Army; October 24, 1947 (327312-315)

¹⁶⁸NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 211; File #400B - Restitution, General; Cable CC-5168 from OMGUS to Chief of Staff, US Army; July 15, 1948 (328963-964)

¹⁶⁹NARA/CP; RG 56; Accession #69A4707; Box 82; File: Germany - Looted Property; Cable CC-1318 from Keating (OMGUS) to AGWAR; “restitution Netherlands diamonds”; August 19, 1947 (332981-982)

NARA/CP; RG 84; Entry 2108 - U.S. Embassy, Brussels; Box 113; File #711.6; Memorandum For The Files; June 24, 1947 (321663)

¹⁷⁰NARA/CP; RG 260; Entry: FED; Box 423; File #940.304

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was impossible to identify the proper source.¹⁷¹ As a result, these currencies were restituted to the country of issue.¹⁷²

Even following the two major transfers of unidentifiable property to the IRO, there remained large stocks of unidentifiable securities. (This was due to the failure to reach quadripartite agreement, particularly due to Soviet intransigence, on how to proceed with their restitution. The United States was anxious to withdrawal from the business of restitution as the processing of claims took a "heavy demand" on the American personnel who were not prepared to stay in occupied Germany for an "indeterminate period" anyway.¹⁷³ Therefore, MG Law 59 was promulgated to deliver these assets to a designated agency, the Jewish Restitution Successor Organization (JRSO), a consortium of leading American Jewish groups. 825 claims (out of 163,200 total claims) for more than 500,000 individual securities (in many instances, a single claim covered several thousand securities) were received before OMGUS' controversial filing deadline of December 31, 1948.¹⁷⁴ OMGUS, fearing prolonged delays, defended the deadline by explaining that incomplete claims could be filed before that date with the missing details filled in later.¹⁷⁵

By 1950, OMGUS decided to restitute all foreign securities seized in Germany under Law 53 and claimed by another country unless the German owner could prove they were in his possession before the claimant country was under Nazi occupation, provided that the claimant met all other restitution requirements.¹⁷⁶

¹⁷¹NARA/CP; RG 260; Box 424; File #940.38 - PCIRO; Letter from Col. William G. Brey (FED Chief) to Field Reparations Chief, PCIRO; "Currencies"; January 28, 1948 (329448-449)

¹⁷²NARA/CP; RG 260; Finance Division; Box 423; File #940.304; Cable CC-9926 from OMGUS to AGWAR; July 18, 1947 (301395-396)

¹⁷³NARA/CP; RG 260; Entry: Property Division; Box 14; File: Restitution of Securities; Cable CC-2029 from OMGUS to Draper (Under Secretary of the Army); October 19, 1947 (336520-521)

NARA/CP; RG 84; Entry 2531 - US POLAD - Berlin; Box 211; File #400B; Despatch #1068 from James W. Riddleberger (Charge d'Affaires ad interim, Berlin) to Secretary of State; July 20, 1948 (366559-560)

¹⁷⁴NARA/CP; RG 260; Entry: Property Division; Box 15; File: Reparations & Restitution; "External Restitution" (307492-495)

¹⁷⁵NARA/CP; RG 59; Entry: Central Decimal Files (1945-49); Box 1938; File #462.11EW/12-848; Letter from Walter Wilds (Deputy Assistant Secretary of State for Occupied Areas) to Seymour J. Rubin (Attorney, American Jewish Committee); December 21, 1948

¹⁷⁶NARA/CP; RG 260; Entry: Allied Bank Commission; Box 15; File: Release of Securities & Foreign Currency; Letter from Richard G. Leonard (Chief, Credit & Currency Branch); May 19, 1950

The United States Allied Control Commission, Austria (USACA) also undertook deliveries to the IRO and restitution of various assets. The non-monetary gold assets of the Werfen or Hungarian "Gold Train", valued "in excess" of \$2 million, were turned over to the IRO in late 1947.¹⁷⁷ Also that year, three tons of scrap silver were released to the IRO's Preparatory Commission.¹⁷⁸ In 1948 and 1950, the Reparations, Deliveries & Restitutions (RD&R) Division transferred looted currencies to the IRO.¹⁷⁹ An October 1948 directive from Washington (WX-89482) lifted the ban on the restitution of securities and currency from the U.S. Zone in Austria, a year after OMGUS had begun restituting securities. USFA authorities looked forward to completing this disposal in early 1949.¹⁸⁰

There were only two scenarios when direct restitution was effected by the United States:

- a) Internal Restitution whereby, OMGUS, acting as a surrogate government, transferred assets (usually Law 53) to German citizens; and
- b) to a "non-National or a refugee national" claimant of the Soviet Union or one of its Iron Curtain satellites,¹⁸¹ since their Communist governments could not be trusted to return assets to their rightful owner due to their disbelief in the notion of private property and their totalitarian nature.

Internal (and thus, individual) restitution was not even carried out in the U.S. Zone of Austria as the Americans decided to turn over that responsibility to the nascent Austrian government. Austria's citizens, including its remaining its persecuted Jewish population made their claims directly to the Austrian government.¹⁸²

The Potsdam Agreement of 1945 provided a guarantee for the maintenance of a minimum standard of living for postwar Germany, providing an ambiguous ceiling on reparations that did not exist after World War I. This pact overturned previous American policy

¹⁷⁷NARA/CP; RG 84; Entry ; Box 2; File: Report of the US HICOM, Austria, Vols. 21-23; August 1947; p. 191 (329175)

¹⁷⁸NARA/CP; RG 260; Entry 116 - "P" Files; Box 21; File: P-1400; Memo from James A. Garrison (Chief, RD&R Division) to Director of Service, Supply & Procurement; "PC-IRO Request for Transportation"; October 29, 1947 (319166)

¹⁷⁹NARA/CP; RG 260; Entry 116 - "P" Files; Box 21; File: P-1400; Message from USACA to Department of the Army; March 26, 1948 (317035)

NARA/CP; RG 260; Entry 116 - "P" Files; Box 21; File: P-1400; Letter from James A. Garrison (Chief, RD&R Division) to Price, Waterhouse & Co.; January 23, 1950 (315069)

¹⁸⁰NARA/CP; RG 407; Entry 368B; Box 1432; File: Reparations & Restitution - Austria; "Summary Report On Claims And Restitutions"; December 31, 1948

¹⁸¹NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Currencies - Restitution; Memo from Richard Edwin Fitch Office of Finance Adviser, OMGUS) to Jo Fisher Freeman; November 5, 1948 (301599)

¹⁸²NARA/CP; RG 260; Entry 101 - Decimal Files; Box 11; File #010.1; Memo from Edgar M. Foltin (Chief, Legal Division) to Chief, RD&R Division; "Press Release - Austrian Restitution Act"; October 14, 1946 (107037)

toward Germany as articulated in JCS 1067 which limited German rehabilitation to minimal levels, enough to prevent disease and disorder. In accordance with this new policy, the Joint Chiefs of Staff decided that securities, currency, and gold were not allowed to be restituted if the zone commander felt it would "jeopardize" the minimum requirements of the German or Austrian economies.¹⁸³ In fact, OMGUS informed Washington that "our approach to restitution to..." the "...United Nations has always been aimed at satisfying their claims as far as possible and agreements presented in favor of German economy are scrutinized in each individual case. However, shortages and allocation and distribution difficulties within German economy lead to denial of restitution in an appreciable number of cases."¹⁸⁴

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Other recipients of assets were the ex-enemy nations themselves: Germany and Austria! Initially, the U.S. agreed not to retribute to countries other than those of the United Nations. However, the "course of events" (i.e., Soviet adventurism) overtook this point of view and OMGUS was "directed to retribute to ex-enemy" nations.¹⁸⁵ The U.S. decided that the best way to ensure that totalitarianism (Nazism or the new Communist threat) would not raise its ugly head again in central Europe was to assist in building up their economies. In fact, USFA's mission statement was "to reestablish a free, independent and democratic Austria with a sound economy, capable of insuring an adequate standard of living."¹⁸⁶ To that end, the U.S., from April 1945 through the end of 1947, distributed \$275.9 million of direct aid to the Austrian Government, along with some captured enemy (German and possibly Hungarian) material, and coal supplies from the Ruhr, as well as planned food and agricultural assistance.¹⁸⁷

¹⁸³NARA/CP; RG 260; Entry 101 - Decimal Files; Box 42; File: Restitution (January 1949); Circular Telegram from Byrnes (Secretary of State); March 16, 1946 (319181)

NARA/CP; RG 260; Entry: Property Division; Box 14; File: Restitution of Securities; Letter from General Lucius Clay (OMGUS) to Major General Moiret (Deputy Commander in Chief, French Group Control Council, Berlin); October 27, 1946 (302040-043)

This is actually a deviation from former President Franklin Roosevelt's acid opposition to Germany being "restored just as much as The Netherlands or Belgium, and the people of Germany brought back as quickly as possible to their pre-war estate... I do not want them to starve to death but, ... they should be fed three times a day with soup from Army soup kitchens. That will keep them perfectly healthy and they will remember that experience all their lives." See RG 59; Entry 381; Box 4; File: Germany Handbook; Memo from President Franklin D. Roosevelt to the Secretary of War; August 26, 1944 (321676)

¹⁸⁴NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 130; File #400B; Cable CC-2054 from OMGUS to Chief of Staff, U.S. Army; October 22, 1947 (329550-551)

¹⁸⁵NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 130; File #400B; Memo from Col. R.M. Cheseldine to Mr. Wilkinson; December 13, 1947 (325693-694)

¹⁸⁶NARA/CP; RG 407; Entry 368B; Box 1442; File: Foreign Area Reports (1945-54) (325711)

¹⁸⁷NARA/CP; RG 319; Entry 82 - P Files; Box 1153; File: ERP; "The European Recovery Program: Country Studies, Chapter II - Austria"; pp. 22-23; circa January 1948

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The Austrian State Treaty of 1955 provided that Austria was responsible for the disposition of property confiscated from victims of racial and/or religious persecution. Such property was to be returned to the rightful owners. However, when restitution or restoration was "impossible," compensation was to be granted. Assets that remained heirless or unclaimed six months after the Treaty were to be transferred to the control of the Austrian Government. The Austrians were then to deliver "such property, rights, and interests to appropriate agencies or organizations to be designated by the Four Heads of Mission in Vienna by agreement with the Austrian Government to be used for the relief and rehabilitation of victims of persecution by the Axis Powers, it being understood that these provisions do not require Austria to make payments in foreign exchange or other transfers to foreign countries which would constitute a burden on the Austrian economy."¹⁸⁸

Silver that had been received from the Reichsbank was often released from the FED into the German economy, specifically to Degussa, in order to rebuild the silverware export industry.¹⁸⁹ Silver was also sold from the FED to German state banks.¹⁹⁰ Any silver released into the German economy from the Foreign Exchange Depository was "newly refined and not subject to Law 53 and on which no claim was pending."¹⁹¹ By April 1949, OMGUS was pressing Washington for authorization to return all silver to the German economy, "unless restitution claims or presumptive foreign ownership is involved."¹⁹²

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(325712-325714)

¹⁸⁸Department of State, United States Treaties and Other International Agreements; Volume 6, Part 2; 1955; "Multilateral-Austrian State Treaty; pp.2435-2436 (320418-419)

¹⁸⁹NARA/CP; RG 56; Accession 69A4707; Box 84; File: Germany-Reparations, Vol. 2; Draft; "Release of Silver from Frankfurt Depository for German Silverware Industry"; October 17, 1946 (207584)

NARA/CP; RG 260; Entry: Finance Adviser; Box 346; File: Silver Export Program; Cable CC-4685 from OMGUS; October 2, 1946 (309431)

NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED, 1947; Report on Silver from Brey to Director, Finance Division; February 26, 1947

NARA/CP; RG 260; Entry: External Assets; Box 8; File: Disposition - Personal Property; Cable CC-7904 from Clay to JCS; February 3, 1947 (312719-312721)

¹⁹⁰NARA/CP; RG 260; Entry: Finance Adviser; Box 161; Memo from Richard Edwin Fitch (Internal & External Finance Group); "Disposition of Assets Held by the Foreign Exchange Depository"; December 22, 1948 (300002)

¹⁹¹NARA/CP; RG 260; Internal & External Finance; Box 346; File: Silver; Memo from Fruitman to OMGUS Economics Division Director; circa February 1947

¹⁹²NARA/CP; RG 56; Acc #69A4707; Box 84; File: German Restitution; Cable CC_8278 from OMGUS to Department of Army; April 8, 1949 (207225)

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Washington initially directed the restitution of the currencies of Hungary, Bulgaria, Romania, and Finland within the U.S. zones of occupation to be delivered to the USSR as reparations.¹⁹³ This policy was indefensible as applied to Finland since it was the Finns who were invaded by the USSR when it was allied with Nazi Germany! This policy would soon be rescinded as the USSR embarked on its unilateral seizure of properties in Germany and Austria.

Almost \$4 million worth of jewelry, silver, currency, and miscellaneous gold was restituted from the U.S. Zone of Germany to Hungary,¹⁹⁴ along with \$33 million in monetary gold. This was due to the fact that the U.S. was eager to assist Hungary in becoming a democratic nation. However, following the delivery of \$3 million of silver on the Silver Train of April 1947, the Soviet Union immediately presented Hungary with a bill for (in a startling coincidence!) \$3 million concerning a "loan" from 1945 and in May 1947, effected a Communist coup, the U.S. was reluctant to deliver any more restitution except that of a humanitarian nature (i.e., hospital equipment). This situation, coupled with the fact that Hungary, in its alliance with Nazi Germany, had expanded its borders into Slovakia, Ukraine, and the Transylvanian region of Romania, made determination of national origin impractical, made the restitution decision of June 1947 to the IGCR of the Jewish valuables on board the Werfen Train a fairly simple matter. Any possibility of a guilty conscience was further salved when the American Joint Distribution Committee pressed American military authorities to release the assets (valued at \$2 million) to the IGCR. As a designated "appropriate field organization" under the Five-Power Agreement of 1946, the AJDC received 95% of any proceeds regarding Jewish property liquidated by the IGCR or its successors (the PCIRO and IRO).¹⁹⁵ The Central Board of Hungarian Jews were not going to receive any restitution because it was obvious the Communists would have stolen it; the U.S. was anxious to provide the IGCR with as much capital as possible in order to improve the European refugee situation; there was a legitimate question regarding national origin; and the AJDC wanted the money to fund their Palestine emigration activities. NBW

The United States still continued its restitution to Czechoslovakia, however, even after its communist coup in February 1948. 958 carats of diamonds and semi-precious stones of Czech origin that were found in the salt mine near Stassfurt, Germany, were cleared for restitution to Czechoslovakia by Washington's cable WX-85011 of July 1, 1948.¹⁹⁶

¹⁹³NARA/CP; RG 260; Entry: FED; Box 470; File: Operations, Payments, Shipments; Cable W-88054 from AGWAR to OMGUS (201375)

¹⁹⁴NARA/CP; RG 260; Entry: Finance Adviser; Box 163; File: FED Tripartite Commission; Memo from Frank J. Roberts (FED) to Fitch; April 12, 1949 (328928-328931)

¹⁹⁵NARA/CP; RG 59; Central Decimal Files; Box 3901; File #740.00119 EW/6-2047; Telegram #436 from Secretary of State George Marshall to American Legation, Vienna, June 20, 1947

¹⁹⁶NARA/CP; RG 260; Entry: Finance Division; Box 93; File: FED; "Status as at August 31, 1948 of Assets Held by FED" 339473-474 ✓

These diamonds were collected by the Nazi authorities in Czechoslovakia from Jews who were "disposed of." The Czechs filed a claim with complete descriptions, but no names of the original owners.¹⁹⁷ Therefore, the diamonds in question were identifiable by national origin, but not by individual ownership. In January 1948, the JRSO argued that these diamonds should be released to the IRO.¹⁹⁸ However, OMGUS argued that "quadrupartitely agreed policy" and cable WX-85965 from Washington show that these diamonds are restitutable to the Czechs on the "basis of determined national origin."¹⁹⁹ It was an argument that would carry the day. The actual release began in November 1948.

In October 1948, OMGUS had also released a cache of jewelry, silver bullion, precious stones, securities, and wedding rings "in envelopes bearing names and addresses of Czech nationals from whom said to have been confiscated for political, racial, and religious reasons" to Czechoslovakia.²⁰⁰ These valuables, found at the Reichsbank in Regensburg, were valued at \$500,000. This particular shipment was noteworthy because it contained items that were both identifiable and unidentifiable as "all of the precious stones resulted from old fashioned jewelry which was broken up, the stones modernized by recutting, the settings melted down." The restitution of these unidentifiable objects was defended by U.S. authorities because "there was not the slightest doubt... that all of these valuables had been removed from Czechoslovakia and accordingly restitution to that country was ordered by Washington."²⁰¹ Unfortunately, this shipment also included many valuables belonging to two American citizens, Emil Freund and Hanna Feigl. However, OMGUS' efforts to retrieve the items were met with silence by the increasingly hostile, communist Government of Czechoslovakia.²⁰²

Despite the hardening of the Cold War by early 1948, the U.S. was still restituting property from its zone in Germany to the Soviet Union. In fact, restitutions toward the former ally were accelerated in order to "close out" that aspect of their frustrating postwar relationship.²⁰³ Due to the new, confusing geopolitical situation that had risen in postwar

¹⁹⁷NARA/CP; RG 260; Entry: AG Decimal File; Box 511; File #602.3 - Restitution; Cable CC-3558 from OMGUS to the Department of the Army; March 19, 1948 (305042-305043)

¹⁹⁸NARA/CP; RG 260; Entry: FED; Box 418; File #940.4; January 7, 1948

¹⁹⁹NARA/CP; RG 260; Box 511; Entry: AG Decimal File; Box 511; File #602.3 - Restitution; Cable CC-3558 from OMGUS to the Department of the Army; March 19, 1948 (305042-305043)

²⁰⁰NARA/CP; RG 260; Entry: Finance Division; Box 93; File: FED; "Status as at August 31, 1948 of Assets held by FED"

NARA/CP; RG 260; Entry: AG Decimal File; Box 511; File #602.3 - Restitution; July 15, 1948

²⁰¹NARA/CP; RG 260; Entry: Finance division; Box 93; File: FED; "Draft of particulars"; circa October 1948

²⁰²NARA/CP; RG 260; Entry: Property Division; Box 22; File: Freund/Feigl Restitution Case; Letter with enclosures from Daniels to Fisl; September 11, 1950

²⁰³NARA/CP; RG 260; Entry: Property Division; Box 24; File: USSR Confidential; Cable

Europe, whereby ex-enemies became allies and some former allies became enemies, the United States had decided in the summer of 1947 to continue with their policy of returning looted property "in accordance existing directives and without awaiting quadripartite action or ratification peace treaties..."²⁰⁴

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A new wrinkle in U.S. restitution policy occurred, in agreement with the British, in regard to the "Rome Treasure" found in Italy. Currency and securities looted from IARA nations were to be returned to the countries of origin; German currencies and securities were to be returned to occupation authorities in Germany; and neutral and non-IARA looted currency and securities, as well as gold coins and ingot, were to be turned over to the IRO for liquidation and/or shared equally with the Italian Government for liquidation. As with unidentifiable non-monetary gold assets found in Germany and Austria, IRO proceeds were to benefit victims of Nazi persecution. However, 10% of the net proceeds were to be retained for six months in order to meet any possible claims to the property. Italian proceeds were to benefit that country's war orphans. All jewelry found in the Rome Treasure was also to be turned over to the IRO for liquidation into hard currency. These proceeds were to be split with the Italian Government in the same manner as above.²⁰⁵

As with Germany and Austria, Italy would assume its own restitution responsibilities. Unlike those nations, Italy was assisted by the IRO, who looked to the Italians for help in restituting identifiable items to their former owners. The relationship was close and the number and value of looted items found in Italy was small enough that the two entities worked out any restitution problems on an informal basis.²⁰⁶

With regard to those looted assets that Switzerland bought from Nazi Germany during World War II, the IRO was responsible for collecting the 50 million Swiss Francs from the liquidation of German assets provided for by the Washington Agreement of 1946 and \$25 million from the Allied-Swiss Liquidation Commission.²⁰⁷ As an incentive for their cooperation, the Swiss were to keep 50% of their findings.²⁰⁸ Meanwhile, that same

CC-6552 from OMGUS to Military Government, Bavaria, November 2, 1948 (315885)

²⁰⁴NARA/CP; RG 260; Entry: Reparations & Restitutions Branch; Box 3; File: Cables - Permanent; Unnumbered Telegram from Secretary of State, August 1, 1947 (321470)

²⁰⁵NARA/CP; RG 59; Lot File 54D328; Box 6; File #315; Draft of Cable from George Tesoro to Trevaldwyn (British Embassy)

NARA/CP; RG 59; Lot File #52D398 - Italian Economic Affairs; Box 3; File: Rome Treasure; "Items to be included in exchange of Letters between the Department and IRO"; November 21, 1948 (217633-634)

²⁰⁶NARA/CP; RG 165; Entry 476; Box 838; Message #1659 from U.S. Ambassador to Italy (Dunn) to Secretary of State (Acheson); April 24, 1950 (300522-523)

²⁰⁷Foreign & Commonwealth Office, General Services Command, United Kingdom.

History Notes. "Nazi Gold - Information from the British Archives, Part II: Monetary gold, non-monetary gold and the Tripartite Gold Commission"; Historians, LRD; No. 12; May 1997; p. 37 (328946)

²⁰⁸NARA/CP; RG 260; Entry: External Assets; Box 650; File: Policy - German External

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accord directed the Swiss Compensation Office to find and liquidate German properties within its borders.²⁰⁹ As for the Five-Power Agreement of 1946 which directed Switzerland and Sweden to give the IRO \$25 million, only \$18.5 million was paid through June 1949.²¹⁰

Conclusion

European Jews were victimized on a myriad of levels:

- a) by the German Nazis and their willing accomplices and collaborators in other countries who stole their assets and then their lives;
- b) by neutral nations, primarily Switzerland, who constantly purchased victim loot from Germany in exchange for hard currency *also* *they were allowed to feed up to the*
- c) by the various international agreements such as the Paris Conference of 1945 and the 5-Power Conference of 1946 which basically deemed all concentration camp loot as unidentifiable and to be sent to the IRO, whether or not the victim was a survivor or had heirs! This was in striking contrast to the London Declaration which gave those who collaborated with the Nazis a chance to have their assets returned; *Int. Com. Agreemts in L.G. U.I.D. 871A or before assets which J.P.R.L. Com. Ag. OR 121-111111 & 121111111 HEIRLESS PR. 111.*
- d) by the Soviets who were not much interested in restitution or personal property and whose obstructionist tactics made constructive, quadripartite agreement for the restitution of various assets impossible;
- e) by the United States, who had grown weary of being a caretaker for these valuables, was anxious to assist the IRO in clearing up the Displaced Persons' problem, *the U.S.* that it was not very interested in pursuing the identifiability of concentration camp assets, although it must be conceded that much of this property, indeed, was heirless.²¹¹ The U.S. also found it easier to compensate two million former German POW's²¹² through FED disbursements than any heirs to concentration camp victims;
- f) by such organizations as the American Joint Distribution Committee and the Jewish Agency for Palestine who were on the IRO dole and anxious to receive as

Assets; Memo from Theodore H. Ball (Chief, External Assets Branch) to Jack Bennett (Finance Division); "The Inventory and Status of Disposal of German foreign assets"; July 2, 1946 (335486)

²⁰⁹NARA/CP; RG 260; Entry: Finance Adviser; Box 161; File: Disposition of Foreign Currency; Memo from Gen. Clay to AGWAR; circa July 1946 (328985-328986)

²¹⁰NARA/CP; RG 59; Lot File 53D307; Box 23; File: IRO Report; "Report of the Director-General to the General Council of the International Refugee Organization" July 1, 1948 - June 30, 1949 (328965-328967)

²¹¹Foreign & Commonwealth Office, General Services Command, United Kingdom.

History Notes. "Nazi Gold - Information from the British Archives, Part II: Monetary gold, non-monetary gold and the Tripartite Gold Commission"; Historians, LRD; No. 12; May 1997; p. 40 (328949)

²¹²NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED - 1947; "The Foreign Exchange Depository"; April 27, 1947



many proceeds as possible from the sale of victim loot in order to resettle Jewish refugees in Palestine. These endeavors were wholeheartedly supported by the World Jewish Congress and the American Jewish Conference;
g) by refugee diamond merchants who set up shop in Spain and Portugal and did business with the Nazis who were busy murdering their religious compatriots.

Among the ruins of postwar Europe, the United States was exceedingly generous to its Allies and former enemies alike. However, when it came to investigating possible identification and ownership of individual concentration camp assets, the U.S., because of economic and domestic political considerations (i.e., the overwhelming desire to reduce the U.S. military presence overseas), did not step up to the challenge and chose the easier way out by simply defining the assets as unidentifiable and transferring them to the IRO.

Any notion that the U.S. enriched itself with looted assets from Holocaust victims, however, is false. The United States, through the IRO and with the backing of international Jewish organizations, concerned itself with Jewish refugees following the war, not individual Jews or Jewish communities.

Assets Released by the FED as of December 15, 1950

Individuals - \$656
IRO - \$808,369
USA - \$3.6 million
Great Britain - \$1.3 million
Albania - \$2
Australia - \$34
Belgium - \$2.1 million
Canada - \$8,751
Czechoslovakia - \$502,703
Denmark - \$274,000
Egypt - \$186,000
France - \$100.7 million
Germany - \$1
Greece - \$2
Holland - \$37.3 million
Hungary - \$35.8 million (mostly gold and silver)
India - \$10
Italy - \$262,632
Luxembourg - \$21
New Zealand - \$2
Norway - \$1.9 million
Poland - \$3,404 (restituted currency considered worthless by Polish Government
and subsequently pulped at a German paper mill)
Romania - \$1

Helan -

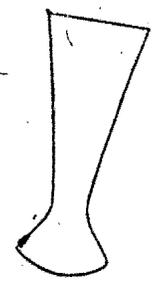
South Africa - \$11,600
Switzerland - \$52,135
Turkey - \$1
USSR - \$5 (apparently the equivalent of 813 bags of rubles)
Yugoslavia - \$144,211²¹³

²¹³NARA/CP; RG 260; Entry: FED; Box 400; File #910.98 - FED Status Report; December 15, 1950 (303139-303141)

NARA/CP; RG 260; Entry: External Assets; Box 8; File: Disposition - Personal Property; Cable CC-7904 from Clay to JCS; February 3, 1947 (312719-312721)

NARA/CP; RG 260; Entry: FED; Box 423; File #940.17 - Restitution Control Branch; Memo from Edwin P. Keller (Acting Chief, FED) to Bachrach (Restitution Control Branch); "Restitution of Currency to Poland"; December 3, 1948 (301402).

Why the Serv. is not appropriate
in Paris Conf. on Rest.?



- Book X
- No 59
- No 84

- When finishing up, use separate
Folder for documents used

- Finish Austria ASAT

- Lists of Looted Securities other than Hollands:
France?
Other Claimant Countries
Belg?

Mark at Box
get info of ASAT (LIST of BOXES LOOTED AT, ETC.)

- most common corporate security?
LIST, Country of Person Owner?

SEC ARCHIVES?

~~SEC~~

ASAT will give FR-300's

NISE LISTEN?

WHAT TYPE
of DIAMONDS
Do I go
to?

Holocaust
Museum?



NARA APPROVED
Jes 6/30/00

- Email by Ben Day - Helen

- Restitution Paper - seek BATES STAMPS
Supervised effort by Inman

Financial Assets Taken Under Control in Europe

by Greg Murphy (based largely on research undertaken by Greg Murphy and Sebastian Saviano)

June 15, 2000

I. INTRODUCTION:

This paper addresses the issue of non-monetary gold financial assets that came under American control following World War II. It attempts to explore how these properties were confiscated by the Nazis; how they were discovered; what was the final disposition of them; and whether the disposition of these valuables was handled properly.

II. NAZI LOOTING OF NON-GOLD FINANCIAL ASSETS

Considering that by May 1941, the Nazi German government was incurring 2.5 billion marks a month in operating expenses,¹ ways were needed to be found to continue the financing of their terroristic regime. Jewish assets such as currency and bonds, were already confiscated in Germany, as well as such occupied countries as Czechoslovakia, France, Holland, and Poland, while diamonds were usually bought at “ridiculously low” prices, as they were sold under duress, and subsequently, even those minimal proceeds would be confiscated!² Non-Jewish sources were then needed to help fuel the Nazi war machine—with one large difference in implementation: these assets were largely

¹NARA/CP; RG 38; Entry 98A - Naval Attaches; Box 595; File #C-11-B 6306B - German Finances & General Notes; Intelligence Report; May 29, 1941 (325742)

²NARA/CP; RG 84; Entry 2108 - Brussels Embassy; Box 113; File #711.6; “Netherlands Claims for German Diamonds Found in Madrid; Letter from Godley (U.S. Embassy, Brussels) to Secretary of State; August 21, 1947

purchased at reasonable prices, some under duress, many not. Yet, as a result of the London Agreement of January 1943 which stated that all transactions with Nazi Germany were subject to invalidation,³ those non-Jews who sold their assets to the Nazis could claim that all sales were under duress and therefore, they could receive these goods back as restitution. In other words, items were sold, the money was pocketed, and the items eventually returned. Jews, on the other hand, received little or, in most cases, no compensation for their assets, many were murdered during the war, and then their assets, assumed to have no owner, were handed over to the IRO who sold them to finance their rehabilitation and resettlement operations, a crisis caused by the Nazis themselves! Thus, those who collaborated with the Nazis often profited, while those who paid with their lives due to Hitler's extermination orders of 1942,⁴ were victimized again after the war.

Aryanization had forced out the leading German foreign exchange firm, Gebruder Arnholdt, in 1938. The legal German mechanism to carry out the purchase and sale of securities was DEGO (Deutsche Goldkontbank), an arm of the Reichsbank.⁵ DEGO had correspondents in various countries, some occupied, some neutral. In Holland, they

³NARA/CP; RG 407; Entry 368B; Box 1451; File: Rehabilitation of Austria (1945-49) Volume III; Prepared by the United States Allied Commission, Austria; p. 65 (319358)

Foreign Relations of the United States (FRUS); 1945; Volume III; Telegram from U.S. Ambassador to Great Britain (Winant) to the Secretary of State; pp. 1170-1171 (329456)

⁴NARA/CP; RG 84; Entry 3208 - U.S. Legation, Bern - Confidential Records; Box 7; File #840.1 - Jews; Letter with attachments from JKH to Howard Elting, Jr. (U.S. Vice Consul, Geneva); August 21, 1942

NARA/CP; RG 84; Entry 3208 - U.S. Legation, Bern - Confidential Records; Box 7; File #840.1; Despatch #49 with enclosures from Paul C. Squire (U.S. Consul, Geneva); "Affidavit re Order for Extermination of the Jews"; October 29, 1942. The reason two orders were needed was that Himmler and Poland Governor Frank were in opposition, preferring to use Jews for slave labor purposes.

worked with Lippman, Rosenthal & Co., as well as Mendelssohn & Co. In Switzerland, the primary associates were the Züricher Creditanstalt Nd, the Basler Handelsbank of Zurich. DEGO's main contact in Sweden was the Enskilda Bank owned by the Wallenberg family.⁶

Holland's Jewish population had their securities and foreign exchange confiscated by being required to deposit them with Lippman Rosenthal & Co. whereupon they would be seized and then sold by the German management or German banks.⁷ Proceeds from the sale of confiscated Jewish assets, mostly in France, went directly to the German government.⁸

⁵NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based On Interrogation Of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223536)

⁶NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based On Interrogation of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223538)

⁷NARA/CP; RG 131; Entry: FFC Subject Files; Box 404; File: Securities - Caveat List; Letter from Hays, St. John, Abramson & Schulman to Foreign Property Control, Federal Reserve Bank (New York); March 11, 1947 (311518-311519)

NARA/CP; RG 84; Entry 2109A - Brussels Embassy; Box 17; File #711.2; Safehaven Report #3; "German Purchases & Seizure of Shares in Holland through Lippman Rosenthal"; August 10, 1945.

NARA/CP; RG 59; Lot File #60D139; Box 13; File: Netherlands Defrosting; Memo with attachment from Henry P. deVries (Sullivan & Cromwell) to Stanley Metzger, Esq. (Office of the Legal Advisor, State Department); February 6, 1948. (328970-328976) In a bitter irony, the pre-war Lippman, Rosenthal & Co. was a well-known banking firm owned by Jewish interests - See RG 59; Lot File #60D139; Box 13; File: Netherlands Claims; Memo from Ely Maurer to Mr. Mosse; March 5, 1952 (328977-328978)

⁸NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based On Interrogation of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223540)

NARA/CP; RG 59; Lot File #60D139; Box 13; File: Netherlands Defrosting; Memo with attachment from Henry P. deVries (Sullivan & Cromwell) to Stanley Metzger, Esq. (Office of the Legal Advisor, State Department); February 6, 1948 (328970-328974)

Non-Jews were forced to sell those assets to the central bank of Holland (Nederlandesche Bank) at the official price in guilders. The Reichsbank then purchased these assets from the central bank before distributing them to such German bank outlets as Spohnolz & Co., Berliner Handelsgesellschaft, Hardy & Co., and Comess & Co. to sell in Switzerland.⁹

In France, transactions involving securities were handled through private German and French banks such as Delbruck-Schickler and Berliner Handelsgesellschaft on one side and Neuflyze & Co., Crédit Lyonnais, Société Générale, and "probably" Banque Nationale pour le Commerce et Industrie (BNCI) on the other side. These transactions involving securities were not simply to make money; they were often used to obtain control over important industries and purchase offers were made by public advertisement.¹⁰ The private German banks also purchased securities on the black market in France, even though the Germans had ordered that all French securities be deposited in banks. These banks would then the securities as quickly as possible in Switzerland with the proceeds going into the accounts of DEGO or the Reichsbank with the banks eventually being reimbursed.¹¹

⁹NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based on Interrogation of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223540)

¹⁰NARA/CP; RG 226; Entry 16 - "Regular Series"; Box 1420; File #124,099; PW Paper (Schutze Kurt Eichel); "Notes On German Purchases Of Foreign And German Securities, Speermark, Foreign Currency And Gold In Paris"; April 14, 1945 (325699-325709)

¹¹NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based on Interrogation of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223538)

NARA/CP; RG 226; Entry 16 - "Regular Series"; Box 1420; File #124,099; PW Paper

It must be emphasized that not all securities were stolen or purchased via sales under duress by the Nazis. For instance, it was stated that the Deutsche Bank, probably for the state-run Continental Oil Company of Berlin, purchased "the majority of the share capital" of the Concordia and Columbia Oil companies. These shares had been advertised for sale by the Banque de Paris et des Pays-Bas even though they were Belgian-owned!¹² Although this shows that these hefty oil shares were not looted, the London Declaration of 1943 declared that all Nazi business transactions were duress in nature and therefore, invalid.¹³ So, in effect, the French sold to the enemy, only to get the assets back after the war; although they were supposed to return them to the rightful Belgian ownership.

Foreign currencies were purchased in Paris and "physically delivered to the Reichsbank" for the equivalent Reichsmark value. The Germans had established an official exchange rate at 20 French francs to the Reichsmark.¹⁴

Following the Nazi occupation of Holland and France in 1940, looted shares of Royal Dutch Shell began to make their way to Switzerland, largely through diplomatic

(Schutze Kurt Eichel); "Notes On German Purchases Of Foreign And German Securities, Speermark, Foreign Currency And Gold In Paris"; April 14, 1945 (325699-325709)

¹²NARA/CP; RG 226; Entry 16 - "Regular Series"; Box 1420; File #124,099; PW Paper #79 (Schutze Kurt Eichel); "Notes On German Purchases Of Foreign And German Securities, Speermark, Foreign Currency And Gold In Paris"; April 14, 1945 (325699-325709)

NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Cocordia & Columbia Shares; Memo from Elizabeth J. Kagan to Bennett; June 14, 1948

¹³NARA/CP; RG 59; Lot File #60D139; Box 13; File: Netherlands Defrosting; "Declaration Of January 5, 1943 Regarding Forced Transfers Of Property In Enemy-Controlled Territory" (328968-328977)

¹⁴NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based On Interrogation of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223541)

pouches.¹⁵ The Germans had “found ways and means,” with the help of corrupt Swiss bank officials who issued fraudulent affidavits, of converting the registered certificates into bearer shares, whose ownership thereby rested with the possessor.¹⁶

The Swiss, as a rule, generally did not like to purchase securities obtained by the Reichsbank from Nazi-occupied countries, but were very interested in buying the dollar funds offered to them by Germany’s central bank from occupied countries and Latin America. These were “readily converted into Swiss francs” by the neutral fortress and used by Germany to gain control of important industrial enterprises in France and Latin America.¹⁷

Other looted assets that found a safe haven in Swiss banks included currency, real estate, industrial property, gold, and art objects. Besides diplomatic pouches, other methods of smuggling included Nazi front companies established in Switzerland; the opening of Swiss bank accounts for German nationals; the establishment of trusts

¹⁵NARA/CP; RG 84; Entry 3228 - Confidential File, American Consulate (Basle, Switzerland); Box #8; File #851.6; Letter from Walter H. Sholes (American Consul General, Basle) to Leland Harrison (American Minister, Bern); February 16, 1944 (222909-222910)

¹⁶NARA/CP; RG 84; Entry 3228 - Confidential File, American Consulate (Basle, Switzerland); Box #8; File #851.6 - Royal Dutch shares scandal; Memo from 25,590; March 18, 1944 (222915-222916)

NARA/CP; RG 84; Entry 3228 - Confidential File, American Consulate (Basle, Switzerland); Box #8; File #851.6 - Royal Dutch Frauds; Letter from Walter H. Sholes (American Consul General, Basle) to American Legation, Bern; February 15, 1944 (222904-222908)

¹⁷NARA/CP; RG 38; Entry 98A - Naval Attaches; Box 595; File #C-11-B 6306B - German Finances & General Notes; Intelligence Report; May 29, 1941 (325742)

NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; “Notes Based On Interrogation Of Emil Puhl, Vice President Of The Reichsbank (Foreign Securities)”;

October 15-18, 1945 (223542)

(especially in Liechtenstein); the exchange of money via letters and cables from neutral countries; and the transfer of property to the wife's name.¹⁸

Gold and currency were allowed to be transferred from the German Legation in Stockholm to the Bank of Sweden.¹⁹ The Germans had also smuggled, via diplomatic pouch, looted diamonds into Sweden for sale.²⁰

Belgium did not escape from greedy Nazi hands either. Safety deposit box owners were ordered to be opened in the presence of German authorities. All "foreign currencies, negotiable securities, and uncut diamonds" were to be turned over to a bank and then to the German Government in exchange for German marks.²¹

"Polished diamonds, because of their ease of concealment and transportation, the tremendous differential in value between the rough and finished product, and the difficulty in identifying individual stones, would be the ideal medium"²² for economically fueling Germany's war machine. As a result the illicit diamond trade flourished during World War II. Some Jewish diamond dealers had fled Germany, as well as such Nazi-

¹⁸NARA/CP; RG 226; Entry 190/M1642; Reel 108; Frames 165-172; no date (325715-325722)

¹⁹NARA/CP; RG 131; Entry: FFC Subject Files; Box 388; File: Looted Gold; Note from Ministry of Economic Warfare; "Gold, Currency Transferred To Bank Of Sweden"; June 17, 1945

²⁰NARA/CP; RG 153; Entry 145; Box 94; File #108-7; Letter from Ravdal, Counselor of U.S. Legation, Stockholm to Secretary of State; "Additional Information Concerning the Sale of Looted Diamonds by the Germans in Sweden; October 19, 1945

²¹NARA/CP; RG 38; Entry 98A - Naval Attaches; Box #425; File: Conditions in France, Belgium, and Luxembourg; Intelligence Report based on conversation with National City Bank Representative; February 17, 1941 (325710)

²²NARA/CP; RG 84; Entry 3017 - Classified General Records: London-American Mission to Dutch Government In Exile; Box 2; File #863.4; Despatch #134 from Austin Preston (American Consul General, Antwerp) to Secretary of State; "Illicit Exports of Diamonds from Belgium to the United States..."; May 24, 1946 (325729)

occupied nations as Belgium, Czechoslovakia, France, Holland, and Poland, plus Nazi-allied countries like Hungary, to neutral nations like Spain and Portugal.²³ Once there, they acted as middlemen for both industrial diamonds and precious gems coming from Lisbon via Brazil and various African locales (Angola, Belgian Congo, Sierra Leone) through Tangier, Spanish Morocco. The diamonds would then be shipped to Nice, France and soon found their way to Germany in order to assist the Nazi war effort.²⁴ The diplomatic pouch was the preferred method of transportation for these stones, especially on the Brazilian-Portuguese-Spanish-French route.²⁵ Smaller quantities were smuggled aboard ships by sailors²⁶ and even the Naviera Aznar Shipping Line of Spain was suspected by the U.S. to be involved.²⁷ Another method was by air as French airlines carried diamonds from Africa to Algiers, en route to Lisbon, then to Germany.²⁸ A more direct approach occurred when the German Embassy in Madrid bought "chipped"

²³NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Watch"; circa December 1943

NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Watch"; February 11, 1943

NARA/CP; RG 226; Entry 92; Box 262; File #32; no date (321716)

²⁴NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Watch"; no date

²⁵NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Watch"; circa December 1943

²⁶NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Smuggling"; no date

²⁷NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 50; File #863.4 - Diamonds; "Watch List of Suspected Firms and Individuals"; no date (310166-310167)

²⁸NARA/CP; RG 84; Entry 3126 - U.S. Embassy, Lisbon; Box 103; File #863.4 - Diamonds; Letter from Lousada (UK Ministry of Economic Warfare) to Adams; December 22, 1943

diamonds from Spanish merchants.²⁹ Another supply route for the Axis Powers came from Turkey, via Egypt, Palestine, and Syria.³⁰

Germany increasingly used these sources of diamond procurement as it still needed 200,000-500,000 carats per year after completing its looting of the diamond industry in Belgium, France, and Holland, hauling in “several million” dollars “from Jewish holders”³¹ that were not able to escape. Diamonds, unlike confiscated securities and foreign exchange) were bought under compulsion from Jewish traders and manufacturers in Holland (and presumably in Belgium as well) under threat of deportation to concentration camps.³² In December 1944 alone, 23,900.77 carats were taken from Holland to Germany to help fuel the increasingly desperate Nazi war machine. Most of these were obtained by blowing up safe deposits at Arnhem.³³

²⁹NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; “Diamond Watch”; circa December 1943

³⁰NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; Telegram #2629 from Cordell Hull (Secretary of State) to U.S. Embassy, Madrid; December 11, 1943

³¹NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; Memo from Cronin; “Diamond Smuggling”; no date

NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 -

Diamonds; Letter from Harrington (U.S. Embassy, Madrid) to Brown (U.S. Commercial Company); August 16, 1943

NARA/CP; RG 84; Entry 3126 - U.S. Embassy, Lisbon; Box 103; File #863.4 - Diamonds; Airgram #29 (310164-310165)

NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Lisbon; Box 50; File #863.4 - Diamonds; Enclosure to Despatch 2527 from U.S. Embassy, Madrid to Hull; “Transmitting Minutes of Discussions by the Diamond and Platinum Smuggling Section of the Anglo-American Sub-Committee”; May 26, 1944

³²NARA/CP; RG 84; Entry 3017 - Classified General Records, U.S. Legation & Embassy, The Hague; Box 4; File: Refile Envelope; Enclosure 2 to Despatch #94 from the U.S. Embassy, The Hague; March 10, 1949. (325825-325-826) Jewish diamond dealers in Holland that cooperated in sales to the Nazis received a “special mark” on their identity cards. See Box 5 of Entry 3017, File #523.1 - Confidential File, 1949; July 22, 1949 letter from Dumig

³³NARA/CP; RG 84; Entry 3011; Box 34; File #711.3 - Looted Property, 1945; Enclosure 1 from Despatch #308 in the Netherlands Series from London; August 1, 1945 (325691)

Yet, despite all the confiscations, Jews, along with other groups (i.e., political prisoners) that found themselves in concentration camps were further degraded by having their remaining assets (usually jewelry and currency) stripped from them. These valuables were used to fund SS operations as well as for SS "luxuries."³⁴

Hungary's pro-Nazi governments of 1944-45 took confiscation of Jewish assets to new levels when it ordered the deposit of all Jewish goods, including silverware, glassware, and furniture.³⁵ Many of these items found their way on board the Werfen Train which was later captured by French and American forces in Austria. Yet there was no economic motive for this action; no foreign exchange strategy. It was purely a hate crime.

Despite the large-scale conversion of ill-gotten gains into the Nazi machine, it was estimated by Reichsbank Vice-President Emil Puhl that, by war's end, Germany still

³⁴NARA/CP; RG 260; Entry: FED; Box 437; File: Shipment Records; CIC Report from Special Agent Steve Vrabel; "Arrest of Heinze, Ursula"; circa September 1945 (303667)

³⁵Dwight D. Eisenhower Presidential Library; Eleanor Dulles Papers; Enclosure 2 to Despatch #2738; Letter from Central Board of Jews in Hungary and Autonomous Orthodox Religious Bodies in Hungary; March 13, 1947

NARA/CP; RG 84; Entry 2056 - POLAD/USCOA, Vienna - Classified General Records; Box 18; File #710 - Hungary; Telegram #41 from Caffery (U.S. Embassy, Paris) to Department of State; March 23, 1948

NARA/CP; RG 84; Entry 2056; Box 18; File #710 - Hungary; Memoranda for the Record from James A. Garrison (Chief, RD&R Division, USACA); February 25, 1948

NARA/CP; RG 84; Entry 2691; Box 67; File #851.5 - Currency; Despatch #7 from L.L. Ecker-Racz (Economic Adviser, U.S. Mission, Budapest); "Foreign Exchange In Hungary As Of November 13, 1945"; November 14, 1945

had 20 billion Reichsmarks worth of external assets, roughly equivalent to \$2 billion. However, approximately 90% of all foreign securities in Germany had been liquidated.³⁶

The 1945 Paris Conference on Reparation instructed governments that were neutral during the war to turn over or liquidate all German assets in their respective countries. The proceeds were to go to the Inter-Allied Reparation Agency (IARA) against Germany's reparation account.³⁷

III. THE U.S. TAKES CONTROL

As American, British, and French forces invaded Germany from the west and the Soviet Union rolled into eastern Germany in 1945, various caches of hidden loot were uncovered. On April 8, 1945, an "immense amount" of looted valuables from the Auschwitz and Lublin concentration camps in Poland, along with Reichsbank reserves, was discovered at the Merkers Salt Mine by the Third Army.³⁸ An estimated 2,527 pounds of precious and semi-precious stone, as well as novelty jewelry was discovered in

³⁶NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based on Interrogation Of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223542)

³⁷NARA/CP; RG 84; Entry 2113T; Box 3; File: IARA; Paris Conference On Reparation (November 9-December 21, 1945), Final Act; pp.12-13 (204202-204203)

³⁸NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); "Contents of Shipment 1"; circa April 1945 (308081)

NARA/CP; RG 331; Entry 6; Box 1; File #000.5-9; Letter from Patrick Dean (UK Foreign Office) to SHAEF; May 7, 1945 (311794A).

Also see RG 260; FED; Box 423; Memo from Curtis to Chief, Financial Investigations Branch; "Procedures and Records, Confiscation of Jewish Property"; September 26, 1945 (301498) for account of theft of Jewish assets from concentration camps in Poland and Czechoslovakia.

NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 130; File #400B - Duress; Bacle CC-1796 from OMGUS to AGWAR; September 30, 1947 (328990-328992)

the mine, a hideaway from Allied air attacks.³⁹ Also included among the valuables were thousands of gold and silver crowns and bridges and plate.⁴⁰ This treasure trove of loot prompted Colonel Bernard Bernstein to remark that “the Germans were planning to use these foreign exchange assets... as a means of perpetuating the Nazism and Nazi influence both in Germany and abroad.”⁴¹

The Merkers Mine discovery in April 1945, which received a great deal of publicity, was significant both for its immense size and because it served as a catalyst for the Army to seek other treasure hidden elsewhere in Germany. The Merkers find also served as a catalyst to find a central depository to store these valuables. As a result, the Foreign Exchange Depository (FED) was formally created out of the Currency Section of SHAEF's (Supreme HQ, Allied Expeditionary Force) Financial Branch in April 1945, taking over the Reichsbank building in Frankfurt.⁴² The Merkers cache became Shipment I to the FED. From 1945 through 1947, 91 separate shipments were made to the FED.⁴³

³⁹NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); Contents of Shipment I”; circa April 1945 (308081)

NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED - 1947; “The Foreign Exchange Depository”; April 27, 1947

NARA/CP; RG 260; Entry: FED; Box 423; “Draft Tab - Evaluation of the loot”; p. 19 (303428)

⁴⁰NARA/CP; RG 260; Entry: AG Decimal Files; Box 61; File #123; April 20, 1945

NARA/CP; RG 331; Entry 6; Box 1; File #000.5-9; Letter from Patrick Dean (UK Foreign Office); May 7, 1945 (311794A)

⁴¹Bradsher, Greg. Prologue. “Nazi Gold: The Merkers Mine Treasure”; Spring 1999; p. 16

⁴²NARA/CP; RG 260; Entry: FED; Box 394; File #900.10 - Organization & History of FED; Memo from Maj. Kurt L. Walitschek (Currency Branch) to Acting Deputy Director, OMGUS Finance Division; “History of the Origin and Present Status of the Currency Branch and the Foreign Exchange Depository”; February 8, 1946 329035-329037)

⁴³NARA/CP; RG 260; Entry: Finance Division; Box 93; File: FED; “Register Of Valuables In The Custody Of The Foreign Exchange Depository, Frankfurt A/M Germany”; February 9, 1948 (305897-305910)

The extent of the holdings and the related operations to support them were said to be “the first such assignment performed in the U.S. Army.”⁴⁴

Currency that was “abandoned or captured from enemy forces” generally constituted war booty according to the accepted rules of land warfare.⁴⁵ However, U.S. forces were instructed to turn over such currency to an Army Disbursing Officer for disposition, who would then deliver the assets to the Currency Section of the FED.⁴⁶

The FED had many different functions:

- a) Custody, inventory, and accounting for assets uncovered in Germany by Allied forces;
- b) Custody of assets delivered in the U.S. Zone under Military Government Law 53 which confiscated foreign exchange from German hands;
- c) Investigation of ownership and claims pertaining to assets held. Individual ownership of such assets as currency, stocks, and bonds were often impossible to determine;

⁴⁴NARA/CP; RG 260; Entry: FED; Box 394; File #900.10 - Organization & History of the FED; “Foreign Exchange Depository”; circa 1947

⁴⁵NARA/CP; RG 260; Entry: FED; Box 395; File #900.152 - Title 17, Property Control; Memo from T.H. Ball for Jack Bennett (OMGUS Finance Director) to McClaskey (FED); Jan. 8, 1947 (321623)

⁴⁶NARA/CP; RG 260; Entry: FED; Box 395; File #900.152 - Title 17, Property Control; Memo from T.H. Ball for Jack Bennett (OMGUS Finance Director) to McClaskey (FED); Jan. 8, 1947 (321623)

- d) Custody, issue, retirement, and accounting for Allied Military Marks of U.S. forces;
- e) Accounting for Military Government court fines;
- f) Acting as custodian for special jewel collections;
- g) Acting as custodian for valuables seized by G-2 Censorship Division;
- h) Acting as central clearing agency in processing payments of settled claims to released German POW's.⁴⁷

The FED also acted as a loan agency, not just for the U.S. Zone of Germany, but for much of war torn Europe. In a precursor to the Marshall Plan (announced in June 1947) the FED made advances in Allied Military Marks to the following entities in late 1946 and early 1947:

- a) U.S. Military - 126.2 million
- b) French Army - 670.9 million (paid off by January 31, 1947)
- d) Government of France - 44.5 million (paid off by January 31, 1947)
- e) Government of Czechoslovakia - 511,490

⁴⁷NARA/CP; RG 260; Entry: FED; Box 394; File #900.10 - Organization & History of the FED; "Foreign Exchange Depository: Finance Division"

NARA/CP; RG 260; Entry: FED; Box 421; File: Shipment Records; "Securities (Account No. 17)"; no date (301845-301849)

- f) Czech Military Mission - 190,000
- g) Government of Netherlands - 318,597
- h) Government of Poland - 103.2 million
- i) Government of the USSR - 3.1 million
- j) Brazilian Military Mission - 71,154
- k) Chinese Military Mission - 60,000
- l) Danish Military Mission - 30,000⁴⁸

American soldiers guarded the FED building 24 hours a day, but Displaced Persons performed much of the menial tasks inside. Despite recent insinuations that American soldiers stole looted Jewish assets,⁴⁹ there were few recorded cases of this happening. The biggest problem concerning security at the FED concerned widespread black market activities, primarily involving clandestine trade in cigarettes, light bulbs, office supplies, and Coca-Cola⁵⁰ and, to a far lesser extent, theft from Polish DPs employed by the U.S. military authorities. The only assets stolen from the FED were

NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Currency Section - FED; "Currency Section, Foreign Exchange Depository Group Final Report"; September 30, 1948; p. 4

⁴⁸NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED - 1948, 1946; "Exhibit 'A', Currency Section Balance Sheet, 31 January 1947 And 31 December 1946"

⁴⁹Kenna, Kathleen. Toronto Star. "Report to 'tell all' about U.S. role in Holocaust: Commission to study possible seizure of assets during WWII. April 6, 2000

⁵⁰NARA/CP; RG 260; Entry: FED; Box 399; File #910.73; Memo from Col. William Brey, (FED Chief) to USFET HQ Commandant; August 19, 1946 (325679-325681)

gold coins, along with Allied Military Marks.⁵¹ These were recovered from the guilty DPs. Meanwhile, the theft of items for the black market flourished, probably in collusion with the U.S. soldiers from the 508th Parachute Infantry Regiment acting as FED guards since the looted locations were “in plain view” of two guard posts.⁵²

Another important finding of loot was the cache discovered in a cave near the Buchenwald concentration camp by the 1st U.S. Army. The valuables originated from Buchenwald and Dachau and it contained items such as jewelry, tableware, and teeth fillings. Major Whitman of the 1st Army suggested that the Buchenwald items be placed in safekeeping for the War Crimes Sections.⁵³ Apparently, they remained in the FED for two years until disposition to the IRO, although Colonel Bernstein did turn over written reports about the SS loot found earlier at Merkers.⁵⁴

Soon it became apparent to U.S. military personnel that the bulk of valuables was becoming too great for the amount of storage space at the FED’s Reichsbank building. As a result, the FED’s operations ground to a virtual halt in August 1945, including a cessation of incoming shipments of looted property. Instead, such assets were temporarily sheltered at various Reichsbanks and other bank branches. Following

⁵¹NARA/CP; RG 260; Entry: FED; Box 399; File #910.73; Statements of November 25, 1947 from Edwin P. Keller (Head, Depository Section) and Sgt. Armando Hernandez (325686-325688)

⁵²NARA/CP; RG 260; Entry: FED; Box 399; File #910.73; Memo from Col. William Brey (FED Chief) to USFET HQ Commandant; August 19, 1946 (325679-325681)

⁵³NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); Shipment 16; circa May 1945

⁵⁴Bradsher, p. 19

alterations that enlarged vault space,⁵⁵ they were able to resume operations on a full-time level again in 1946.

As of July 1946, the FED contained “approximately 50,000 ounces of non-monetary gold on hand, in the form of watches, chains, tableware, jewelry, dental gold, rings,” and pins.⁵⁶ The FED also had over 6.4 million ounces of silver bullion and commercial jewelry in its possession,⁵⁷ along with huge stocks of currency and securities. Most silver housed at the FED was in the form of bars⁵⁸ and not stolen from individuals, although some silver bullion was considered victim loot. The estimated value of all assets stored at the FED was “well in excess of 500 million dollars.”⁵⁹

Although the FED continued to receive some shipments of hidden loot from various U.S. Army units up until September 1947, it was increasingly obvious that the FED’s primary order of business was inventorying the property in its custody for eventual restitution. In July 1946, OMGUS ordered the FED to begin the disposition of certain assets for restitution.

⁵⁵NARA/CP; RG 260; Entry: FED; Box 394; File #900.10 - Organization & History of the FED; Memo from Capt. Paul S. McCarroll to Executive Officer, Finance Division; “Foreign Exchange Depository”; January 24, 1946 (304760)

⁵⁶NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); Memo from Brey; “Non-Monetary Gold”; June 4, 1946

⁵⁷NARA/CP; RG 260; Entry: External Assets; Box 649; File: Gold & Other Metals; Memo from Brey to OMGUS Finance Division Director; “Status Report on Assets Held in Foreign Exchange Depository”; July 1, 1946 (333097-333099)

⁵⁸NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V: German Non-Monetary Gold; Memo from Col. Bernstein (Financial Division Director) to Gen. Clay; “Value of Gold and Silver Bullion and Coin Held by Commanding General USFET at the Reichsbank Building in Frankfurt”; August 19, 1945 (328935)

Meanwhile, in the American zone of occupation in Austria, the central depository for all looted assets that came under U.S. control was the Property Control Warehouse in Salzburg. The depot's objectives were twofold:

a) it acted as the custodian for property found in Austria by U.S. forces— jewelry, currency, gold, art, cultural property, and securities (with the exception of Nazi Party or German government property⁶⁰ which was turned over to the Austrian National Bank).⁶¹ Within this function, it was often a mid-way or holding station for property found in Austria that was to be transferred to other organizations or facilities such as the various art and cultural property collecting points, the Tripartite Gold Commission, and the FED.

b) it served as a supply center for military forces and their families, providing them on loan with furniture and other household goods.⁶²

Along with the Property Control Warehouse, other smaller facilities were also used to store valuables in Austria. For example, small deposit boxes in the Banks of Oberdonau and Salzburg were used to store items of great value. The Reichsbank and the basement of the Salzburg City Post Office were also used to store foreign currency.

⁵⁹NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED - 1947; "The Foreign Exchange Depository"; April 27, 1947

⁶⁰NARA/CP; RG 260; Entry 116 - P Files; Box 12; File: P-916; Memo from Merwin to Property Control Officer, Salzburg; "Foreign Currency, Coins and Valuables"; January 23, 1946

⁶¹NARA/CP; RG 260; Entry 116 - P Files; Box 12; File: P-916; Minutes of the First Meeting of the Board of Officers to Validate Foreign Currency Records; Recorded by Joseph Z. Schneider (Office of the Director USACA, HQ USFA); October 14, 1948

⁶²NARA/CP; RG 260; Entry 113 - Property Claims, Salzburg; Boxes 20-21; all files

Security at the Property Control Warehouse suffered in comparison with that of the FED, although repeated efforts to break into the depot were apparently unsuccessful.⁶³ The depot's most spectacular lapse in security was the U.S. Army's wanton requisition of art, silverware, tableware, china, and oriental rugs from the contents of the Werfen Train stored at the warehouse. Although the loan (not theft, as mistakenly laid out by the PCHA in its October 1999 "Hungarian Gold Train" report) of such assets to furnish officer quarters technically within military regulations, the lavish lifestyles of high-ranking officers and sloppy paperwork regarding the requisition led to an Army investigation which resulted in the eventual return of all items except some oriental rugs and camera equipment.⁶⁴

It must be emphasized that the amount of looted assets that came under American (as well as other Allied) control was just a fraction of what was actually stolen. Assets were sold, especially in neutral countries like Switzerland for hard currency. For instance, much SS-looted jewelry never made it places like Merkers because it was already disposed of by the Reichsbank through pawnshops such as the City Pawn Shop in

⁶³NARA/CP; RG 260; Entry 119 - Property Control Branch, General Correspondence Files; Box 6; Captain Howard A. MacKenzie (Property Control Officer, HQ Military Government E1B, "Monthly Report 28 May - 28 June 1946"; June 28, 1946 (110395-110396)

⁶⁴NARA/CP; RG 59; Lot File 62D4; Box 17; File: Austria; Letter from Eve Tucker (Restitutions & Reparations Branch) to Ardelia Hall (State Department)

NARA/CP; RG 260; Entry 102 - Restitutions & Reparations Branch; Box 77 ; File: Hungarian Claim #176; "List of Materials Looted from Property Control Warehouse, circa June 1946

Berlin.⁶⁵ The pawnshops would then reimburse the Reichsbank for the most valuable jewelry. These pieces were then exported for hard currency.⁶⁶

While the FED (and to a far lesser extent, the Property Control Warehouse) stored the non-cultural assets for the American-occupied zones in Germany and Austria, they had no role in the decision-making process involving restitution. The Reparations and Restitutions Branch within the U.S. Zone of Germany and its equivalent in Austria had some authority and General Clay at OMGUS headquarters in Berlin even more so, but Washington, through the State and War Departments, had the final word. While OMGUS optimistically attempted to work in conjunction with the other Allied powers on a quadripartite basis, Washington, weary of Soviet obstructionism, was more prepared to work unilaterally in restituting assets.

IV. RESTITUTION

A. France

The French strongly believed that there should be no discussion of reparations without a decision on restitution, but they were alone among the Allies in this view. The United States figured that simply defining “restitution” would lead to unacceptable

⁶⁵NARA/CP; RG 260; Entry: FED; Box 423; File: Melmer Deliveries; Cable CC-9926 from Keating (OMGUS) to AGWAR; July 18, 1947

⁶⁶NARA/CP; RG 260; Entry: FED; Box 423; Memo from City Pawn Shop to the German Reichsbank, Hauptkasse; “Price quotation in the evacuation lists Example 8th and 12th consignment R.F.M. delivered by you on 20.2.43”; September 14, 1943

delays, stating "that an entire assembly line should not be broken up in order to take out a few looted items."⁶⁷

The French also saw no distinction between assets that were removed directly by force (as in the USSR) and assets that were acquired through transactions during occupation. After all, they reasoned, the London Declaration of January 5, 1943, presumed such dealings to be under duress.⁶⁸

B. USSR

While the French were obsessed with restitution, the Soviets were only interested in reparations and they helped themselves to a generous interpretation of what constituted German assets in their eastern zone of Austria.⁶⁹ When the French cited the disastrous effect upon the morale of those who were victims of Nazi looting if restitution continued to be delayed, the Soviets reminded them that no country was violated more than the USSR and that some French business interests had collaborated with the Germans.⁷⁰ The American Ambassador in Moscow, Averill Harriman, sympathized with the Soviets,

⁶⁷FRUS; Volume III; 1945; Telegram from Robert Murphy (USPOLAD, Germany) to Secretary of State Byrnes; October 30, 1945; p. 1364 (325736)

⁶⁸FRUS; Volume III; 1945; Note from Lacoste (French Charge d'Affaires) to the Secretary of State; November 17, 1945; pp. 1392-1393 (325723)

⁶⁹NARA/CP; RG 260; Entry 107 - German External Assets Branch; Box 212; File: GEA Reading File; Decree of Gen. Kourasov, USSR Military Governor of the Russian Zone of Austria; July 5, 1946 (317717)

⁷⁰FRUS; Volume III; 1945; Telegram from Robert Murphy (USPOLAD, Germany) to Secretary of State Byrnes; October 13, 1945; p. 1345 (325727)

“strongly” recommending to Secretary of State James Byrnes that the U.S. not restitute gold and securities until a reparations agreement could be reached.⁷¹

The entire story is not known concerning the valuables that were uncovered by Soviet forces as they swept into Germany and Austria from the east, although it is a fairly safe presumption that the vast majority of securities fell into their hands since it was the USSR that liberated the center of German finance, Berlin. The Soviet authorities removed the contents of the vaults of an undetermined number of banks in Berlin and from the Giro-Sammeldepot (reportedly containing assets in excess of 100 billion Marks).⁷² It has been estimated that the Soviets took control of \$475 million worth of securities from these Berlin banks⁷³ and 690 million RM/Schillings (about \$70 million) worth of securities from Viennese banks.⁷⁴ The Soviets subsequently “refused to submit any inventory or information regarding these securities.”⁷⁵ This may be due principally to the fact that the USSR, based on their interpretation of the Potsdam Agreement, argued that they retained the sole rights to any assets found in Germany and that they could

⁷¹FRUS; Volume III; 1945; Telegram from Harriman to the Secretary of State; August 13, 1945; pp. 1254-1255 (325741)

⁷²NARA/CP; RG 260; Entry: Property Division; Box 8; File: History Report - U.S. Census; “History Report of the U.S. Census Section, Property Division, OMGUS”; no date

⁷³NARA/CP; RG 260; Entry: Property Division; Box 8; File: History Report - U.S. Census; “History Report of the U.S. Census Section, Property Division, OMGUS”; no date

NARA/CP; RG 59; Lot File 57D540; File: Austrian Looted Securities; Box 30; “S.E.C. Asks Trading Ban Continue on German Bonds to Foil Russians,” Financial Times; September 10, 1952

⁷⁴NARA/CP; RG 260; Entry: FED; Box 470; Cable P-1266 from USFA to AGWAR; July 22, 1946 (201385)

⁷⁵NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 53; File #400B - Restitution, General; Cable CC-4204 from Clay to AGWAR; September 23, 1946 (325665)

dispose of them through their Zone Commander without Allied participation.⁷⁶ The U.S. was opposed to this Soviet interpretation, noting that “it was certainly not the intention of the signers of the Potsdam Agreement to award to the Soviet Government all German owned foreign securities found in the Soviet Zone of occupation, irrespective of the physical location of the property.”⁷⁷

The unilateral Soviet removal of assets from their German and Austrian zones finally led the U.S., without support from Britain and France, to withhold any more reparation deliveries to the USSR.⁷⁸

The Soviets, however, did agree that at least some securities were subject to restitution. They were quite selective in their restitution, though: only France and Soviet satellites in Eastern Europe were recipients. However, they were also accused of massive theft. In 1948, the Soviets attempted to sell some securities taken from the Berlin banks through black market channels.⁷⁹ They also tried to sell these Berlin securities and those found in the Soviet zone of occupation in Vienna, Austria to Switzerland. The Austrian

⁷⁶NARA/CP; RG 59; Lot File 54D328 - Office of Western European Affairs Relating to Italy; Box 1; No File; “Austrian treaty negotiations and U.S. action...”; August 6, 1947

NARA/CP; RG 260; Entry: Finance Adviser; Box 161; File: Disposition of Foreign Currencies; Memo from Jack Bennett (Director, Finance Division) to Deputy Military Governor; “Delivery of Foreign Securities in Germany”; November 26, 1946

NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Currencies - Restitution; Cable CC-7792 from Gen. Lucius Clay (OMGUS) to AGWAR for JCS; January 23, 1947 (328988-328989)

⁷⁷NARA/CP; RG 260; Entry: U.S. Element, ACC; Box 42; File: Foreign Securities - Investments; “CORC/P[46]383, Foreign Currency and Foreign Securities Found in Germany; December 3, 1946

⁷⁸NARA/CP; RG 84; Entry 2113P; Box 1; File: History of IARA; State Department Report; “The German Reparations Report”; no date (204241)

⁷⁹NARA/CP; RG 260; Entry: External Assets; Box 590; File: Sale of Securities - Berlin Banks; “Evidence of Sale by Soviet Authorities, Through Black Market Channels, of Securities Formerly on

National Bank was particularly alarmed due to the considerable amount of money involved. But they were unable to cancel the bonds due to fears of credit ruination and the need to appease a strong and vengeful occupying power.⁸⁰

C. United Kingdom

Early on, the United Kingdom stressed that restitution should be limited to identifiable objects only and that it should be done on a country-to-country, rather than on an individual basis.⁸¹ However, British discoveries of looted non-monetary gold (mostly dental gold, wedding rings, and ornaments) within their occupied zones of Germany and Austria were dwarfed by American findings, despite the fact that the Bergen-Belsen and Neuengamme concentration camps fell within its jurisdiction. The British were also more concerned with monetary gold items.⁸²

Great Britain was unquestionably the closest ally the U.S. had among the four Allied powers. The two nations even formed Bizonia, a joint occupation zone for such matters as economic and agricultural policy, food distribution, transportation, and communication. Disagreements arose, however, over the restitution non-monetary gold,

Deposit in Berlin Banks"; Memo from Innis D. Harris (Deputy Director of Intelligence, OMGUS) to OMGUS Property Division Chief, December 14, 1948 (311577)

⁸⁰NARA/CP; RG 84; Entry 2056 - US POLAD & USCOA, Vienna: Classified General Records; Box 27; File #851 - Financial Matters; "Soviet use of Austrian securities"; Memo from Martin F. Herz (U.S. Legation, Vienna) to Yost; August 9, 1948 (309544)

⁸¹FRUS; Volume III; 1945; Telegram from Winant (U.S. Ambassador to Great Britain) to the Secretary of State; April 13, 1945; p. 1196 (328912)

⁸²Foreign & Commonwealth Office, General Services Command, United Kingdom. History Notes. "Nazi Gold - Information from the British Archives, Part II: Monetary gold, non-monetary gold and the Tripartite Gold Commission"; Historians, LRD; No. 12; May 1997 (328939-328951)

particularly to the International Refugee Organization, as the British were more concerned about the identifiability of assets and less enamored with such IRO members as the American Joint Distribution Committee.

D. United States

The U.S. restituted identifiable looted assets to countries who were then “assumed” to “fully inform their nationals” and “take appropriate measures to protect the rightful owners” in returning the property in question.⁸³ All claims from individuals were to be presented to their respective countries who would then forward the claim to the appropriate U.S. occupation authorities.⁸⁴ In the case of stateless Jews, such organizations as the World Jewish Congress and the American Jewish Conference rejected the notion of restitution to individual Jews and Jewish communities, preferring such restitution to go to the Jewish Agency for Palestine. They felt “that the settlement in Palestine of the surviving Jewish victims of Nazi persecution and the use of reparations for that purpose are imperative for postwar Jewish rehabilitation.”⁸⁵

⁸³NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 53; File #400B - Denmark; Enclosure 1 to Despatch #270 from Bernard L. Feig (U.S. Treasury Representative) to Einar Blechingberg (Royal Danish Ministry for Foreign Affairs); May 23, 1946 (328913)

NARA/CP; RG 260; Entry: Control Office; Box 471; File: McJunkins Correspondence; Lweeter from Fred Hartzson to Fred Halse (OMGUS Property Division); “Hungarian Property; August 30, 1948 (329020-329021)

⁸⁴NARA/CP; RG 260; Entry: FED; Box 394; File #900.10 - Organization & History of the FED; Memo from Capt. Paul S. McCarroll to Executive Officer, Finance Division; “Foreign Exchange Depository”; January 24, 1946 (304760)

⁸⁵NARA/CP; RG 59; Central Decimal Files (1945-49); Box 1912; File #462.00R/10-2645; Letter from Stephen S. Wise (WJC President) and Louis Lipsky (Chairman, Executive Committee, American Jewish Conference) to Secretary of State James F. Byrnes; October 26, 1945 (332968). The terms “restitution” and “reparations” were often used interchangeably.

On the other hand, such unidentifiable assets as securities, currency, jewelry, silver, and silver-plated tableware, were turned over⁸⁶ to the International Refugee Organization (IRO), the successor to the PCIRO and IGCR⁸⁷ to be sold for the "highest possible realizable value."⁸⁸ It was predicted by an American official that many plundered objects, such as jewelry, rugs, and antiques, would be sold in the United States because "these sales will be for good currency."⁸⁹ This was echoed by W. Hallam Tuck, Executive Secretary of the PCIRO, who, after conferring with such experts as Gimbels' department store, felt the best market for the higher quality items was the United States. According to Tuck, "second quality items" would find a quicker market in the more impoverished European countries.⁹⁰ As a result, the IRO opened an office in New York

⁸⁶The U.S. pointedly refused to refer to its disposition of assets to the IRO as restitution since that was reserved for governments, not organizations or individuals, but called it "disposal of U.S. property to a relief agency." See RG 59; Lot File 53D307; Box 16; File: Restitution of Property; Telegram 7678 from General Keyes (USFA) to War Department; August 21, 1947 (329050) The IRO, although a United Nations organization, was made up of such organizations, besides the AJDC and the Jewish Agency for Palestine, various Red Cross agencies, and the American Friends Service Committee (see RG 260; Finance Division; Box 94; File: IRO; "U.S. Army Logistical Support of IRO Operations...; December 1, 1947 [306607-609]), an entity that had blamed the U.S. for provoking Germany and Japan into World War II and had asked that U.S. forces be withdrawn from the conflict.

⁸⁷NARA/CP; RG 260; Entry: Finance Adviser; Box 162; File: FED-IRO; Letter from L.M. Hacking (Department of Mandate Protection & Reparations, IRO) to Jo Fisher Freeman (Office of the Finance Adviser, OMGUS); January 27, 1949. (302151) The IGCR went out of existence on June 30, 1947 and was replaced by the PCIRO which in turn was replaced by the IRO in 1948. The successor organizations also assumed the obligations of their predecessors - see RG 260; Finance Division; Box 94; File: IRO; "Statement of Abba Schwartz"; December 4, 1947 (306591)

⁸⁸NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable WARX-98112 from War Department to OMGUS, USFA, USFET; August 21, 1946 (328937)

⁸⁹NARA/CP; RG 260; Entry: External Assets; Box 707; File: Dr. Auerbach; "Translation of a Paper Clip from a German Newspaper Issued in USA"; August 18, 1947

⁹⁰NARA/CP; Lot File 53D307; Box 19; File: IRO Preparatory Committee (June-September 1947); Letter from W. Hallam Tuck (PCIRO Executive Secretary) to U.S. Rear Admiral Lewis L. Strauss; September 15, 1947 (329010-329014)

and established a Merchandising Advisory Committee of prominent American dealers. Subsequent auctions netted almost \$500,000 in sales by June 1949.⁹¹

The IGCR/IRO was responsible for the rehabilitation (such as education, vocational training, and medical assistance) and resettlement of the refugees who were persecuted for political, racial, and/or religious reasons, and who did not wish to return their previous homes and not concerned with other refugees in Europe who did not fit this criteria.⁹² These assets were considered unidentifiable largely because they were taken from concentration camp inmates⁹³ who were assumed to have been murdered or left no heirs and/or because the determination of individual ownership or national origin was “impractical,”⁹⁴ largely due to the melting down of such assets as jewelry and the absence

⁹¹NARA/CP; RG 59; Lot File 53D307; Box 20; File: IRO White Paper; June 7, 1949 (329015-329017)

⁹²NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Claims Instigated by IRO Turnover Policies; Letter from Theodore H. Ball to Vereinigung der Verfolgten des Nazi regimes; December 23, 1947. These other refugees were pressured to return their homelands even though that usually meant living under communist dictatorship. For example, see RG 59; Lot File 53D307; Box 20; File: IRO White Paper; June 7, 1949 (329015)

NARA/CP; RG 59; Entry: Central Decimal Files (1945-49); Box 3895; File #740.00119EW/2-1447; Letter with enclosures from M.W. Beckelman (AJDC Vice-Chairman) to Sir Herbert Emerson (IGCR); January 31, 1947

⁹³NARA/CP; RG 260; Entry: FED; Box 437; File: Shipment Records; Memo from J.H. Lennon (Land Property Control Chief) to Col. Brey (FED); “Deposit of valuable Unidentifiable Personal Property in the Foreign Exchange Depository”; September 19, 1947 (303674)

⁹⁴NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Telegram #230 from Secretary of State George Marshall to Dorr (U.S. Embassy, Brussels); February 24, 1947

NARA/CP; RG 59; Lot File 53D307; Box 19; File: IRO Preparatory Committee (June -September 1947); Letter from W. Hallam Tuck (PCIRO Executive Secretary) to U.S. Rear Admiral Lewis L. Strauss; September 15, 1947 (329010 - 329014)

NARA/CP; RG 260; Entry: FED; Box 424; File #940.401 - Schedule A; Cable WX-85682 from JCS through AGWAR to USFET (McNamey); USFA (Clark); November 16, 1946

NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold;
Cable WARX-98112 from War Department to OMGUS, USFA, USFET; August 21, 1946 (328937)

of records.⁹⁵ “Impractical” was defined in relation to the “difficulty and expense of determining ownership or national origin in comparison with the value of the property” and the extent of a looted asset intermingling with other assets.⁹⁶ A shortage of personnel was fingered as a culprit.⁹⁷ Article 8A of the Paris Agreement of December 1945 bound the American, British, and French occupation authorities to turning over all unidentifiable concentration camp loot to the IGCR in order to resettle victims of Axis brutality. The Five Power Agreement of June 1946 extended this policy to cover all non-monetary gold found by the Allies in Germany as well as \$25 million to be secured from the liquidation of German external assets in such neutral countries as Switzerland and Sweden plus all victim heirless assets found within those countries. 90% of this fund was to be allocated to the American Joint Distribution Committee and the Jewish Agency for Palestine, the designated organizations for administering aid to Jewish refugees. 95% of the heirless assets from concentration camp loot was also earmarked for these agencies.⁹⁸

Collecting from the neutrals, however, was a difficult process.⁹⁹ Thus, with the IGCR’s needs greater than its means,¹⁰⁰ despite receiving up to one million schillings a

⁹⁵NARA/CP; RG 260; Entry: Finance Adviser; Box 167; File: Non-Monetary Gold; Memo from Theodore H. Ball (OMGUS Finance Division Director) to Lt. General Maurice Pope (Canadian Military Mission, Berlin); “Sale of Nazi Loot”; circa September 1947 (219689)

⁹⁶NARA/CP; RG 260; Entry: FED; Box 469; “SOP Joint Turnover to IGCR” (201173)

⁹⁷NARA/CP; RG 260; Entry: FED; Box 470; Cable P-1266 from USFA to AGWAR; July 22, 1946 (201383)

⁹⁸NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver [Hungarian Restitution]; Telegram #228 from Jefferson Caffery (U.S. Embassy, Paris); June 15, 1946 (311479-311486)

NARA/CP; RG 59; Lot File 53D307; Box 20; File: IRO White Paper; June 7, 1949 (329015-329017)

⁹⁹NARA/CP; RG 59; Lot File 53D307; Box 20; File: IRO White Paper; June 7, 1949 (329015-329017)

month from Austria for its operations in that country,¹⁰¹ the State Department was anxious to provide the refugee organization with as much revenue as possible. Therefore, it favored the “broadest possible interpretation” of the definition of non-monetary gold under the Paris Agreements¹⁰² and thus, was reluctant to investigate the possibility of identifiability and to search for the owners of identifiable assets, and leaving that to the IRO’s discretion through its International Tracing Service.¹⁰³ This despite the fact that both Washington and OMGUS knew that the IRO and such member Jewish organizations as the American Joint Distribution Committee and the Jewish Agency for Palestine “do not wish to indemnify claimants.”¹⁰⁴ Neither these organizations nor the Americans wanted a claims commission set up because these valuables, “in the vast majority of cases, could not be identified” and “would only give rise to considerable dissatisfaction

¹⁰⁰NARA/CP; RG 260; Entry: AG Decimal File; Box 511; File #602.3; Letter from Clay to Major General Dr. J. Previn (Chief of Polish Military Mission, Berlin); circa February 1948 (215855)

NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V: German Non-Monetary Gold; Cable CC-1392 from Keating (OMGUS) to War Department and USFA; August 25, 1947 (329439-329440)

NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Telegram #230 from Secretary of State George Marshall to Dorr (US Embassy, Brussels); February 24, 1947

¹⁰¹NARA/CP; RG 260; Entry 116 - P Files; Box 21; File #P-1400; Letter from Chancellor Figl to Mr. Tuck; June 3, 1948 (312367)

¹⁰²NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold;

Cable WARX-98112 from War Department to OMGUS, USFA, USFET; August 21, 1946 (328937)

¹⁰³NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Telegram 221 from Berlin to Secretary of State; January 27, 1947 (328932)

NARA/CP; RG 59; Lot File 53D307; Box 16; File: Restitution of Property; Telegram #814 from Dean Acheson (State Department) to OMGUS (Berlin); April 16, 1947 (329024-329026)

NARA/CP; RG 59; Lot File 53D307; Box 20; File: IRO White Paper; June 7, 1949 (329015-329017)

NARA/CP; RG 260; Entry: FED; Box 437; File: Shipment Records; Transmittal Slip to Roberts; circa April 1948 (303695)

¹⁰⁴NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable CC-1796 from OMGUS to AGWAR; September 30, 1947

and possible criticism of whole IRO turnover procedure.”¹⁰⁵ Besides, “to establish a claims procedure would stress or admit the possibility of identification of assets delivered to IRO which is contrary to our practical application of” U.S. restitution guidelines.¹⁰⁶ The Americans were blunt in their desire to expedite the transfer of these items to the IRO: “Any property made available to IGCR will lessen a financial burden on the U.S. Thus in interest of U.S. to make IGCR fund as large as possible.”¹⁰⁷ All the important players in the U.S. Zone of Germany seemed to be on the same page. No wonder the American military’s Adviser on Jewish Affairs commented on “the magnificent team work between the Army, the IRO, and the Jewish Voluntary Agencies.”¹⁰⁸

The new American definition of non-monetary gold was that it included all valuable personal property of the victims of Nazi action which could not be returned to either owners or heirs because it was “impossible” to determine nationality.¹⁰⁹ Washington was also anxious to shed itself of some of the financial burden¹¹⁰ that occupation and assistance entailed. To this end, they pressed Britain and France to sign

¹⁰⁵NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable CC-1796 from OMGUS to AGWAR; October 2, 1947

¹⁰⁶NARA/CP; RG 260; Entry: FED; Box 424; File #940.38 - PCIRO; Memo from OMGUS to Civil Affairs Division, AGWAR; September 22, 1947 (329004)

¹⁰⁷NARA/CP; RG 260; Entry: FED; Box 469; “SOP Joint Turnover to IGCR”; circa 1947 (201174-201175)

¹⁰⁸NARA/CP; RG 165; Entry 476; Box 845; File: Adviser on Jewish Affairs

¹⁰⁹NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Telegram #616 from Acheson to U.S. Embassy, Moscow; March 21, 1947

¹¹⁰The United States had already granted given the IRO/IGCR \$146 million in foreign assistance from 1947-49 and was planning to give another \$35 million for 1950. See FRUS; Volume I; 1949; Table II; p. 756 (325668)

on to this policy.¹¹¹ Another factor was that OMGUS was growing weary over its responsibility as caretaker to these assets, stating that “the processing of claims for restitution constitutes a very heavy demand” upon its staff.¹¹² Also, the American Joint Distribution Committee and the Jewish Agency for Palestine pushed for concentration camp assets to be given to the IRO because the AJDC, as one of the designated “appropriate field organizations,” would then receive 90% of the proceeds¹¹³ to further their own work in resettling stateless European Jews in Palestine.¹¹⁴ In fact, the Jewish Agency for Palestine had its own army in that troubled British territory, the Haganah, and “was involved in the activities” of terrorist groups pursuing an independent Jewish homeland that would later become Israel.¹¹⁵ Largely because of this situation, Great Britain continued their opposition of the repatriation of Jews out of Europe to Palestine.¹¹⁶ The British, meanwhile, had some regrets about signing the Five-Power Agreement and were opposed to extending the non-monetary gold agreement to Austria because while

¹¹¹NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable WARX-98112; August 21, 1946 (328937)

¹¹²NARA/CP; RG 260; Entry: Property Division; Box 14; File: Restitution of Securities; Cable CC-2029; October 19, 1947 (311561-311562)

¹¹³Foreign & Commonwealth Office, General Services Command, United Kingdom.

History Notes. “Nazi Gold - Information from the British Archives, Part II: Monetary gold, non-monetary gold and the Tripartite Gold Commission”; Historians, LRD; No. 12; May 1997 (328939-328951)

¹¹⁴NARA/CP; RG 59; Lot File 53D307; Box 23; File: IRO Report; “Report of the Director-General to the General Council of the International Refugee Organization”; July 1, 1948-June 30, 1949; p. 59. (328966) As of June 30, 1949, the AJDC received over \$7.5 million and the Jewish Agency for Palestine received over \$11.2 from the IRO for its operations.

¹¹⁵Polk, William R. The Arab World; Cambridge: Harvard University Press. 1980. p. 174

¹¹⁶Foreign & Commonwealth Office, General Services Command, United Kingdom.

History Notes. “Nazi Gold - Information from the British Archives, Part II: Monetary

“British soldiers were being shot down in Palestine, London “could not possibly aid the authors of these deeds,” the beneficiary Jewish organizations, by enabling them to gain possession of more funds. Two years after World War II, the AJDC was referring to Great Britain, the first nation to face down Nazi Germany during World War II and one of the two nations making a concerted effort to recover looted Jewish property for resettlement purposes, as the “arch enemy of world Jewry.”¹¹⁷

The general thrust of the new American definition was ratified during discussion among the western Allies at the Council of Foreign Ministers meeting of March 1947 in Moscow: in addition to non-monetary gold covered by Article VII of the Paris Reparations Conference, all valuable personal property that represented loot seized or obtained under duress from victims of political, racial, or religious victims of Nazi Germany was to be turned over to the IGCR (IRO), provided that the determination of national origin was impractical or because the owner died without heirs. This was to apply to the western occupation zones of Austria as well as in Germany.¹¹⁸ This interpretation allowed for victim loot that was not specifically found at or near concentration camps to be considered non-monetary gold. The interpretation of political

gold, non-monetary gold and the Tripartite Gold Commission”; Historians, LRD; May 1997; p. 37 (328946). Of course, the British were always opposed to Jewish immigration to Palestine because of fears that it would provoke the ire of Arabs living in its colonial possession.

¹¹⁷NARA/CP; RG 59; Lot 53D307; Box 16; File: Restitution of Property: Telegram 3911 from Douglas (U.S. Embassy, London) to Marshall (Secretary of State); July 17, 1947 (329031-329032)

¹¹⁸NARA/CP; RG 260; Entry: Finance Adviser; Box 167; Telegram from Secretary of State George Marshall; May 8, 1947. (219690-219691) Note: The Soviet Union was not a party to any IRO disposition.

victims apparently extended to Allied POW's as their unidentifiable assets (papers, money orders, checks, securities) were also given to the IRO.¹¹⁹

Despite this agreement, the British continued to define non-monetary gold as "all unidentifiable articles of intrinsic value looted from persons confined by the Nazis in concentration camps."¹²⁰ Both the British and French were still uncomfortable with the "unidentifiable" designation of certain assets and desired a "sufficient period" of time to elapse, about two years, due to any possible claims, before turning over non-monetary gold items to the IRO. British restitution of unidentifiable assets to the IRO and identifiable assets to the appropriate countries was largely completed by 1951.¹²¹

Among the non-monetary gold assets that were turned over to the IRO was the SS loot found at the Merkers Mine. When the son of Auschwitz victims inquired about his parents engraved wedding rings, Colonel William Brey of FED replied that there was "no likelihood of recovering this property" since "it was impractical to catalogue the identifying markings of thousands of items of small intrinsic value much of which had

¹¹⁹NARA/CP; RG 260; Entry: FED; Box 399; File: Reports, Conferences; "Status as at 30 June 1948 of Assets held by FED" (321596)

NARA/CP; RG 260; Entry: FED; Box 421; File #940.154 - Second IRO Turnover; Memo from Frank C. Gabell (Chief, FED) to OMGUS Finance Adviser; "Assets set aside for delivery to IRO"; August 10, 1948 (328979-328980)

¹²⁰NARA/CP; RG 59; Lot File 53D307; Box 16; File: Restitution of Property; Telegram 3331 from Gallman (U.S. Embassy, London) to Marshall (Secretary of State); June 18, 1947 (32903?)

¹²¹Foreign & Commonwealth Office, General Services Command, United Kingdom.

History Notes. "Nazi Gold - Information from the British Archives, Part II: Monetary gold, non-monetary gold and the Tripartite Gold Commission"; Historians, LRD; No. 12; May 1997; p. 32, p. 38, p. 41 (328941-328950)

already been melted down in the camps.”¹²² Another problem with recovered SS loot was that it was often intermingled with other assets in Reichsbank vaults.¹²³

However, in October 1947, the Department of the Army instructed OMGUS to proceed with restitution of registered bonds from a “list of Concentration Camp Securities” at the FED if there were names of owners from a particular country.¹²⁴ As a result, six securities were authorized for release to Poland in 1947.¹²⁵ In accordance with U.S. policy, however, other non-monetary gold items that were unidentifiable and came from concentration camps located in Poland, and were claimed by the Polish government, were delivered to the IRO.¹²⁶ The determination of national origin obviously could not be affected by what country a particular concentration camp was located in.¹²⁷

The U.S. allowed IRO representatives to inspect the stored valuables in order to prepare a joint inventory, but not restitution missions of victim nations.¹²⁸ The fear was that these missions would claim ownership to everything within sight.

¹²²NARA/CP; RG 260; Entry: FED; Box 424; File #940.401 - Schedule A; Correspondence between Col. Brey (FED Chief) and Henry Berger; September 8-22, 1947

¹²³NARA/CP; RG 260; Entry: Finance Adviser; Box 165; File: Inventory of Certain Currencies & Securities; “Schedule A - Possible Bars to Delivery under W-90078; no date

¹²⁴NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box #130; File #400B; Cable WX88721 from Department of Army to OMGUS; October 21, 1947 (321708)

¹²⁵NARA/CP; RG 260; Entry: Finance Adviser; Box 165; File: International Bank for Reconstruction & Development; Memo from Albert F. Bender, Jr. for Theodore H. Ball; “Securities Authorized for Release to PCIRO”; November 21, 1947

¹²⁶NARA/CP; RG 260; Entry: AG Decimal File; Box 511; File #602.3 - Restitution; Letter from Gen. Clay to Maj. Gen. Dr J. Prawin (Polish Restitution Mission Chief); circa February 1948 (215855)

¹²⁷NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 1796; File #400B - Duress; Cable CC-1796 from OMGUS to AGWAR; September 30, 1947 (328990-328992)

¹²⁸NARA/CP; RG 59; Central Decimal Files (1945-49); Box 4236; File #800.515/10-1447; Letter from Paul F. McGuire (Associate Chief, Division of Financial Affairs, State Department) to Christian Valensi (Financial Counselor, Embassy of France); November 12, 1947 (223216)

The IRO was free to reject items it considered to have "low intrinsic value," for instance, currency that was no longer valid and considered worthless honored by the issuing country.¹²⁹ Non-monetary gold assets rejected by the IRO included currency (generally small denominations of various countries except for 900,000 Soviet rubles); jewelry and silverware (including watches, unengraved wedding rings, imitation pearls, and bracelets in poor condition whose total was appraised at 12,600 French francs); silverware; metals; and miscellaneous items such as papers, cameras, pocket knives, fountain pens, and flashlights.¹³⁰ The FED valued these items at \$1 and considered delivering them to the German Red Cross¹³¹ and "the Lost Property Office (Fundbuero) for sale with the proceeds going to the German economy."¹³²

NARA/CP; RG 59; Lot File 53D307; Box 19; File: IRO Preparatory Committee (June-September 1947); Letter from W. Hallam Tuck (PCIRO Executive Secretary) to U.S. Rear Admiral Lewis Strauss; September 15, 1947 (329010-329014)

NARA/CP; RG 260; Entry: FED; Box 470; File: Securities; Cable CC-3852 from OMGUS to Department of the Army; April 13, 1948

¹²⁹NARA/CP; RG 260; Entry: Finance Adviser; Box 162; File: FED-IRO; Letter from Abba P. Schwartz (PCIRO Reparations Director) to Col. William G. Brey (FED Chief); "Contemplated transfer of additional non-monetary gold to PCIRO under JCS non-Monetary Gold Directive"; July 27, 1948 (304780)

NARA/CP; RG 260; Entry: Finance Adviser; Box 162; File: FED-IRO; Telegram from W. Hallam Tuck to Jack Bennett (Finance Adviser); no date (301822)

NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Currencies - Restitution; Cable CC-9926 from Keating (OMGUS) to AGWAR; July 18, 1947

¹³⁰NARA/CP; RG 260; Entry: FED; Box 421; File #900.154 - Second IRO Turnover; Note with attachment from George Wenzel (IRO Reparations Officer) to FED; circa October 1948 (328997-329003)

¹³¹NARA/CP; RG 260; Entry: FED; Box 400; File #910.98 - FED Status Report; December 15, 1950 (303142-303144)

¹³²NARA/CP; RG 260; Entry: Finance Adviser; Box 161; File: Finance Adviser; Memo from Richard Edwin Fitch (Internal & External Finance Group); "Disposition of Assets Held by the Foreign Exchange Depository"; December 22, 1948 (300002-300003)

By September 22, 1947, the IRO had received almost \$1 million worth of recovered, unidentifiable concentration camp victim loot.¹³³ This is a rough estimate, however, as the FED and IRO were unable to come to an agreement regarding valuation of certain assets and were forced to settle upon a “tentative agreed valuation.”¹³⁴ Therefore, little effort was made to ascertain the value of currencies and securities on hand, despite the fact that US \$97,000 was included.¹³⁵ In fact, the IRO stated that they were not very much interested in such artificial valuation—market conditions would determine the true value.¹³⁶ Yet, despite the disposition of some American currency to the IRO, some 14 boxes (weighing 1,120 pounds) of American currency found in Germany and amounting to \$3.6 million, were shipped to the Federal Reserve Bank of New York.¹³⁷ The second turnover of unidentifiable assets to the IRO was tentatively valued at 5.5 million French francs in March 1948.¹³⁸

¹³³NARA/CP; RG 260; Entry: FED; Box #394; File #900.10; “Foreign Exchange Depository”; September 22, 1947 (309802)

¹³⁴NARA/CP; RG 260; Entry: FED; Box 424; File #940.38 - PCIRO; Internal Route Slip with Proposed Cable from Col. William G. Brey (Chief, FED) to OMGUS Finance Division; July 23, 1947. (329007-329009) OMGUS relied on French appraisals in francs and current French market values while the PCIRO relied on American appraisal in dollars and current U.S. market values which, considering the ultimate destination of these valuables, seemed to be the more sensible course.

¹³⁵NARA/CP; RG 260; Entry: Finance Adviser; Box 163; File: FED Tripartite Commission; Memo with Attachment from Frank J. Roberts (Acting FED Chief) to Fitch; April 12, 1949

¹³⁶NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; “Statement of Abba Schwartz”; December 4, 1947 (306597)

¹³⁷NARA/CP; RG 260; Entry: Finance Adviser; Box 420; File #940.151; Cable CC-7375 from OMGUS to Department of the Army and Keller (FED); January 11, 1949 (304793)

NARA/CP; RG 260; Entry: FED; Box 421; File #940.51 - Currency, Merkers Mine; Memo from Jack Bennett (Finance Adviser) to Chief, FED; “Authorization for Release of Assets from Foreign Exchange Depository”; January 6, 1949 (332984)

¹³⁸NARA/CP; RG 260; Entry: Finance Division; Box 74; File: Releases, FED; Memo from Bennett to FED Chief; “Authorization for the Release of Assets from Foreign Exchange Depository”; circa March 1948

The IRO disposed of less expensive jewelry by engaging the German smelting firm, Degussa—the same company that melted gold teeth from concentration camp victims into gold bars¹³⁹ for sale to banks in Switzerland!—to melt it down into gold bars for sales to governments.¹⁴⁰ The decision to have Degussa smelt the jewelry was questioned by the OMGUS Finance Division Director, Theodore Ball, but the IRO representative, Abba Schwartz, pressed ahead anyway because of lower transportation costs.¹⁴¹ The contract, signed in the Precious Metals Office of OMGUS in the presence of Colonel Fruitman, called for Degussa to retain 5% of the precious metals resulting from the refining process.¹⁴² However, it was soon obvious that Degussa's metal retention exceeded the limits of MG Law 53. Therefore, new arrangements were made by having Degussa be paid with RM 100,000 by the Jewish Agency for Palestine¹⁴³—in effect, the Israeli government-in-waiting.¹⁴⁴ The money, according to Schwartz and Jewish Agency

¹³⁹NARA/CP; RG 260; Entry: FED; Box 423; "Draft Tab - Evaluation of the Loot" (303421-303422)

¹⁴⁰NARA/CP; RG 59; Lot File 53D307; Box 19; File: IRO Preparatory Committee (June-September 1947); Letter from Tuck to Admiral Strauss; September 15, 1947 (329010-329014)

NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; Statement of David

L. Rolbein to U.S. Army Criminal Investigation Division (CID); December 3, 1947 (306001-306003)

¹⁴¹NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; "Statement of Theodore H. Ball"; December 12, 1947 (306604)

NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; "Statement of Abba Schwartz"; December 4, 1947 (306591-306596)

¹⁴²NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; Statement of David L. Rolbein to U.S. Army Criminal Investigation Division (CID); December 3, 1947 (306001-306003)

NARA/CP; RG 260; Entry: Finance Adviser; Box 165; File: International Bank for Reconstruction & Development; Memo from David L. Rolbein (Chief, Reparations Mission, PCIRO, Frankfurt) to Justen M. Kelley (Chief, Metals Section, Economics Division, OMGUS) "Smelting of Precious metals for PCIRO by DeGussa"; September 19, 1947 (328982-328983)

¹⁴³NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; Statement of David L. Rolbein to U.S. Army Criminal Investigation Division (CID); December 3, 1947 (306001-306003)

¹⁴⁴LeBor, Adam. Hitler's Secret Bankers: The Myth of Swiss Neutrality During the Holocaust. Secaucus, NJ: Birch Lane Press. 1997. p. 229

representative, Rachel Adiv, was “collected by contributions in Jewish D.P. Camps” in the U.S. occupation zone of Germany, the supposed beneficiaries!¹⁴⁵ However, OMGUS had strong suspicions the Reichsmarks were illegally obtained through channels in Switzerland.¹⁴⁶

An interesting case of restitution involved envelopes found at Germany’s first concentration camp, Dachau.¹⁴⁷ The 2,826 envelopes mainly consisted of such items as wedding rings, watches, and pins, and largely belonged to political prisoners, POW’s, Gypsies, Jehovah’s Witnesses, Communists, and common criminals. The total estimated value was less than \$10,000 and although each envelope bore the name and birth date of the owner, just 23% listed the nationality.¹⁴⁸ All identifiable envelopes were restituted to the proper country while unidentifiable packets, following a search through the International Tracing Service, were given to the IRO.¹⁴⁹

¹⁴⁵NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; “Statement of Rahel Adiv”; January 6, 1948 (306606)

¹⁴⁶NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; Letter with attachments from General Lucius Clay (OMGUS) to William Tuck (Executive Secretary, PCIRO); January 28, 1948 (306583-306589)

¹⁴⁷NARA/CP; RG 226; Entry 146 - Misc. Washington Files; Box 34; File #425 - Dachau; pp. 5-8 (333021-333024)

¹⁴⁸NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 130; File #400B; Cable CC-1796 from AGWAR to OMGUS; September 30, 1947 (328990-328992)

NARA/CP; RG 260; Entry: FED; Box 161; File: Dachau Envelopes; Memo with attachment from F. Przulski (Chief, Tracing Section, PCIRO) to Jo Fisher Freeman (Finance Division, OMGUS); “Identification of Nationality of Former Dachau Inmates”; September 26, 1947 (312658-312660). These are not to be confused with the 1200 German POW envelopes which were under consideration for delivery to the German Red Cross.

¹⁴⁹NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 130; File #400B; Cable CC-1796 from AGWAR to OMGUS; September 30, 1947 (328990-328992)

NARA/CP; RG 260; Entry: FED; Box 421; File #940.154 - Second IRO Turnover; Memo from Frank C. Gabell (Chief, FED) to OMGUS Finance Adviser; August 10, 1948 (328979-328980)

In April 1949, the IRO announced that they had realized over \$2.2 million in sales of the non-monetary gold that was transferred to the organization.¹⁵⁰ How they came up with this figure is unexplained since in June 1949 they had only netted \$500,000 in auctions¹⁵¹ and in 1951 said they had only gained \$1.6 million in sales of non-monetary gold.¹⁵²

The IRO had also hoped to gain an additional \$120,000 from legislation introduced in the U.S. Congress which would have refunded customs duties that were paid for the "considerable quantities of non-monetary gold brought" into the U.S. for liquidation sale.¹⁵³ It is not known at this time as to whether this bill was ever approved.

It must be underscored that not all looted victim assets discovered by the U.S. were transferred to the IRO. Holland received three separate restitution shipments of diamonds, including an estimated 7500 gems of over 336 carats¹⁵⁴ "found in Madrid in German hands."¹⁵⁵ These diamonds had been purchased by the Nazis from Dutch Jewish

¹⁵⁰NARA/CP; RG 591 Lot File 53D307; Box 14; File: IRO Reparations; Press Release from UN Department of Public Information, Press & Publications Bureau; "Reparations Funds Yield \$15,306,458 For Victims Of Nazis, IRO Reports"; April 1, 1949 (329437-329438)

¹⁵¹NARA/CP; RG 59; Lot File 53D307; Box 20; File: IRO White Paper; June 7, 1949 (329015-329017)

¹⁵²NARA/CP; RG 59; Lot File 53D307; Box 10; File: IRO, General (May-June 1951); Memo from Herbert C. Madison to Mr. Warren; June 28, 1951 (329034)

¹⁵³NARA/CP; RG 59; Lot File 53D307; Box 10; File: IRO, General (May-June 1951); Memo from Herbert C. Madison to Mr. Warren; June 28, 1951 (329034)

¹⁵⁴NARA/CP; RG 84; Entry 2108 - Brussels Embassy; Box 132; File #711.3; Telegram #2151 from Marshall (Secretary of State) to U.S. Embassy, Brussels; May 24, 1948

NARA/CP; RG 84; Entry 2109A - Brussels Embassy; Box 19; File #711.6; Airgram #7 from Bonsal to Dorr; October 11, 1946

¹⁵⁵NARA/CP; RG 84; Entry 2453A; Box 18; File #711.3; Memo from U.S. Embassy, Madrid; December 11, 1947

sellers under duress at very low prices,¹⁵⁶ although Belgium, nevertheless, made a claim for them.¹⁵⁷ The State Department ruled that this was indeed loot and not a normal commercial transaction.¹⁵⁸ Holland was a large recipient of restitution from the American zones, especially in securities and diamonds (23,000 carats in 1947 alone.¹⁵⁹ Some of the diamonds looted from Arnhem were extremely easy to identify as they were in envelopes bearing the individual's name and address in Holland.¹⁶⁰

A case of unidentifiable Jewish assets not going to the IRO occurred when Reichsbank deposits of concentration camp loot made by SS official Bruno Melmer were processed and, therefore, intermingled with other assets.¹⁶¹ Although there was little doubt that this processed portion of the Merkers Mine was unidentifiable victim loot and, according to U.S. policy, should have been delivered to the IRO, the FED claimed that it

¹⁵⁶NARA/CP; RG 84; Entry 2108 - Brussels Embassy; Box 113; File #711.6; "Netherlands Claims for German Diamonds Found in Madrid; Letter from Godley (U.S. Embassy, Brussels) to Secretary of State; August 21, 1947

¹⁵⁷NARA/CP; RG 84; Entry 2109A - Classified General Records of the Brussels Embassy; Box 19; File #711.2 - Safehaven; unnumbered Telegram from Alan G. Kirk (U.S. Embassy, Brussels) to U.S. Embassy, Madrid; October 30, 1946 (300829)

¹⁵⁸NARA/CP; RG 84; Entry 2453A; Box 18; File #711.3; Memo from U.S. Embassy, Madrid; December 11, 1947

¹⁵⁹NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 211; File #400B - Restitution, General; Cable CC-5168 from OMGUS to Chief of Staff, US Army; July 15, 1948 (328963-328964)

¹⁶⁰NARA/CP; RG 56; Accession #69A4707; Box 82; File: Germany - Looted Property; Cable CC-1318 from Keating (OMGUS) to AGWAR; "restitution Netherlands diamonds"; August 19, 1947 (332981-332982)

¹⁶¹NARA/CP; RG 260; Entry: FED; Box 423; File #940.304

was impossible to identify the proper source.¹⁶² As a result, these currencies were restituted to the country of issue.¹⁶³

Even following the two major transfers of unidentifiable property to the IRO, there remained large stocks of unidentifiable securities. This was due to the failure to reach quadripartite agreement on how to proceed with their restitution. Therefore, MG Law 59 was promulgated to deliver these assets to a designated agency, the Jewish Restitution Successor Organization (JRSO), a consortium of leading American Jewish groups. 825 claims for more than 500,000 individual securities (in many instances, a single claim covered several thousand securities) were received before OMGUS' controversial filing deadline of December 31, 1948.¹⁶⁴ OMGUS, fearing prolonged delays, defended the deadline and explained that incomplete claims could be filed before that date with the missing details filled in later.¹⁶⁵

By 1950, OMGUS decided to restitute all foreign securities seized in Germany under Law 53 and claimed by another country unless the German owner could prove they

¹⁶²NARA/CP; RG 260; Box 424; File #940.38 - PCIRO; Letter from Col. William G. Brey (FED Chief) to Field Reparations Chief, PCIRO; "Currencies"; January 28, 1948 (329448-329449)

¹⁶³NARA/CP; RG 260; Finance Division; Box 423; File #940.304; Cable CC-9926 from OMGUS to AGWAR; July 18, 1947 (301395-301396)

¹⁶⁴NARA/CP; RG 260; Entry: Property Division; Box 15; File: Reparations & Restitution; "External Restitution" (307492-307495)

¹⁶⁵NARA/CP; RG 59; Entry: Central Decimal Files (1945-49); Box 1938; File #462.11EW/12-848; Letter from Walter Wilds (Deputy Assistant Secretary of State for Occupied Areas) to Seymour J. Rubin (Attorney, American Jewish Committee); December 21, 1948

were in his possession before the claimant country was under Nazi occupation, provided that the claimant met all other restitution requirements.¹⁶⁶

The United States Allied Control Commission, Austria (USACA) also undertook deliveries to the IRO and restitution of non-monetary gold. In 1948 and 1950, the Reparations, Deliveries & Restitutions (RD&R) Division transferred looted currencies to the IRO.¹⁶⁷ An October 1948 directive from Washington (WX-89482) lifted the ban on the restitution of securities and currency from the U.S. Zone in Austria, a year after OMGUS had begun restituting securities. USFA authorities looked forward to completing this disposal in early 1949.¹⁶⁸

There were only two scenarios when direct restitution was effected by the United States: a) Internal Restitution whereby, OMGUS, acting as a surrogate government, transferred assets (usually Law 53) to German citizens; and b) to a “non-National or a refugee national” claimant of the Soviet Union or one of its Iron Curtain satellites,¹⁶⁹ since their Communist governments could not be trusted to return assets to their rightful owner due to their disbelief in the notion of private property and their totalitarian nature.

¹⁶⁶NARA/CP; RG 260; Entry: Allied Bank Commission; Box 15; File: Release of Securities & Foreign Currency; Letter from Richard G. Leonard (Chief, Credit & Currency Branch); May 19, 1950

¹⁶⁷NARA/CP; RG 260; Entry 116 - “P” Files; Box 21; File: P-1400; Message from USACA to Department of the Army; March 26, 1948 (317035)

NARA/CP; RG 260; Entry 116 - “P” Files; Box 21; File: P-1400; Letter from James A. Garrison (Chief, RD&R Division) to Price, Waterhouse & Co.; January 23, 1950 (315069)

¹⁶⁸NARA/CP; RG 407; Entry 368B; Box 1432; File: Reparations & Restitution - Austria; “Summary Report On Claims And Restitutions”; December 31, 1948

¹⁶⁹NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Currencies - Restitution; Memo from Richard Edwin Fitch Office of Finance Adviser, OMGUS) to Jo Fisher Freeman; November 5, 1948 (301599)

Internal (and thus, individual) restitution was not even carried out in the U.S. Zone of Austria as the Americans decided to turn over that responsibility to the nascent Austrian government. Austria's citizens, including its remaining persecuted Jewish population made their claims directly to the Austrian government.¹⁷⁰

The Potsdam Agreement of 1945 provided a guarantee for the maintenance of a minimum standard of living for postwar Germany, providing an ambiguous ceiling on reparations that did not exist after World War I. This pact overturned previous American policy toward Germany as articulated in JCS 1067 which limited German rehabilitation to minimal levels, enough to prevent disease and disorder. In accordance with this new policy, the Joint Chiefs of Staff decided that securities, currency, and gold were not allowed to be restituted if the zone commander felt it would "jeopardize" the minimum requirements of the German or Austrian economies.¹⁷¹

Other recipients of assets were the ex-enemy nations themselves: Germany and Austria! Initially, the U.S. agreed not to retribute to countries other than those of the United Nations. However, the "course of events" (i.e., Soviet adventurism) overtook this point of view and OMGUS was "directed to retribute to ex-enemy" nations.¹⁷² The U.S. decided that the best way to ensure that totalitarianism (Nazism or the new Communist

¹⁷⁰NARA/CP; RG 260; Entry 101 - Decimal Files; Box 11; File #010.1; Memo from Edgar M. Foltin (Chief, Legal Division) to Chief, RD&R Division; "Press Release - Austrian Restitution Act"; October 14, 1946 (107037)

¹⁷¹NARA/CP; RG 260; Entry 101 - Decimal Files; Box 42; File: Restitution (January 1949); Circular Telegram from Byrnes (Secretary of State); March 16, 1946 (319181)

¹⁷²NARA/CP; RG 84; Entry 2531B - US POLAD; Berlin; Box 130; File #400B; Memo from Col. R.M. Cheseldine to Mr. Wilkinson; December 13, 1947 (325693-325694)

threat) would not raise its ugly head again in central Europe was to assist in building up their economies. In fact, USFA's mission statement was "to reestablish a free, independent and democratic Austria with a sound economy, capable of insuring an adequate standard of living."¹⁷³ To that end, the U.S., from April 1945 through the end of 1947, distributed \$275.9 million of direct aid to the Austrian Government, along with some captured enemy (German and possibly Hungarian) material, and coal supplies from the Ruhr, as well as planned food and agricultural assistance.¹⁷⁴

The Austrian State Treaty of 1955 provided that Austria was responsible for the disposition of property confiscated from victims of racial and/or religious persecution. Such property was to be returned to the rightful owners. However, when restitution or restoration was "impossible," compensation was to be granted. Assets that remained heirless or unclaimed six months after the Treaty were to be transferred to the control of the Austrian Government. The Austrians were then to deliver "such property, rights, and interests to appropriate agencies or organizations to be designated by the Four Heads of Mission in Vienna by agreement with the Austrian Government to be used for the relief and rehabilitation of victims of persecution by the Axis Powers, it being understood that these provisions do not require Austria to make payments in foreign exchange or other

¹⁷³NARA/CP; RG 407; Entry 368B; Box 1442; File: Foreign Area Reports (1945-54) (325711)

¹⁷⁴NARA/CP; RG 319; Entry 82 - P Files; Box 1153; File: ERP; "The European Recovery Program: Country Studies, Chapter II - Austria"; pp. 22-23; circa January 1948 (325712-325714)

transfers to foreign countries which would constitute a burden on the Austrian economy.”¹⁷⁵

Silver was often released from the FED into the German economy, specifically to Degussa, in order to rebuild the silverware industry.¹⁷⁶ Silver was also sold from the FED to German state banks.¹⁷⁷ Any silver released into the German economy from the Foreign Exchange Depository was “newly refined and not subject to Law 53 and on which no claim was pending.”¹⁷⁸

Washington initially directed the restitution of the currencies of Hungary, Bulgaria, Romania, and Finland within the U.S. zones of occupation to be delivered to the USSR.¹⁷⁹ This policy was indefensible as applied to Finland since it was the Finns who were invaded by the USSR when it was allied with Nazi Germany! This policy would soon be rescinded as the USSR embarked on its unilateral seizure of properties in Germany and Austria.

¹⁷⁵Department of State, United States Treaties and Other International Agreements; Volume 6, Part 2; 1955; “Multilateral-Austrian State Treaty; pp.2435-2436 (320418-320419)

¹⁷⁶NARA/CP; RG 56; Accession 69A4707; Box 84; File: Germany-Reparations, Vol. 2; Draft; “Release of Silver from Frankfurt Depository for German Silverware Industry”; October 17, 1946 (207584)
NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED, 1947; “Silver on Hand in F.E.D.”
NARA/CP; RG 260; Entry: External Assets; Box 8; File: Disposition - Personal Property; Cable CC-7904 from Clay to JCS; February 3, 1947 (312719-312721)

¹⁷⁷NARA/CP; RG 260; Entry: Finance Adviser; Box 161; Memo from Richard Edwin Fitch (Internal & External Finance Group); “Disposition of Assets Held by the Foreign Exchange Depository”; December 22, 1948 (300002)

¹⁷⁸NARA/CP; RG 260; Internal & External Finance; Box 346; File: Silver; Memo from Fruitman to OMGUS Economics Division Director; circa February 1947

¹⁷⁹NARA/CP; RG 260; Entry: FED; Box 470; File: Operations, Payments, Shipments; Cable W-88054 from AGWAR to OMGUS (201375)

Almost \$4 million worth of jewelry, silver, currency, and miscellaneous gold was restituted from the U.S. Zone of Germany to Hungary,¹⁸⁰ along with \$33 million in monetary gold. This was due to the fact that the U.S. was eager to assist Hungary in becoming a democratic nation. However, following the delivery of \$3 million of silver on the Silver Train of April 1947, the Soviet Union immediately presented Hungary with a bill for (in a startling coincidence!) \$3 million concerning a "loan" from 1945 and in May 1947, effected a Communist coup, the U.S. was reluctant to deliver any more restitution except that of a humanitarian nature (i.e., hospital equipment). This situation, coupled with the fact that Hungary, in its alliance with Nazi Germany, had expanded its borders into Slovakia, Ukraine, and the Transylvanian region of Romania, made determination of national origin impractical, made the restitution decision of June 1947 to the IGCR of the Jewish valuables on board the Werfen Train a fairly simple matter. Any possibility of a guilty conscience was further salved when the American Joint Distribution Committee pressed American military authorities to release the assets to the IGCR. As a designated "appropriate field organization" under the Five-Power Agreement of 1946, the AJDC received 95% of any proceeds regarding Jewish property liquidated by the IGCR or its successors (the PCIRO and IRO).¹⁸¹ The Central Board of Hungarian Jews were not going to receive any restitution because it was obvious the Communists would have stolen it; the U.S. was anxious to provide the IGCR with as much capital as possible in order to improve the European refugee situation; there was a

¹⁸⁰NARA/CP; RG 260; Entry: Finance Adviser; Box 163; File: FED Tripartite Commission; Memo from Frank J. Roberts (FED) to Fitch; April 12, 1949 (328928-328931)

legitimate question regarding national origin; and the AJDC wanted the money to fund their Palestine emigration activities.

The United States still continued its restitution to Czechoslovakia, however, even after its communist coup in February 1948. 958 carats of diamonds and semi-precious stones of Czech origin that were found in the salt mine near Stassfurt, Germany, were cleared for restitution to Czechoslovakia by Washington's cable WX-85011 of July 1, 1948.¹⁸² These diamonds were collected by the Nazi authorities in Czechoslovakia from Jews who were "disposed of." The Czechs filed a claim with complete descriptions, but no names of the original owners.¹⁸³ Therefore, the diamonds in question were identifiable by national origin, but not by individual ownership. In January 1948, the JRSO argued that these diamonds should be released to the IRO.¹⁸⁴ However, OMGUS argued that "quadripartitely agreed policy" and cable WX-85965 from Washington show that these diamonds are restitutable to the Czechs on the "basis of determined national origin."¹⁸⁵ It was an argument that would carry the day. The actual release began in November 1948.

In October 1948, OMGUS had also released a cache of jewelry, silver bullion, precious stones, securities, and wedding rings "in envelopes bearing names and addresses

¹⁸¹NARA/CP; RG 59; Central Decimal Files; Box 3901; File #740.00119 EW/6-2047; Telegram #436 from Secretary of State George Marshall to American Legation, Vienna; June 20, 1947

¹⁸²NARA/CP; RG 260; Entry: Finance Division; Box 93; File: FED; "Status as at August 31, 1948 of Assets Held by FED"

¹⁸³NARA/CP; RG 260; Entry: AG Decimal File; Box 511; File #602.3 - Restitution; Cable CC-3558 from OMGUS to the Department of the Army; March 19, 1948 (305042-305043)

¹⁸⁴NARA/CP; RG 260; Entry: FED; Box 418; File #940.4; January 7, 1948

¹⁸⁵NARA/CP; RG 260; Box 511; Entry: AG Decimal File; Box 511; File #602.3 - Restitution; Cable CC-3558 from OMGUS to the Department of the Army; March 19, 1948 (305042-305043)

of Czech nationals from whom said to have been confiscated for political, racial, and religious reasons” to Czechoslovakia.¹⁸⁶ These valuables, found at the Reichsbank in Regensburg, were valued at \$500,000. This particular shipment was noteworthy because it contained items that were both identifiable and unidentifiable as “all of the precious stones resulted from old fashioned jewelry which was broken up, the stones modernized by recutting, the settings melted down.” The restitution of these unidentifiable objects was defended by U.S. authorities because “there was not the slightest doubt... that all of these valuables had been removed from Czechoslovakia and accordingly restitution to that country was ordered by Washington.”¹⁸⁷ Unfortunately, this shipment also included many valuables belonging to two American citizens, Emil Freund and Hanna Feigl. However, OMGUS’ efforts to retrieve the items were met with silence by the increasingly hostile, communist Government of Czechoslovakia.¹⁸⁸

A new wrinkle in U.S. restitution policy occurred, in agreement with the British, with regard to the “Rome Treasure” found in Italy. Currency and securities looted from IARA nations were to be returned to the countries of origin; German currencies and securities were to be returned to occupation authorities in Germany; and neutral and non-IARA looted currency and securities, as well as gold coins and ingot, were to be turned over to the IRO for liquidation and/or shared equally with the Italian Government for

¹⁸⁶NARA/CP; RG 260; Entry: Finance Division; Box 93; File: FED; “Status as at August 31, 1948 of Assets held by FED”

NARA/CP; RG 260; Entry: AG Decimal File; Box 511; File #602.3 - Restitution; July 15, 1948

¹⁸⁷NARA/CP; RG 260; Entry: Finance division; Box 93; File: FED; “Draft of particulars”; circa October 1948

liquidation. IRO proceeds were to benefit victims of Nazi persecution. Italian proceeds were to go to charity, a gaping loophole. All jewelry found in the Rome Treasure was also to be turned over to the IRO for liquidation into hard currency. These proceeds were to be split with the Italian Government in the same manner as above.¹⁸⁹

With regard to those looted assets that Switzerland bought from Nazi Germany during World War II, the IRO was responsible for collecting the 50 million Swiss Francs from the liquidation of German assets provided for by the Washington Agreement of 1946 and \$25 million from the Allied-Swiss Liquidation Commission.¹⁹⁰ Meanwhile, that same accord directed the Swiss Compensation Office to find and liquidate German properties within its borders.¹⁹¹ As for the Five-Power Agreement of 1946 which directed Switzerland and Sweden to give the IRO \$25 million, only \$18.5 million was paid through June 1949.¹⁹²

V. CONCLUSION

European Jews were victimized on a myriad of levels:

¹⁸⁸NARA/CP; RG 260; Entry: Property Division; Box 22; File: Freund/Feigl Restitution Case; Letter with enclosures from Daniels to Fisl; September 11, 1950

¹⁸⁹NARA/CP; RG 59; Lot File 54D328; Box 6; File #315; Draft of Cable from George Tesoro to Trevaldwyn (British Embassy)

¹⁹⁰Foreign & Commonwealth Office, General Services Command, United Kingdom.

History Notes. "Nazi Gold - Information from the British Archives, Part II: Monetary gold, non-monetary gold and the Tripartite Gold Commission"; Historians, LRD; No. 12; May 1997; p. 37 (328946)

¹⁹¹NARA/CP; RG 260; Entry: Finance Adviser; Box 161; File: Disposition of Foreign Currency; Memo from Gen. Clay to AGWAR; circa July 1946 (328985-328986)

¹⁹²NARA/CP; RG 59; Lot File 53D307; Box 23; File: IRO Report; "Report of the Director-General to the General Council of the International Refugee Organization" July 1, 1948 - June 30, 1949 (328965-328967)

a) by the German Nazis and their willing accomplices and collaborators in other countries who stole their assets and then their lives;

b) by neutral nations, primarily Switzerland, who constantly purchased victim loot from Germany in exchange for hard currency;

c) by the various international agreements such as the Paris Conference of 1945 and the 5-Power Conference of 1946 which basically deemed all concentration camp loot as unidentifiable and to be sent to the IRO, whether or not the victim was a survivor or had heirs! This was in striking contrast to the London Declaration which gave those who collaborated with the Nazis a chance to have their assets returned;

d) by the Soviets who were not much interested in restitution or personal property and whose obstructionist tactics made constructive, quadripartite agreement for the restitution of various assets impossible;

e) by the United States, who had grown weary of being a caretaker for these valuables was anxious to assist the IRO in clearing up the Displaced Persons' problem, that it was not very interested in pursuing the identifiability of concentration camp assets, although it must be conceded that much of this property, indeed, was heirless.¹⁹³ The U.S. also found it easier to compensate two million former German POW's¹⁹⁴ through FED disbursements than any heirs to concentration camp victims;

¹⁹³Foreign & Commonwealth Office, General Services Command, United Kingdom.
History Notes. "Nazi Gold - Information from the British Archives, Part II: Monetary

f) by such organizations as the American Joint Distribution Committee and the Jewish Agency for Palestine who were on the IRO dole and anxious to receive as many proceeds as possible from the sale of victim loot in order to resettle Jewish refugees in Palestine. These endeavors were wholeheartedly supported by the World Jewish Congress and the American Jewish Conference;

g) by refugee diamond merchants who set up shop in Spain and Portugal and did business with the Nazis who were busy murdering their religious compatriots.

Among the ruins of postwar Europe, the United States was exceedingly generous to its Allies and former enemies alike. However, when it came to investigating possible identification and ownership of individual concentration camp assets, the U.S., because of economic and domestic political considerations (i.e., the overwhelming desire to reduce the U.S. military presence overseas), did not step up to the challenge and chose the easier way out by simply defining the assets as unidentifiable and transferring them to the IRO.

Any notion that the U.S. enriched itself with looted assets from Holocaust victims, however, is false. The United States, through the IRO and with the backing of international Jewish organizations, concerned itself with Jewish refugees following the war, not individual Jews or Jewish communities.

gold, non-monetary gold and the Tripartite Gold Commission"; Historians, LRD; No. 12; May 1997; p. 40 (328949)

¹⁹⁴NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED - 1947; "The Foreign Exchange Depository"; April 27, 1947

Assets Released by the FED as of December 15, 1950¹⁹⁵

Individuals	\$656
IRO	\$808,369
USA	\$3.6 million
Great Britain	\$1.3 million
Albania	\$2
Australia	\$34
Belgium	\$2.1 million
Canada	\$8,751
Czechoslovakia	\$502,703
Denmark	\$274,000
Egypt	\$186,000
France	\$100.7 million
Germany	\$1
Greece	\$2
Holland	\$37.3 million
Hungary	\$35.8 million (mostly gold and silver)
India	\$10
Italy	\$262,632
Luxembourg	\$21
New Zealand	\$2
Norway	\$1.9 million
Poland	\$3,404

¹⁹⁵NARA/CP; RG 260; Entry: FED; Box 400; File #910.98 - FED Status Report; December 15, 1950 (303139-303141)

NARA/CP; RG 260; Entry: External Assets; Box 8; File: Disposition - Personal Property; Cable CC-7904 from Clay to JCS; February 3, 1947 (312719-312721)

Romania	\$1
South Africa	\$11,600
Switzerland	\$52,135
Turkey	\$1
USSR	\$5 (apparently the equivalent of 813 bags of rubles)
Yugoslavia	\$144,211



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Financial Assets Taken Under Control in Europe

by Greg Murphy (based largely on research undertaken by Greg Murphy and Sebastian Saviano)

June 15, 2000

Introduction:

This paper addresses the issue of non-monetary gold financial assets that came under American control following World War II. It attempts to explore how these properties were confiscated by the Nazis; how they were discovered; what was the final disposition of them; and whether the disposition of these valuables was handled properly.

I. Nazi Looting of Non-Gold Financial Assets

Considering that by May 1941, the Nazi German government was incurring 2.5 billion marks a month in operating expenses,¹ ways were needed to be found to continue the financing of their terroristic regime. Jewish assets such as currency and bonds were already confiscated in Germany, as well as such occupied countries as Czechoslovakia, France, Holland, and Poland, while diamonds were usually bought at "ridiculously low" prices, as they were sold under duress, and subsequently, even those minimal proceeds would be confiscated!² Non-Jewish sources were then needed to help fuel the Nazi war machine - with one large difference in implementation: these assets were largely purchased at reasonable prices, some under duress, many not. Yet, as a result of the London Agreement of January 1943 which stated that all transactions with Nazi Germany were subject to invalidation,³ those non-Jews who sold their assets to the Nazis could claim that all sales were under duress and therefore, they could receive these goods back as restitution. In other words, items were sold, the money was pocketed, and the items eventually returned. Jews, on the other hand, received little or, in most cases, no compensation for their assets, many were murdered during the war, and then their assets, assumed to have no owner, were handed over to the IRO who sold them to finance their rehabilitation and resettlement operations, a crisis caused by the Nazis themselves! Thus, those who collaborated with the Nazis often profited, while those who paid with their lives due-to-Hitler's-extirmination-orders-of-1942,⁴ were victimized again after the war.

¹NARA/CP; RG 38; Entry 98A - Naval Attaches; Box 595; File #C-11-B 6306B - German Finances & General Notes; Intelligence Report; May 29, 1941 (325742)
²NARA/CP; RG 84; Entry 2108 - Brussels Embassy; Box 113; File #711.6; "Netherlands Claims for German Diamonds Found in Madrid; Letter from Godley (U.S. Embassy, Brussels) to Secretary of State; August 21, 1947 (336574-576) ✓"
³NARA/CP; RG 407; Entry 368B; Box 1451; File: Rehabilitation of Austria (1945-49) Volume III; Prepared by the United States Allied Commission, Austria; p. 65 (319358) Foreign Relations of the United States (FRUS); 1945; Volume III; Telegram from U.S. Ambassador to Great Britain (Winant) to the Secretary of State; pp. 1170-1171 (329456)
⁴NARA/CP; RG 84; Entry 3208 - U.S. Legation, Bern - Confidential Records; Box 7; File #840.1 - Jews; Letter with attachments from JKH to Howard Elting, Jr. (U.S. Vice Consul, Geneva); August 21, 1942
NARA/CP; RG 84; Entry 3208 - U.S. Legation, Bern - Confidential Records; Box 7; File

Aryanization had forced out the leading German foreign exchange firm, Gebruder Arnholdt, in 1938. The legal German mechanism to carry out the purchase and sale of securities was DEGO (Deutsche Goldskontbank), an arm of the Reichsbank.⁵ DEGO had correspondents in various countries, some occupied, some neutral. In Holland, they worked with Lippman, Rosenthal & Co., as well as Mendelssohn & Co. In Switzerland, the primary associates were the Zuricher Creditanstalt Nd, the Basler Handelsbank of Zurich. DEGO's main contact in Sweden was the Enskilda Bank owned by the Wallenberg family.⁶

Holland's Jewish population had their securities and foreign exchange confiscated by being required to deposit them with Lippman Rosenthal & Co. whereupon they would be seized and then sold by the German management or German banks.⁷ Proceeds from the sale of confiscated Jewish assets, mostly in France, went directly to the German government.⁸

#840.1; Despatch #49 with enclosures from Paul C. Squire (U.S. Consul, Geneva); "Affidavit re Order for Extermination of the Jews"; October 29, 1942. The reason two orders were needed was that Himmler and Poland Governor Frank were in opposition, preferring to use Jews for slave labor purposes.

⁵NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based On Interrogation Of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223536)

⁶NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based On Interrogation of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223538)

⁷NARA/CP; RG 131; Entry: FFC Subject Files; Box 404; File: Securities - Caveat List; Letter from Hays, St. John, Abramson & Schulman to Foreign Property Control, Federal Reserve Bank (New York); March 11, 1947 (311518-311519)

NARA/CP; RG 84; Entry 2109A - Brussels Embassy; Box 17; File #711.2; Safehaven Report #3; "German Purchases & Seizure of Shares in Holland through Lippman Rosenthal"; August 10, 1945.

NARA/CP; RG 59; Lot File #60D139; Box 13; File: Netherlands Defrosting; Memo with attachment from Henry P. deVries (Sullivan & Cromwell) to Stanley Metzger, Esq. (Office of the Legal Advisor, State Department); February 6, 1948. (328970-328976) In a bitter irony, the pre-war Lippman, Rosenthal & Co. was a well-known banking firm owned by Jewish interests - See RG 59; Lot File #60D139; Box 13; File: Netherlands Claims; Memo from Ely Maurer to Mr. Mosse; March 5, 1952 (328977-328978)

⁸NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based On Interrogation of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223540)

NARA/CP; RG 59; Lot File #60D139; Box 13; File: Netherlands Defrosting; Memo with attachment from Henry P. deVries (Sullivan & Cromwell) to Stanley Metzger, Esq. (Office of the Legal Advisor, State Department); February 6, 1948 (328970-328974)

Non-Jews were forced to sell those assets to the central bank of Holland (Nederlandsche Bank) at the official price in guilders. The Reichsbank then purchased these assets from the central bank before distributing them to such German bank outlets as Spohnolz & Co., Berliner Handelsgesellschaft, Hardy & Co., and Comess & Co. to sell in Switzerland.⁹

In France, transactions involving securities were handled through private German and French banks such as Delbruck-Schickler and Berliner Handelsgesellschaft on one side and Neuflyze & Co., Credit Lyonnais, Societe Generale, and "probably" Banque Nationale pour le Commerce and Industrie (BNCI) on the other side. These transactions involving securities were not simply to make money; they were often used to obtain control over important industries and purchase offers were made by public advertisement.¹⁰ The private German banks also purchased securities on the black market in France, even though the Germans had ordered that all French securities be deposited in banks. These banks would then sell the securities as quickly as possible in Switzerland with the proceeds going into the accounts of DEGO or the Reichsbank with the banks eventually being reimbursed.¹¹

It must be emphasized that not all securities were stolen or purchased via sales under duress by the Nazis. For instance, it was stated that the Deutsche Bank, probably for the state-run Continental Oil Company of Berlin, purchased "the majority of the share capital" of the Concordia and Columbia Oil companies. These shares had been advertised for sale by the Banque de Paris et des Pays-Bas even though they were Belgian-owned!¹² Although this shows that these hefty oil shares were not looted, the London Declaration of 1943 declared that all Nazi business transactions were duress in nature and therefore,

⁹NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based on Interrogation of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223540)

¹⁰NARA/CP; RG 226; Entry 16 - "Regular Series"; Box 1420; File #124,099; PW Paper (Schutze Kurt Eichel); "Notes On German Purchases Of Foreign And German Securities, Speermark, Foreign Currency And Gold In Paris"; April 14, 1945 (325699-325709)

¹¹NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based on Interrogation of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223538)

NARA/CP; RG 226; Entry 16 - "Regular Series"; Box 1420; File #124,099; PW Paper (Schutze Kurt Eichel); "Notes On German Purchases Of Foreign And German Securities, Speermark, Foreign Currency And Gold In Paris"; April 14, 1945 (325699-325709)

¹²NARA/CP; RG 226; Entry 16 - "Regular Series"; Box 1420; File #124,099; PW Paper #79 (Schutze Kurt Eichel); "Notes On German Purchases Of Foreign And German Securities, Speermark, Foreign Currency And Gold In Paris"; April 14, 1945 (325699-325709)

NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Concordia & Columbia Shares; Memo from Elizabeth J. Kagan to Bennett; June 14, 1948

invalid.¹³ So, in effect, the French sold to the enemy, only to get the assets back after the war, although they were supposed to return them to the rightful Belgian ownership.

Foreign currencies were purchased in Paris and “physically delivered to the Reichsbank” for the equivalent Reichsmark value. The Germans had established an official exchange rate at 20 French francs to the Reichsmark.¹⁴

Following the Nazi occupation of Holland and France in 1940, looted shares of Royal Dutch Shell began to make their way to Switzerland, largely through diplomatic pouches.¹⁵ The Germans had “found ways and means,” with the help of corrupt Swiss bank officials who issued fraudulent affidavits, of converting the registered certificates into bearer shares, whose ownership thereby rested with the possessor.¹⁶

The Swiss, as a rule, generally did not like to purchase securities obtained by the Reichsbank from Nazi-occupied countries, but were very interested in buying the dollar funds offered to them by Germany’s central bank from occupied countries and Latin America. These were “readily converted into Swiss francs” by the neutral fortress and used by Germany to gain control of important industrial enterprises in France and Latin America.¹⁷

Other looted assets that found a safe haven in Swiss banks included currency, real estate, industrial property, gold, and art objects. Besides diplomatic pouches, other methods of

¹³NARA/CP; RG 59; Lot File #60D139; Box 13; File: Netherlands Defrosting; “Declaration Of January 5, 1943 Regarding Forced Transfers Of Property In Enemy-Controlled Territory” (328968-328977)

¹⁴NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; “Notes Based On Interrogation of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)”; October 15-18, 1945 (223541)

¹⁵NARA/CP; RG 84; Entry 3228 - Confidential File, American Consulate (Basle, Switzerland); Box #8; File #851.6; Letter from Walter H. Sholes (American Consul General, Basle) to Leland Harrison (American Minister, Bern); February 16, 1944 (222909-222910)

¹⁶NARA/CP; RG 84; Entry 3228 - Confidential File, American Consulate (Basle, Switzerland); Box #8; File #851.6 - Royal Dutch shares scandal; Memo from 25,590; March 18, 1944 (222915-222916)

NARA/CP; RG 84; Entry 3228 - Confidential File, American Conulate (Basle, Switzerland); Box #8; File #851.6 - Royal Dutch Frauds; Letter from Walter H. Sholes (American Consul General, Basle) to American Legation, Bern; February 15, 1944 (222904-222908)

¹⁷NARA/CP; RG 38; Entry 98A - Naval Attaches; Box 595; File #C-11-B 6306B - German Finances & General Notes; Intelligence Report; May 29, 1941 (325742)

NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; “Notes Based On Interrogation Of Emil Puhl, Vice President Of The Reichsbank (Foreign Securities)”; October 15-18, 1945 (223542)

smuggling included Nazi front companies established in Switzerland; the opening of Swiss bank accounts for German nationals; the establishment of trusts (especially in Liechtenstein); the exchange of money via letters and cables from neutral countries; and the transfer of property to the wife's name.¹⁸

Gold and currency were allowed to be transferred from the German Legation in Stockholm to the Bank of Sweden.¹⁹ The Germans had also smuggled, via diplomatic pouch, looted diamonds into Sweden for sale.²⁰

Belgium did not escape from greedy Nazi hands either. Safety deposit box owners were ordered to be opened in the presence of German authorities. All "foreign currencies, negotiable securities, and uncut diamonds" were to be turned over to a bank and then to the German Government in exchange for German marks.²¹

"Polished diamonds, because of their ease of concealment and transportation, the tremendous differential in value between the rough and finished product, and the difficulty in identifying individual stones, would be the ideal medium"²² for economically fueling Germany's war machine. As a result the illicit diamond trade flourished during World War II. Some Jewish diamond dealers had fled Germany, as well as such Nazi-occupied nations as Belgium, Czechoslovakia, France, Holland, and Poland, plus Nazi-allied countries like Hungary, to neutral nations like Spain and Portugal.²³ Once there, they acted as middlemen for both industrial diamonds and precious gems coming from Lisbon via Brazil and various African locales (Angola, Belgian Congo, Sierra Leone) through Tangier, Spanish Morocco. The diamonds would then be shipped to Nice, France and

¹⁸NARA/CP; RG 226; Entry 190/M1642; Reel 108; Frames 165-172; no date (325715-325722)

¹⁹NARA/CP; RG 131; Entry: FFC Subject Files; Box 388; File: Looted Gold; Note from Ministry of Economic Warfare; "Gold, Currency Transferred To Bank Of Sweden"; June 17, 1945

²⁰NARA/CP; RG 153; Entry 145; Box 94; File #108-7; Letter from Ravdal, Counselor of U.S. Legation, Stockholm to Secretary of State; "Additional Information Concerning the Sale of Looted Diamonds by the Germans in Sweden; October 19, 1945 (321659)

²¹NARA/CP; RG 38; Entry 98A - Naval Attaches; Box #425; File: Conditions in France, Belgium, and Luxembourg; Intelligence Report based on conversation with National City Bank Representative; February 17, 1941 (325710)

²²NARA/CP; RG 84; Entry 3017 - Classified General Records: London-American Mission to Dutch Government In Exile; Box 2; File #863.4; Despatch #134 from Austin Preston (American Consul General, Antwerp) to Secretary of State; "Illicit Exports of Diamonds from Belgium to the United States..."; May 24, 1946 (325729)

²³NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Watch"; circa December 1943

NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Watch"; February 11, 1943

NARA/CP; RG 226; Entry 92; Box 262; File #32; no date (321716)

soon found their way to Germany in order to assist the Nazi war effort.²⁴ The diplomatic pouch was the preferred method of transportation for these stones, especially on the Brazilian-Portuguese-Spanish-French route.²⁵ Smaller quantities were smuggled aboard ships by sailors²⁶ and even the Naviera Aznar Shipping Line of Spain was suspected by the U.S. to be involved.²⁷ Another method was by air as French airlines carried diamonds from Africa to Algiers, en route to Lisbon, then to Germany.²⁸ A more direct approach occurred when the German Embassy in Madrid bought "chipped" diamonds from Spanish merchants.²⁹ Another supply route for the Axis Powers came from Turkey, via Egypt, Palestine, and Syria.³⁰

Germany increasingly used these sources of diamond procurement as it still needed 200,000-500,000 carats per year after completing its looting of the diamond industry in Belgium, France, and Holland, hauling in "several million" dollars "from Jewish holders"³¹ that were not able to escape. Diamonds, unlike confiscated securities and foreign exchange were bought under compulsion from Jewish traders and manufacturers in Holland (and presumably in Belgium as well) under threat of deportation to concentration

²⁴NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Watch"; no date

²⁵NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Watch"; circa December 1943

²⁶NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Smuggling"; no date

²⁷NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 50; File #863.4 - Diamonds; "Watch List of Suspected Firms and Individuals"; no date (310166-310167)

²⁸NARA/CP; RG 84; Entry 3126 - U.S. Embassy, Lisbon; Box 103; File #863.4 - Diamonds; Letter from Lousada (UK Ministry of Economic Warfare) to Adams; December 22, 1943

²⁹NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Watch"; circa December 1943

³⁰NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; ~~Box 27~~; File #863.4 - Diamonds; Telegram #2629 from Cordell Hull (Secretary of State) to U.S. Embassy, Madrid; December 11, 1943

³¹NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; Memo from Cronin; "Diamond Smuggling"; no date

NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; Letter from Harrington (U.S. Embassy, Madrid) to Brown (U.S. Commercial Company); August 16, 1943

NARA/CP; RG 84; Entry 3126 - U.S. Embassy, Lisbon; Box 103; File #863.4 - Diamonds; Airgram #29 (310164-310165) *DATE*

NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Lisbon; Box 50; File #863.4 - Diamonds; Enclosure to Despatch 2527 from U.S. Embassy, Madrid to Hull; "Transmitting Minutes of Discussions by the Diamond and Platinum Smuggling Section of the Anglo-American Sub-Committee"; May 26, 1944

camps.³² In December 1944 alone, 23,900.77 carats were taken from Holland to Germany to help fuel the increasingly desperate Nazi war machine. Most of these were obtained by blowing up safe deposits at Arnhem.³³

Yet, despite all the confiscations, Jews, along with other groups (i.e., political prisoners) that found themselves in concentration camps were further degraded by having their remaining assets (usually jewelry and currency) stripped from them. These valuables were used to fund SS operations as well as for SS "luxuries."³⁴

Hungary's pro-Nazi governments of 1944-45 took confiscation of Jewish assets to new levels when it ordered the deposit of all Jewish goods, including silverware, glassware, and furniture.³⁵ Many of these items found their way on board the Werfen Train which was later captured by French and American forces in Austria. Yet there was no economic motive for this action; no foreign exchange strategy. It was purely a hate crime.

Despite the large-scale conversion of ill-gotten gains into the Nazi machine, it was estimated by Reichsbank Vice-President Emil Puhl that, by war's end, Germany still had 20 billion Reichsmarks worth of external assets, roughly equivalent to \$2 billion. However, approximately 90% of all foreign securities in Germany had been liquidated.³⁶

³²NARA/CP; RG 84; Entry 3017 - Classified General Records, U.S. Legation & Embassy, The Hague; Box 4; File: Refile Envelope; Enclosure 2 to Despatch #94 from the U.S. Embassy, The Hague; March 10, 1949. (325825-325-826) Jewish diamond dealers in Holland that cooperated in sales to the Nazis received a "special mark" on their identity cards. See Box 5 of Entry 3017, File #523.1 - Confidential File, 1949; July 22, 1949 letter from Dumig

³³NARA/CP; RG 84; Entry 3011; Box 34; File #711.3 - Looted Property, 1945; Enclosure 1 from Despatch #308 in the Netherlands Series from London; August 1, 1945 (325691)

³⁴NARA/CP; RG 260; Entry: FED; Box 437; File: Shipment Records; CIC Report from Special Agent Steve Vrabel; "Arrest of Heinze, Ursula"; circa September 1945 (303667)

³⁵Dwight D. Eisenhower Presidential Library; Eleanor Dulles Papers; Enclosure 2 to Despatch #2738; Letter from Central Board of Jews in Hungary and Autonomous Orthodox Religious Bodies in Hungary; March 13, 1947

NARA/CP; RG 84; Entry 2056 - POLAD/USCOA, Vienna - Classified General Records; Box 18; File #710 - Hungary; Telegram #41 from Caffery (U.S. Embassy, Paris) to Department of State; March 23, 1948

NARA/CP; RG 84; Entry 2056; Box 18; File #710 - Hungary; Memoranda for the Record from James A. Garrison (Chief, RD&R Division, USACA); February 25, 1948

NARA/CP; RG 84; Entry 2691; Box 67; File #851.5 - Currency; Despatch #7 from L.L. Ecker-Racz (Economic Adviser, U.S. Mission, Budapest); "Foreign Exchange In Hungary As Of November 13, 1945"; November 14, 1945

³⁶NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based on Interrogation Of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223542)

The 1945 Paris Conference on Reparation instructed governments that were neutral during the war to turn over or liquidate all German assets in their respective countries. The proceeds were to go to the Inter-Allied Reparation Agency (IARA) against Germany's reparation account.³⁷

II. The U.S. Takes Control

As American, British, and French forces invaded Germany from the west, and the Soviet Union rolled into eastern Germany in 1945, various caches of hidden loot were uncovered. On April 8, 1945, an "immense amount" of looted valuables from the Auschwitz and Lublin concentration camps in Poland, along with Reichsbank reserves, was discovered at the Merkers Salt Mine by the Third Army.³⁸ An estimated 2,527 pounds of precious and semi-precious stone, as well as novelty jewelry was discovered in the mine, a hideaway from Allied air attacks.³⁹ Also included among the valuables were thousands of gold and silver crowns and bridges and plate.⁴⁰ This treasure trove of loot prompted Colonel Bernard Bernstein to remark that "the Germans were planning to use these foreign exchange assets... as a means of perpetuating the Nazism and Nazi influence both in Germany and abroad."⁴¹

³⁷NARA/CP; RG 84; Entry 2113T; Box 3; File: IARA; Paris Conference On Reparation (November 9-December 21, 1945), Final Act; pp.12-13 (204202-204203)

³⁸NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); "Contents of Shipment 1"; circa April 1945 (308081)

NARA/CP; RG 331; Entry 6; Box 1; File #000.5-9; Letter from Patrick Dean (UK Foreign Office) to SHAEF; May 7, 1945 (311794A).

Also see RG 260; FED; Box 423; Memo from Curtis to Chief, Financial Investigations Branch; "Procedures and Records, Confiscation of Jewish Property"; September 26, 1945 (301498) for account of theft of Jewish assets from concentration camps in Poland and Czechoslovakia.

NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 130; File #400B - Duress; Bacle CC-1796 from OMGUS to AGWAR; September 30, 1947 (328990-328992)

³⁹NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); Contents of Shipment 1"; circa April 1945 (308081)

NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED - 1947; "The Foreign Exchange Depository"; April 27, 1947 836537

NARA/CP; RG 260; Entry: FED; Box 423; "Draft Tab - Evaluation of the loot"; p. 19 (303428)

⁴⁰NARA/CP; RG 260; Entry: AG Decimal Files; Box 61; File #123; April 20, 1945

NARA/CP; RG 331; Entry 6; Box 1; File #000.5-9; Letter from Patrick Dean (UK Foreign Office); May 7, 1945 (311794A)

⁴¹Bradsher, Greg. Prologue. "Nazi Gold: The Merkers Mine Treasure"; Spring 1999; p.

The Merkers Mine discovery in April 1945, which received a great deal of publicity, was significant both for its immense size and because it served as a catalyst for the Army to seek other treasure hidden elsewhere in Germany. The Merkers find also served as a catalyst to find a central depository to store these valuables. As a result, the Foreign Exchange Depository (FED) was formally created out of the Currency Section of SHAEF's (Supreme HQ, Allied Expeditionary Force) Financial Branch in April 1945, taking over the Reichsbank building in Frankfurt.⁴² The Merkers cache became Shipment 1 to the FED. From 1945 through 1947, 91 separate shipments were made to the FED.⁴³ The extent of the holdings and the related operations to support them were said to be "the first such assignment performed in the U.S. Army."⁴⁴

Currency that was "abandoned or captured from enemy forces" generally constituted war booty according to the accepted rules of land warfare.⁴⁵ However, U.S. forces were instructed to turn over such currency to an Army Disbursing Officer for disposition, who would then deliver the assets to the Currency Section of the FED.⁴⁶

The Fed had many different functions:

- a) Custody, inventory, and accounting for assets uncovered in Germany by Allied forces;
- b) Custody of assets delivered in the U.S. Zone under Military Government Law 53 which confiscated foreign exchange from German hands;
- c) Investigation of ownership and claims pertaining to assets held. Individual ownership of such assets as currency, stocks, and bonds were often impossible to determine;
- d) Custody, issue, retirement, and accounting for Allied Military Marks of U.S. forces;
- e) Accounting for Military Government court fines;
- f) Acting as custodian for special jewel collections;
- g) Acting as custodian for valuables seized by G-2 Censorship Division;

⁴²NARA/CP; RG 260; Entry: FED; Box 394; File #900.10 - Organization & History of FED; Memo from Maj. Kurt L. Walitschek (Currency Branch) to Acting Deputy Director, OMGUS Finance Division; "History of the Origin and Present Status of the Currency Branch and the Foreign Exchange Depository"; February 8, 1946(329035-329037)

⁴³NARA/CP; RG 260; Entry: Finance Division; Box 93; File: FED; "Register Of Valuables In The Custody Of The Foreign Exchange Depository, Frankfurt A/M Germany"; February 9, 1948 (305897-305910)

⁴⁴NARA/CP; RG 260; Entry: FED; Box 394; File #900.10 - Organization & History of the FED; "Foreign Exchange Depository"; circa 1947

⁴⁵NARA/CP; RG 260; Entry: FED; Box 395; File #900.152 - Title 17, Property Control; Memo from T.H. Ball for Jack Bennett (OMGUS Finance Director) to McClaskey (FED); Jan. 8, 1947 (321623)

⁴⁶NARA/CP; RG 260; Entry: FED; Box 395; File #900.152 - Title 17, Property Control; Memo from T.H. Ball for Jack Bennett (OMGUS Finance Director) to McClaskey (FED); Jan. 8, 1947 (321623)

h) Acting as central clearing agency in processing payments of settled claims to released German POW's.⁴⁷

The FED also acted as a loan agency, not just for the U.S. Zone of Germany, but for much of war-torn Europe. In a precursor to the Marshall Plan (announced in June 1947) the FED made advances in Allied Military Marks to the following entities in late 1946 and early 1947:

- a) U.S. Military - 126.2 million
- b) French Army - 670.9 million (paid off by January 31, 1947)
- d) Government of France - 44.5 million (paid off by January 31, 1947)
- e) Government of Czechoslovakia - 511,490
- f) Czech Military Mission - 190,000
- g) Government of Netherlands - 318,597
- h) Government of Poland - 103.2 million
- i) Government of the USSR - 3.1 million
- j) Brazilian Military Mission - 71,154
- k) Chinese Military Mission - 60,000
- l) Danish Military Mission - 30,000⁴⁸

American soldiers guarded the FED building 24 hours a day, but Displaced Persons performed much of the menial tasks inside. Despite recent insinuations that American soldiers stole looted Jewish assets,⁴⁹ there were few recorded cases of this happening. The biggest problem concerning security at the FED concerned widespread black market activities, primarily involving clandestine trade in cigarettes, light bulbs, office supplies, and Coca-Cola⁵⁰ and, to a far lesser extent, theft from Polish DP's employed by the U.S. military authorities. The only assets stolen from the FED were gold coins, along with Allied Military Marks.⁵¹ These were recovered from the guilty DP's. Meanwhile, the theft of items for the black market flourished, probably in collusion with the U.S. soldiers

⁴⁷NARA/CP; RG 260; Entry: FED; Box 394; File #900.10 - Organization & History of the FED; "Foreign Exchange Depository: Finance Division" *Box 144 301845-847*
NARA/CP; RG 260; Entry: FED; Box 421; File: Shipment Records; "Securities (Account No. 17)"; no date (301845-301849)

NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Currency Section - FED; "Currency Section, Foreign Exchange Depository Group Final Report"; September 30, 1948; p. 4

⁴⁸NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED - 1948, 1946; "Exhibit 'A', Currency Section Balance Sheet, 31 January 1947 And 31 December 1946"

⁴⁹Kenna, Kathleen. Toronto Star. "Report to 'tell all' about U.S. role in Holocaust: Commission to study possible seizure of assets during WWII. April 6, 2000

⁵⁰NARA/CP; RG 260; Entry: FED; Box 399; File #910.73; Memo from Col. William Brey, (FED Chief) to USFET HQ Commandant; August 19, 1946 (325679-325681)

⁵¹NARA/CP; RG 260; Entry: FED; Box 399; File #910.73; Statements of November 25, 1947 from Edwin P. Keller (Head, Depository Section) and Sgt. Armando Hernandez (325686-325688)

from the 508th Parachute Infantry Regiment acting as FED guards since the looted locations were "in plain view" of two guard posts.⁵²

Another important finding of loot was the cache discovered in a cave near the Buchenwald concentration camp by the 1st U.S. Army. The valuables originated from Buchenwald and Dachau and it contained items such as jewelry, tableware, and teeth fillings. Major Whitman of the 1st Army suggested that the Buchenwald items be placed in safekeeping for the War Crimes Sections.⁵³ Apparently, they remained in the FED for two years until disposition to the IRO, although Colonel Bernstein did turn over written reports about the SS loot found earlier at Merkers.⁵⁴

Soon it became apparent to U.S. military personnel that the ^{amount} bulk of valuables was becoming too great for the amount of storage space at the FED's Reichsbank building. ^{had become} As a result, the FED's operations ground to a virtual halt in August 1945, including a cessation of incoming shipments of looted property. Instead, such assets were temporarily sheltered at various Reichsbanks and other bank branches. Following alterations that enlarged vault space,⁵⁵ they were able to resume operations on a full-time level again in 1946.

As of July 1946, the FED contained "approximately 50,000 ounces of non-monetary gold on hand, in the form of watches, chains, tableware, jewelry, dental gold, rings," and pins.⁵⁶ The FED also had over 6.4 million ounces of silver bullion and commercial jewelry in its possession,⁵⁷ along with huge stocks of currency and securities. Most silver housed at the FED was in the form of bars⁵⁸ and not stolen from individuals, although some silver bullion was considered victim loot. The estimated value of all assets stored at the FED was "well in excess of 500 million dollars."⁵⁹

⁵²NARA/CP; RG 260; Entry: FED; Box 399; File #910.73; Memo from Col. William Brey (FED Chief) to USFET HQ Commandant; August 19, 1946 (325679-325681)

⁵³NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); Shipment 16; circa May 1945 (308072) ✓

⁵⁴Bradsher, p. 19

⁵⁵NARA/CP; RG 260; Entry: FED; Box 394; File #900.10 - Organization & History of the FED; Memo from Capt. Paul S. McCarroll to Executive Officer, Finance Division; "Foreign Exchange Depository"; January 24, 1946 (304760)

⁵⁶NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); Memo from Brey; "Non-Monetary Gold"; June 4, 1946

⁵⁷NARA/CP; RG 260; Entry: External Assets; Box 649; File: Gold & Other Metals; Memo from Brey to OMGUS Finance Division Director; "Status Report on Assets Held in Foreign Exchange Depository"; July 1, 1946 (333097-333099)

⁵⁸NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V: German Non-Monetary Gold; Memo from Col. Bernstein (Financial Division Director) to Gen. Clay; "Value of Gold and Silver Bullion and Coin Held by Commanding General USFET at the Reichsbank Building in Frankfurt"; August 19, 1945 (328935)

⁵⁹NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED - 1947; "The Foreign

Although the FED continued to receive some shipments of hidden loot from various U.S. Army units up until September 1947, it was increasingly obvious that the FED's primary order of business was inventorying the property in its custody for eventual restitution. In July 1946, OMGUS ordered the FED to begin the disposition of certain assets for restitution.

Meanwhile, in the American zone of occupation in Austria, the central depository for all looted assets that came under U.S. control was the Property Control Warehouse in Salzburg. The depot's objectives were twofold:

- a) it acted as the custodian for property found in Austria by U.S. forces - jewelry, currency, gold, art, cultural property, and securities (with the exception of Nazi Party or German government property⁶⁰ which was turned over to the Austrian National Bank).⁶¹ Within this function, it was often a mid-way or holding station for property found in Austria that was to be transferred to other organizations or facilities such as the various art and cultural property collecting points, the Tripartite Gold Commission, and the FED.
- b) it served as a supply center for military forces and their families, providing them on loan with furniture and other household goods.⁶²

Along with the Property Control Warehouse, other smaller facilities were also used to store valuables in Austria. For example, small deposit boxes in the Banks of Oberdonau and Salzburg were used to store items of great value. The Reichsbank and the basement of the Salzburg City Post Office were also used to store foreign currency.

Security at the Property Control Warehouse suffered in comparison with that of the FED, although repeated efforts to break into the depot were apparently unsuccessful.⁶³ The depot's most spectacular lapse in security was the U.S. Army's wanton requisition of art, silverware, tableware, china, and oriental rugs from the contents of the Werfen Train stored at the warehouse. Although the loan (not theft, as mistakenly laid out by the PCHA in its October 1999 "Hungarian Gold Train" report) of such assets to furnish officer quarters technically within military regulations, the lavish lifestyles of high-ranking

Exchange Depository"; April 27, 1947 (336587-538)
⁶⁰NARA/CP; RG 260; Entry 116 - P Files; Box 12; File: P-916; Memo from Merwin to Property Control Officer, Salzburg; "Foreign Currency, Coins and Valuables"; January 23, 1946

⁶¹NARA/CP; RG 260; Entry 116 - P Files; Box 12; File: P-916; Minutes of the First Meeting of the Board of Officers to Validate Foreign Currency Records; Recorded by Joseph Z. Schneider (Office of the Director USACA, HQ USFA); October 14, 1948

⁶²NARA/CP; RG 260; Entry 113 - Property Claims, Salzburg; Boxes 20-21; all files

⁶³NARA/CP; RG 260; Entry 119 - Property Control Branch, General Correspondence Files; Box 6; Captain Howard A. MacKenzie (Property Control Officer, HQ Military Government E1B, "Monthly Report 28 May - 28 June 1946"; June 28, 1946 (110395-110396)

officers and sloppy paperwork regarding the requisition led to an Army investigation which resulted in the eventual return of all items except some oriental rugs and camera equipment.⁶⁴

It must be emphasized that the amount of looted assets that came under American (as well as other Allied) control was just a fraction of what was actually stolen. Assets were sold, especially in neutral countries like Switzerland for hard currency. For instance, much SS-looted jewelry never made it places like Merkers because it was already disposed of by the Reichsbank through pawnshops such as the City Pawn Shop in Berlin.⁶⁵ The pawnshops would then reimburse the Reichsbank for the most valuable jewelry. These pieces were then exported for hard currency.⁶⁶

While the FED (and to a far lesser extent, the Property Control Warehouse) stored the non-cultural assets for the American-occupied zones in Germany and Austria, they had no role in the decision-making process involving restitution. The Reparations and Restitutions Branch within the U.S. Zone of Germany and its equivalent in Austria had some authority and General Clay at OMGUS headquarters in Berlin even more so, but Washington, through the State and War Departments, had the final word. While OMGUS optimistically attempted to work in conjunction with the other Allied powers on a quadripartite basis, Washington, weary of Soviet obstructionism, was more prepared to work unilaterally in restituting assets.

IV. Restitution

A. France

The French strongly believed that there should be no discussion of reparations without a decision on restitution, but they were alone among the Allies in this view. The United States figured that simply defining "restitution" would lead to unacceptable delays, stating "that an entire assembly line should not be broken up in order to take out a few looted items."⁶⁷

The French also saw no distinction between assets that were removed directly by force (as in the USSR) and assets that were acquired through transactions during occupation. After

⁶⁴NARA/CP; RG 59; Lot File 62D4; Box 17; File: Austria; Letter from Eve Tucker (Restitutions & Reparations Branch) to Ardelia Hall (State Department)

NARA/CP; RG 260; Entry 102 - Restitutions & Reparations Branch; Box 77; File: Hungarian Claim #176; "List of Materials Looted from Property Control Warehouse, circa June 1946

⁶⁵NARA/CP; RG 260; Entry: FED; Box 423; File: Melmer Deliveries; Cable CC-9926 → not in CP's file

⁶⁶NARA/CP; RG 260; Entry: FED; Box 423; Memo from City Pawn Shop to the German Reichsbank, Hauptkasse; "Price quotation in the evacuation lists Example 8th and 12th consignment R.F.M. delivered by you on 20.2.43"; September 14, 1943

⁶⁷FRUS; Volume III; 1945; Telegram from Robert Murphy (USPOLAD, Germany) to Secretary of State Byrnes; October 30, 1945; p. 1364 (325736)

all, they reasoned, the London Declaration of January 5, 1943 presumed such dealings to be under duress.⁶⁸

B. USSR

While the French were obsessed with restitution, the Soviets were only interested in reparations and they helped themselves to a generous interpretation of what constituted German assets in their eastern zone of Austria.⁶⁹ When the French cited the disastrous effect upon the morale of those who were victims of Nazi looting if restitution continued to be delayed, the Soviets reminded them that no country was violated more than the USSR and that some French business interests had collaborated with the Germans.⁷⁰ The American Ambassador in Moscow, Averill Harriman sympathized with the Soviets, "strongly" recommending to Secretary of State James Byrnes that the U.S. not restitute gold and securities until a reparations agreement could be reached.⁷¹

The entire story is not known concerning the valuables that were uncovered by Soviet forces as they swept into Germany and Austria from the east, although it is a fairly safe presumption that the vast majority of securities fell into their hands since it was the USSR that liberated the center of German finance, Berlin. The Soviet authorities removed the contents of the vaults of an undetermined number of banks in Berlin and from the Giro-Sammeldepot (reportedly containing assets in excess of 100 billion Marks).⁷² It has been estimated that the Soviets took control of \$475 million worth of securities from these Berlin banks⁷³ and 690 million RM/Schillings (about \$70 million) worth of securities from Viennese banks.⁷⁴ The Soviets subsequently "refused to submit any inventory or

⁶⁸FRUS; Volume III; 1945; Note from Lacoste (French Charge d'Affaires) to the Secretary of State; November 17, 1945; pp. 1392-1393 (325723)

⁶⁹NARA/CP; RG 260; Entry 107 - German External Assets Branch; Box 212; File: GEA Reading File; Decree of Gen. Kourasov, USSR Military Governor of the Russian Zone of Austria; July 5, 1946 (317717)

⁷⁰FRUS; Volume III; 1945; Telegram from Robert Murphy (USPOLAD, Germany) to Secretary of State Byrnes; October 13, 1945; p. 1345 (325727)

⁷¹FRUS; Volume III; 1945; Telegram from Harriman to the Secretary of State; August 13, 1945; pp. 1254-1255 (325741)

⁷²NARA/CP; RG 260; Entry: Property Division; Box 8; File: History Report - U.S. Census; "History Report of the U.S. Census Section, Property Division, OMGUS"; no date

⁷³NARA/CP; RG 260; Entry: Property Division; Box 8; File: History Report - U.S. Census; "History Report of the U.S. Census Section, Property Division, OMGUS"; no date

NARA/CP; RG 59; Lot File 57D540; File: Austrian Looted Securities; Box 30; "S.E.C. Asks Trading Ban Continue on German Bonds to Foil Russians," Financial Times; September 10, 1952

⁷⁴NARA/CP; RG 260; Entry: FED; Box 470; Cable P-1266 from USFA to AGWAR; July 22, 1946 (201385)

information regarding these securities.⁷⁵ This may be due principally to the fact that the U.S.S.R., based on their interpretation of the Potsdam Agreement, argued that they retained the sole rights to any assets found in Germany and that they could dispose of them through their Zone Commander without Allied participation.⁷⁶ The U.S. was opposed to this Soviet interpretation, noting that "it was certainly not the intention of the signers of the Potsdam Agreement to award to the Soviet Government all German owned foreign securities found in the Soviet Zone of occupation, irrespective of the physical location of the property."⁷⁷

The unilateral Soviet removal of assets from their German and Austrian zones finally led the U.S., without support from Britain and France, to withhold any more reparation deliveries to the USSR.⁷⁸

The Soviets, however, did agree that at least some securities were subject to restitution. They were quite selective in their restitution, though: only France and Soviet satellites in Eastern Europe were recipients. However, they were also accused of massive theft. In 1948, the Soviets attempted to sell some securities taken from the Berlin banks through black market channels.⁷⁹ They also tried to sell these Berlin securities and those found in the Soviet zone of occupation in Vienna, Austria to Switzerland. The Austrian National Bank was particularly alarmed due to the considerable amount of money involved. But they were unable to cancel the bonds due to fears of credit ruination and the need to appease a strong and vengeful occupying power.⁸⁰

⁷⁵NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 53; File #400B - Restitution, General; Cable CC-4204 from Clay to AGWAR; September 23, 1946 (325665)

⁷⁶NARA/CP; RG 59; Lot File 54D328 - Office of Western European Affairs Relating to Italy; Box 1; No File; "Austrian treaty negotiations and U.S. action..."; August 6, 1947. NARA/CP; RG 260; Entry: Finance Adviser; Box 161; File: Disposition of Foreign Currencies; Memo from Jack Bennett (Director, Finance Division) to Deputy Military Governor; "Delivery of Foreign Securities in Germany"; November 26, 1946

NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Currencies - Restitution; Cable CC-7792 from Gen. Lucius Clay (OMGUS) to AGWAR for JCS; January 23, 1947 (328988-328989)

⁷⁷NARA/CP; RG 260; Entry: U.S. Element, ACC; Box 42; File: Foreign Securities - Investments; "CORC/P[46]383, Foreign Currency and Foreign Securities Found in Germany; December 3, 1946

⁷⁸NARA/CP; RG 84; Entry 2113P; Box 1; File: History of IARA; State Department Report; "The German Reparations Report"; no date (204241)

⁷⁹NARA/CP; RG 260; Entry: External Assets; Box 590; File: Sale of Securities - Berlin Banks; "Evidence of Sale by Soviet Authorities, Through Black Market Channels, of Securities Formerly on Deposit in Berlin Banks"; Memo from Innis D. Harris (Deputy Director of Intelligence, OMGUS) to OMGUS Property Division Chief; December 14, 1948 (311577)

⁸⁰NARA/CP; RG 84; Entry 2056 - US POLAD & USCOA, Vienna: Classified General

C. United Kingdom

Early on, the United Kingdom stressed that restitution should be limited to identifiable objects only and that it should be done on a country-to-country, rather than on an individual basis.⁸¹ However, British discoveries of looted non-monetary gold (mostly dental gold, wedding rings, and ornaments) within their occupied zones of Germany and Austria were dwarfed by American findings, despite the fact that the Bergen-Belsen and Neuengamme concentration camps fell within its jurisdiction. The British were also more concerned with monetary gold items.⁸²

Great Britain was unquestionably the closest ally the U.S. had among the four Allied powers. The two nations even formed Bizonia, a joint occupation zone for such matters as economic and agricultural policy, food distribution, transportation, and communication. Disagreements arose, however, over the restitution non-monetary gold, particularly to the International Refugee Organization, as the British were more concerned about the identifiability of assets and less enamored with such IRO members as the American Joint Distribution Committee.

D. United States

The U.S. restituted identifiable looted assets to countries who were then "assumed" to "fully inform their nationals" and "take appropriate measures to protect the rightful owners" in returning the property in question.⁸³ All claims from individuals were to be presented to their respective countries who would then forward the claim to the appropriate U.S. occupation authorities.⁸⁴ In the case of stateless Jews, such organizations as the World Jewish Congress and the American Jewish Conference rejected the notion of restitution to individual Jews and Jewish communities, preferring such restitution to go to the Jewish Agency for Palestine. They felt "that the settlement in

Records; Box 27; File #851 - Financial Matters; "Soviet use of Austrian securities"; Memo from Martin F. Herz (U.S. Legation, Vienna) to Yost; August 9, 1948 (309544)

⁸¹FRUS; Volume III; 1945; Telegram from Winant (U.S. Ambassador to Great Britain) to the Secretary of State; April 13, 1945; p. 1196 (328912)

⁸²Foreign & Commonwealth Office, General Services Command, United Kingdom.

History Notes. "Nazi Gold - Information from the British Archives, Part II: Monetary gold, non-monetary gold and the Tripartite Gold Commission"; Historians, LRD; No. 12; May 1997 (328939-328951)

⁸³NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 53; File #400B - Denmark; Enclosure 1 to Despatch #270 from Bernard L. Feig (U.S. Treasury Representative) to Einar Blechingberg (Royal Danish Ministry for Foreign Affairs); May 23, 1946 (328913)

NARA/CP; RG 260; Entry: Control Office; Box 471; File: McJunkins Correspondence; Lweeter from Fred Hartzson to Fred Halse (OMGUS Property Division); "Hungarian Property; August 30, 1948 (329020-329021)

⁸⁴NARA/CP; RG 260; Entry: FED; Box 394; File #900.10 - Organization & History of the FED; Memo from Capt. Paul S. McCarroll to Executive Officer, Finance Division; "Foreign Exchange Depository"; January 24, 1946 (304760)

Palestine of the surviving Jewish victims of Nazi persecution and the use of reparations for that purpose are imperative for postwar Jewish rehabilitation.”⁸⁵

On the other hand, such unidentifiable assets as securities, currency, jewelry, silver, and silver-plated tableware, were turned over⁸⁶ to the International Refugee Organization (IRO), the successor to the PCIRO and IGCR⁸⁷ to be sold for the “highest possible realizable value.”⁸⁸ It was predicted by an American official that many plundered objects, such as jewelry, rugs, and antiques, would be sold in the United States because “these sales will be for good currency.”⁸⁹ This was echoed by W. Hallam Tuck, Executive Secretary of the PCIRO, who, after conferring with such experts as Gimbel’s department store, felt the best market for the higher quality items was the United States. “According to Tuck, “second quality items” would find a quicker market in the more impoverished European countries.”⁹⁰ As a result, the IRO opened an office in New York and established

⁸⁵NARA/CP; RG 59; Central Decimal Files (1945-49); Box 1912; File #462.00R/10-2645; Letter from Stephen S. Wise (WJC President) and Louis Lipsky (Chairman, Executive Committee, American Jewish Conference) to Secretary of State James F. Byrnes; October 26, 1945 (332968). The terms “restitution” and “reparations” were often used interchangeably.

⁸⁶The U.S. pointedly refused to refer to its disposition of assets to the IRO as restitution since that was reserved for governments, not organizations or individuals, but called it “disposal of U.S. property to a relief agency.” See RG 59; Lot File 53D307; Box 16; File: Restitution of Property; Telegram 7678 from General Keyes (USFA) to War Department; August 21, 1947 (329050). The IRO, although a United Nations organization, was made up of such organizations, besides the AJDC and the Jewish Agency for Palestine, various Red Cross agencies, and the American Friends Service Committee (see RG 260; Finance Division; Box 94; File: IRO; “U.S. Army Logistical Support of IRO Operations...; December 1, 1947 [306607-609]), an entity that had blamed the U.S. for provoking Germany and Japan into World War II and had asked that U.S. forces be withdrawn from the conflict.

⁸⁷NARA/CP; RG 260; Entry: Finance Adviser; Box 162; File: FED-IRO; Letter from L.M. Hacking (Department of Mandate Protection & Reparations, IRO) to Jo Fisher Freeman (Office of the Finance Adviser, OMGUS); January 27, 1949. (302151) The IGCR went out of existence on June 30, 1947 and was replaced by the PCIRO which in turn was replaced by the IRO in 1948. The successor organizations also assumed the obligations of their predecessors - see RG 260; Finance Division; Box 94; File: IRO; “Statement of Abba Schwartz”; December 4, 1947 (306591)

⁸⁸NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable WARX-98112 from War Department to OMGUS, USFA, USFET; August 21, 1946 (328937)

⁸⁹NARA/CP; RG 260; Entry: External Assets; Box 707; File: Dr. Auerbach; “Translation of a Paper Clip from a German Newspaper Issued in USA”; August 18, 1947

⁹⁰NARA/CP; Lot File 53D307; Box 19; File: IRO Preparatory Committee (June-September 1947); Letter from W. Hallam Tuck (PCIRO Executive Secretary) to U.S. Rear Admiral Lewis L. Strauss; September 15, 1947 (329010-329014)

a Merchandising Advisory Committee of prominent American dealers. Subsequent auctions netted almost \$500,000 in sales by June 1949.⁹¹

The IGCR/IRO was responsible for the rehabilitation (such as education, vocational training, and medical assistance) and resettlement of the refugees who were persecuted for political, racial, and/or religious reasons, and who did not wish to return their previous homes and not concerned with other refugees in Europe who did not fit this criteria.⁹² These assets were considered unidentifiable largely because they were taken from concentration camp inmates⁹³ who were assumed to have been murdered or left no heirs and/or because the determination of individual ownership or national origin was "impractical,"⁹⁴ largely due to the melting down of such assets as jewelry and the absence of records.⁹⁵ "Impractical" was defined in relation to the "difficulty and expense of determining ownership or national origin in comparison with the value of the property"

⁹¹NARA/CP; RG 59; Lot File 53D307; Box 20; File: IRO White Paper; June 7, 1949 (329015-329017)

⁹²NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Claims Instigated by IRO Turnover Policies; Letter from Theodore H. Ball to Vereinigung der Verfolgten des Nazi regimes; December 23, 1947. These other refugees were pressured to return their homelands even though that usually meant living under communist dictatorship. For example, see RG 59; Lot File 53D307; Box 20; File: IRO White Paper; June 7, 1949 (329015)

NARA/CP; RG 59; Entry: Central Decimal Files (1945-49); Box 3895; File #740.00119EW/2-1447; Letter with enclosures from M.W. Beckelman (AJDC Vice-Chairman) to Sir Herbert Emerson (IGCR); January 31, 1947

⁹³NARA/CP; RG 260; Entry: FED; Box 437; File: Shipment Records; Memo from J.H. Lennon (Land Property Control Chief) to Col. Brey (FED); "Deposit of valuable Unidentifiable Personal Property in the Foreign Exchange Depository"; September 19, 1947 (303674)

⁹⁴NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Telegram #230 from Secretary of State George Marshall to Dorr (U.S. Embassy, Brussels); February 24, 1947 333967

NARA/CP; RG 59; Lot File 53D307; Box 19; File: IRO Preparatory Committee (June -September 1947); Letter from W. Hallam Tuck (PCIRO Executive Secretary) to U.S. Rear Admiral Lewis L. Strauss; September 15, 1947 (329010 - 329014)

NARA/CP; RG 260; Entry: FED; Box 424; File #940.401 - Schedule A; Cable WX-85682 from JCS through AGWAR to USFET (McNarney); USFA (Clark); November 16, 1946

NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable WARX-98112 from War Department to OMGUS, USFA, USFET; August 21, 1946 (328937)

⁹⁵NARA/CP; RG 260; Entry: Finance Adviser; Box 167; File: Non-Monetary Gold; Memo from Theodore H. Ball (OMGUS Finance Division Director) to Lt. General Maurice Pope (Canadian Military Mission, Berlin); "Sale of Nazi Loot"; circa September 1947 (219689)

and the extent of a looted asset intermingling with other assets.⁹⁶ A shortage of personnel was fingered as a culprit.⁹⁷ Article 8A of the Paris Agreement of December 1945 bound the American, British, and French occupation authorities to turning over all unidentifiable concentration camp loot to the IGCR in order to resettle victims of Axis brutality. The Five Power Agreement of June 1946 extended this policy to cover all non-monetary gold found by the Allies in Germany as well as \$25 million to be secured from the liquidation of German external assets in such neutral countries as Switzerland and Sweden plus all victim heirless assets found within those countries. 90% of this fund was to be allocated to the American Joint Distribution Committee and the Jewish Agency for Palestine, the designated organizations for administering aid to Jewish refugees. 95% of the heirless assets from concentration camp loot was also earmarked for these agencies.⁹⁸

Collecting from the neutrals, however, was a difficult process.⁹⁹ Thus, with the IGCR's needs greater than its means,¹⁰⁰ despite receiving up to one million schillings a month from Austria for its operations in that country,¹⁰¹ the State Department was anxious to provide the refugee organization with as much revenue as possible. Therefore, it favored the "broadest possible interpretation" of the definition of non-monetary gold under the Paris Agreements¹⁰² and thus, was reluctant to investigate the possibility of identifiability and to search for the owners of identifiable assets, and leaving that to the IRO's discretion

⁹⁶NARA/CP; RG 260; Entry: FED; Box 469; "SOP Joint Turnover to IGCR" (201173)

⁹⁷NARA/CP; RG 260; Entry: FED; Box 470; Cable P-1266 from USFA to AGWAR; July 22, 1946 (201383)

⁹⁸NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver [Hungarian Restitution]; Telegram #228 from Jefferson Caffery (U.S. Embassy, Paris); June 15, 1946 (311479-311486)

NARA/CP; RG 59; Lot File 53D307; Box 20; File: IRO White Paper; June 7, 1949 (329015-329017)

⁹⁹NARA/CP; RG 59; Lot File 53D307; Box 20; File: IRO White Paper; June 7, 1949 (329015-329017)

¹⁰⁰NARA/CP; RG 260; Entry: AG Decimal File; Box 511; File #602.3; Letter from Clay to Major General Dr. J. Previn (Chief of Polish Military Mission, Berlin); circa February 1948 (215855)

NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V: German Non-Monetary Gold; Cable CC-1392 from Keating (OMGUS) to War Department and USFA; August 25, 1947 (329439-329440)

NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Telegram #230 from Secretary of State George Marshall to Dorr (US Embassy, Brussels); February 24, 1947 333967

¹⁰¹NARA/CP; RG 260; Entry 116 - P Files; Box 21; File #P-1400; Letter from Chancellor Figl to Mr. Tuck; June 3, 1948 (312367)

¹⁰²NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable WARX-98112 from War Department to OMGUS, USFA, USFET; August 21, 1946 (328937)

through its International Tracing Service.¹⁰³ This despite the fact that both Washington and OMGUS knew that the IRO and such member Jewish organizations as the American Joint Distribution Committee and the Jewish Agency for Palestine “do not wish to indemnify claimants.”¹⁰⁴ Neither these organizations nor the Americans wanted a claims commission set up because these valuables, “in the vast majority of cases, could not be identified” and “would only give rise to considerable dissatisfaction and possible criticism of whole IRO turnover procedure.”¹⁰⁵ Besides, “to establish a claims procedure would stress or admit the possibility of identification of assets delivered to IRO which is contrary to our practical application of” U.S. restitution guidelines.¹⁰⁶ The Americans were blunt in their desire to expedite the transfer of these items to the IRO: “Any property made available to IGCR will lessen a financial burden on the U.S. Thus in interest of U.S. to make IGCR fund as large as possible.”¹⁰⁷ All the important players in the U.S. Zone of Germany seemed to be on the same page. No wonder the American military’s Adviser on Jewish Affairs commented on “the magnificent team work between the Army, the IRO, and the Jewish Voluntary Agencies.”¹⁰⁸

The new American definition of non-monetary gold was that it included all valuable personal property of the victims of Nazi action which could not be returned to either owners or heirs because it was “impossible” to determine nationality.¹⁰⁹ Washington was also anxious to shed itself of some of the financial burden¹¹⁰ that occupation and assistance entailed. To this end, they pressed Britain and France to sign on to this

¹⁰³NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Telegram 221 from Berlin to Secretary of State; January 27, 1947 (328932)

NARA/CP; RG 59; Lot File 53D307; Box 16; File: Restitution of Property; Telegram #814 from Dean Acheson (State Department) to OMGUS (Berlin); April 16, 1947 (329024-329026)

NARA/CP; RG 59; Lot File 53D307; Box 20; File: IRO White Paper; June 7, 1949 (329015-329017)

NARA/CP; RG 260; Entry: FED; Box 437; File: Shipment Records; Transmittal Slip to Roberts; circa April 1948 (303695)

¹⁰⁴NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable CC-1796 from OMGUS to AGWAR; September 20, 1947 321547-549

¹⁰⁵NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable CC-1796 from OMGUS to AGWAR; October 24, 1947 321547-549

¹⁰⁶NARA/CP; RG 260; Entry: FED; Box 424; File #940.38 - PCIRO; Memo from OMGUS to Civil Affairs Division, AGWAR; September 22, 1947 (329004)

¹⁰⁷NARA/CP; RG 260; Entry: FED; Box 469; “SOP Joint Turnover to IGCR”; circa 1947 (201174-201175)

¹⁰⁸NARA/CP; RG 165; Entry 476; Box 845; File: Adviser on Jewish Affairs

¹⁰⁹NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Telegram #616 from Acheson to U.S. Embassy, Moscow; March 21, 1947

¹¹⁰The United States had already granted given the IRO/IGCR \$146 million in foreign assistance from 1947-49 and was planning to give another \$35 million for 1950. See FRUS; Volume I; 1949; Table II; p. 756 (325668)

policy.¹¹¹ Another factor was that OMGUS was growing weary over its responsibility as caretaker to these assets, stating that “the processing of claims for restitution constitutes a very heavy demand” upon its staff.¹¹² Also, the American Joint Distribution Committee and the Jewish Agency for Palestine pushed for concentration camp assets to be given to the IRO because the AJDC, as one of the designated “appropriate field organizations,” would then receive 90% of the proceeds¹¹³ to further their own work in resettling stateless European Jews in Palestine.¹¹⁴ In fact, the Jewish Agency for Palestine had its own army in that troubled British territory, the Haganah, and “was involved in the activities” of terrorist groups pursuing an independent Jewish homeland that would later become Israel.¹¹⁵ Largely because of this situation, Great Britain continued their opposition of the repatriation of Jews out of Europe to Palestine.¹¹⁶ The British, meanwhile, had some regrets about signing the Five-Power Agreement and were opposed to extending the non-monetary gold agreement to Austria, ^{they felt that} because while British soldiers were being shot down in Palestine, London “could not possibly aid the authors of these deeds,” the beneficiary Jewish organizations, by enabling them to gain possession of more funds. Two years after World War II, the AJDC was referring to Great Britain, the first nation to face down Nazi Germany during World War II and one of the two nations making a concerted effort to recover looted Jewish property for resettlement purposes, as the “arch enemy of world Jewry.”¹¹⁷

¹¹¹NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable WARX-98112; August 21, 1946 (328937)

¹¹²NARA/CP; RG 260; Entry: Property Division; Box 14; File: Restitution of Securities; Cable CC-2029; October 19, 1947 (311561-311562)

¹¹³Foreign & Commonwealth Office, General Services Command, United Kingdom.

History Notes. “Nazi Gold - Information from the British Archives, Part II: Monetary gold, non-monetary gold and the Tripartite Gold Commission”; Historians, LRD; No. 12; May 1997 (328939-328951)

¹¹⁴NARA/CP; RG 59; Lot File 53D307; Box 23; File: IRO Report; “Report of the Director-General to the General Council of the International Refugee Organization”; July 1, 1948-June 30, 1949; p. 59. (328966) As of June 30, 1949, the AJDC received over \$7.5 million and the Jewish Agency for Palestine received over \$11.2 from the IRO for its operations.

¹¹⁵Polk, William R. The Arab World; Cambridge: Harvard University Press. 1980. p. 174

¹¹⁶Foreign & Commonwealth Office, General Services Command, United Kingdom.

History Notes. “Nazi Gold - Information from the British Archives, Part II: Monetary gold, non-monetary gold and the Tripartite Gold Commission”; Historians, LRD; May 1997; p. 37 (328946). Of course, the British were always opposed to Jewish immigration to Palestine because of fears that it would provoke the ire of Arabs living in its colonial possession.

¹¹⁷NARA/CP; RG 59; Lot 53D307; Box 16; File: Restitution of Property: Telegram 3911 from Douglas (U.S. Embassy, London) to Marshall (Secretary of State); July 17, 1947 (329031-329032)

The general thrust of the new American definition was ratified during discussion among the western Allies at the Council of Foreign Ministers meeting of March 1947 in Moscow: in addition to non-monetary gold covered by Article VII of the Paris Reparations Conference, all valuable personal property that represented loot seized or obtained under duress from victims of political, racial, or religious victims of Nazi Germany was to be turned over to the IGCR (IRO), provided that the determination of national origin was impractical or because the owner died without heirs. This was to apply to the western occupation zones of Austria as well as in Germany.¹¹⁸ This interpretation allowed for victim loot that was not specifically found at or near concentration camps to be considered non-monetary gold. The interpretation of political victims apparently extended to Allied POW's as their unidentifiable assets (papers, money orders, checks, securities) were also given to the IRO.¹¹⁹

Despite this agreement, the British continued to define non-monetary gold as "all unidentifiable articles of intrinsic value looted from persons confined by the Nazis in concentration camps."¹²⁰ Both the British and French were still uncomfortable with the "unidentifiable" designation of certain assets and desired a "sufficient period" of time to elapse, about two years, due to any possible claims, before turning over non-monetary gold items to the IRO. British restitution of unidentifiable assets to the IRO and identifiable assets to the appropriate countries was largely completed by 1951.¹²¹

Among the non-monetary gold assets that were turned over to the IRO was the SS loot found at the Merkers Mine. When the son of Auschwitz victims inquired about his parents engraved wedding rings, Colonel William Brey of FED replied that there was "no likelihood of recovering this property" since "it was impractical to catalogue the identifying markings of thousands of items of small intrinsic value much of which had already been melted down in the camps."¹²² Another problem with recovered SS loot was that it was often intermingled with other assets in Reichsbank vaults.¹²³

¹¹⁸NARA/CP; RG 260; Entry: Finance Adviser; Box 167; Telegram from Secretary of State George Marshall; May 8, 1947. (219690-219691) Note: The Soviet Union was not a party to any IRO disposition.

¹¹⁹NARA/CP; RG 260; Entry: FED; Box 399; File: Reports, Conferences; "Status as at 30 June 1948 of Assets held by FED" (321596)

NARA/CP; RG 260; Entry: FED; Box 421; File #940.154 - Second IRO Turnover; Memo from Frank C. Gabell (Chief, FED) to OMGUS Finance Adviser; "Assets set aside for delivery to IRO"; August 10, 1948 (328979-328980)

¹²⁰NARA/CP; RG 59; Lot File 53D307; Box 16; File: Restitution of Property; Telegram 3331 from Gallman (U.S. Embassy, London) to Marshall (Secretary of State); June 18, 1947 (32903?)

¹²¹Foreign & Commonwealth Office, General Services Command, United Kingdom. *History Notes*. "Nazi Gold - Information from the British Archives, Part II: Monetary gold, non-monetary gold and the Tripartite Gold Commission"; *Historians*, LRD; No. 12; May 1997; p. 32, p. 38, p. 41 (328941-328950)

¹²²NARA/CP; RG 260; Entry: FED; Box 424; File #940.401 - Schedule A;

However, in October 1947, the Department of the Army instructed OMGUS to proceed with restitution of registered bonds from a "list of Concentration Camp Securities" at the FED if there were names of owners from a particular country.¹²⁴ As a result, six securities were authorized for release to Poland in 1947.¹²⁵ In accordance with U.S. policy, however, other non-monetary gold items that were unidentifiable and came from concentration camps located in Poland, and were claimed by the Polish government, were delivered to the IRO.¹²⁶ The determination of national origin obviously could not be affected by what country a particular concentration camp was located in.¹²⁷

The U.S. allowed IRO representatives to inspect the stored valuables in order to prepare a joint inventory, but not restitution missions of victim nations.¹²⁸ The fear was that these missions would claim ownership to everything within sight.

The IRO was free to reject items it considered to have "low intrinsic value," for instance, currency that was no longer valid and considered worthless honored by the issuing country.¹²⁹ Non-monetary gold assets rejected by the IRO included currency (generally Other)

Correspondence between Col. Brey (FED Chief) and Henry Berger; September 8-22, 1947

¹²³NARA/CP; RG 260; Entry: Finance Adviser; Box 165; File: Inventory of Certain Currencies & Securities; "Schedule A - Possible Bars to Delivery under W-90078; no date

¹²⁴NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box #130; File #400B; Cable WX88721 from Department of Army to OMGUS; October 21, 1947 (321708)

¹²⁵NARA/CP; RG 260; Entry: Finance Adviser; Box 165; File: International Bank for Reconstruction & Development; Memo from Albert F. Bender, Jr. for Theodore H. Ball; "Securities Authorized for Release to PCIRO"; November 21, 1947

¹²⁶NARA/CP; RG 260; Entry: AG Decimal File; Box 511; File #602.3 - Restitution; Letter from Gen. Clay to Maj. Gen. Dr J. Prawin (Polish Restitution Mission Chief); circa February 1948 (215855)

¹²⁷NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 1796; File #400B - Duress; Cable CC-1796 from OMGUS to AGWAR; September 30, 1947 (328990-328992)

¹²⁸NARA/CP; RG 59; Central Decimal Files (1945-49); Box 4236; File #800.515/10-1447; Letter from Paul F. McGuire (Associate Chief, Division of Financial Affairs, State Department) to Christian Valensi (Financial Counselor, Embassy of France); November 12, 1947 (223216)

NARA/CP; RG 59; Lot File 53D307; Box 19; File: IRO Preparatory Committee (June-September 1947); Letter from W. Hallam Tuck (PCIRO Executive Secretary) to U.S. Rear Admiral Lewis Strauss; September 15, 1947 (329010-329014)

NARA/CP; RG 260; Entry: FED; Box 470; File: Securities; Cable CC-3852 from OMGUS to Department of the Army; April 13, 1948

¹²⁹NARA/CP; RG 260; Entry: Finance Adviser; Box 162; File: FED-IRO; Letter from Abba P. Schwartz (PCIRO Reparations Director) to Col. William G. Brey (FED Chief); "Contemplated transfer of additional non-monetary gold to PCIRO under JCS

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small denominations of various countries except for 900,000 Soviet rubles); jewelry and silverware (including watches, unengraved wedding rings, imitation pearls, and bracelets in poor condition whose total was appraised at 12,600 French francs); silverware; metals; and miscellaneous items such as papers, cameras, pocket knives, fountain pens, and flashlights.¹³⁰ The FED valued these items at \$1 and considered delivering them to the German Red Cross¹³¹ and "the Lost Property Office (Fundbuero) for sale with the proceeds going to the German economy."¹³²

By September 22, 1947, the IRO had received almost \$1 million worth of recovered, unidentifiable concentration camp victim loot.¹³³ This is a rough estimate, however, as the FED and IRO were unable to come to an agreement regarding valuation of certain assets and were forced to settle upon a "tentative agreed valuation."¹³⁴ Therefore, little effort was made to ascertain the value of currencies and securities on hand, despite the fact that US \$97,000 was included.¹³⁵ In fact, the IRO stated that they were not very much interested in such artificial valuation - market conditions would determine the true value.¹³⁶ Yet, despite the disposition of some American currency to the IRO, some 14 boxes (weighing 1,120 pounds) of American currency found in Germany and amounting to

non-Monetary Gold Directive"; July 27, 1948 (304780)

NARA/CP; RG 260; Entry: Finance Adviser; Box 162; File: FED-IRO; Telegram from W. Hallam Tuck to Jack Bennett (Finance Adviser); no date (301822)

NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Currencies - Restitution; Cable CC-9926 from Keating (OMGUS) to AGWAR; July 18, 1947 336546-548

NARA/CP
336546-548
¹³⁰NARA/CP; RG 260; Entry: FED; Box 421; File #900.154 - Second IRO Turnover; Note with attachment from George Wenzel (IRO Reparations Officer) to FED; circa October 1948 (328997-329003)

¹³¹NARA/CP; RG 260; Entry: FED; Box 400; File #910.98 - FED Status Report; December 15, 1950 (303142-303144)

¹³²NARA/CP; RG 260; Entry: Finance Adviser; Box 161; File: Finance Adviser; Memo from Richard Edwin Fitch (Internal & External Finance Group); "Disposition of Assets Held by the Foreign Exchange Depository"; December 22, 1948 (300002-300003)

¹³³NARA/CP; RG 260; Entry: FED; Box #394; File #900.10; "Foreign Exchange Depository"; September 22, 1947 (309802)

¹³⁴NARA/CP; RG 260; Entry: FED; Box 424; File #940.38 - PCIRO; Internal Route Slip with Proposed Cable from Col. William G. Brey (Chief, FED) to OMGUS Finance Division; July 23, 1947. (329007-329009) OMGUS relied on French appraisals in francs and current French market values while the PCIRO relied on American appraisal in dollars and current U.S. market values which, considering the ultimate destination of these valuables, seemed to be the more sensible course.

¹³⁵NARA/CP; RG 260; Entry: Finance Adviser; Box 163; File: FED Tripartite Commission; Memo with Attachment from Frank J. Roberts (Acting FED Chief) to Fitch; April 12, 1949

¹³⁶NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; "Statement of Abba Schwartz"; December 4, 1947 (306597)

\$3.6 million, was shipped to the Federal Reserve Bank of New York.¹³⁷ The second turnover of unidentifiable assets to the IRO was tentatively valued at 5.5 million French francs in March 1948.¹³⁸

The IRO disposed of less expensive jewelry by engaging the German smelting firm, Degussa - the same company that melted gold teeth from concentration camp victims into gold bars¹³⁹ for sale to banks in Switzerland! - to melt it down into gold bars for sales to governments.¹⁴⁰ The decision to have Degussa smelt the jewelry was questioned by the OMGUS Finance Division Director, Theodore Ball, but the IRO representative, Abba Schwartz, pressed ahead anyway because of lower transportation costs.¹⁴¹ The contract, signed in the Precious Metals Office of OMGUS in the presence of Colonel Fruitman, called for Degussa to retain 5% of the precious metals resulting from the refining process.¹⁴² However, it was soon obvious that Degussa's metal retention exceeded the limits of MG Law 53. Therefore, new arrangements were made by having Degussa be paid with RM 100,000 by the Jewish Agency for Palestine¹⁴³ - in effect, the Israeli

¹³⁷NARA/CP; RG 260; Entry: Finance Adviser; Box 420; File #940.151; Cable CC-7375 from OMGUS to Department of the Army and Keller (FED); January 11, 1949 (304793)

NARA/CP; RG 260; Entry: FED; Box 421; File #940.51 - Currency, Merkers Mine; Memo from Jack Bennett (Finance Adviser) to Chief, FED; "Authorization for Release of Assets from Foreign Exchange Depository"; January 6, 1949 (332984)

¹³⁸NARA/CP; RG 260; Entry: Finance Division; Box 74; File: Releases, FED; Memo from Bennett to FED Chief; "Authorization for the Release of Assets from Foreign Exchange Depository"; circa March 1948

¹³⁹NARA/CP; RG 260; Entry: FED; Box 423; "Draft Tab - Evaluation of the Loot" (303421-303422)

¹⁴⁰NARA/CP; RG 59; Lot File 53D307; Box 19; File: IRO Preparatory Committee (June-September 1947); Letter from Tuck to Admiral Strauss; September 15, 1947 (329010-329014)

NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; Statement of David L. Rolbein to U.S. Army Criminal Investigation Division (CID); December 3, 1947 (306001-306003) ✓

¹⁴¹NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; "Statement of Theodore H. Ball"; December 12, 1947 (306604) ✓

NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; "Statement of Abba Schwartz"; December 4, 1947 (306591-306596) ✓

¹⁴²NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; Statement of David L. Rolbein to U.S. Army Criminal Investigation Division (CID); December 3, 1947 (306001-306003) ✓

NARA/CP; RG 260; Entry: Finance Adviser; Box 165; File: International Bank for Reconstruction & Development; Memo from David L. Rolbein (Chief, Reparations Mission, PCIRO, Frankfurt) to Justen M. Kelley (Chief, Metals Section, Economics Division, OMGUS) "Smelting of Precious metals for PCIRO by DeGussa"; September 19, 1947 (328982-328983) ✓

¹⁴³NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; Statement of David

government-in-waiting.¹⁴⁴ The money, according to Schwartz and Jewish Agency representative, Rachel Adiv, was "collected by contributions in Jewish D.P. Camps" in the U.S. occupation zone of Germany, the supposed beneficiaries!¹⁴⁵ However, OMGUS had strong suspicions the Reichsmarks were illegally obtained through channels in Switzerland.¹⁴⁶

An interesting case of restitution involved envelopes found at Germany's first concentration camp, Dachau.¹⁴⁷ The 2,826 envelopes mainly consisted of such items as wedding rings, watches, and pins, and largely belonged to political prisoners, POW's, Gypsies, Jehovah's Witnesses, Communists, and common criminals. The total estimated value was less than \$10,000 and although each envelope bore the name and birthdate of the owner, just 23% listed the nationality.¹⁴⁸ All identifiable envelopes were restituted to the proper country while unidentifiable packets, following a search through the ~~the~~ ^{the} International Tracing Service, were given to the IRO.¹⁴⁹

In April 1949, the IRO announced that they had realized over \$2.2 million in sales of the non-monetary gold that was transferred to the organization.¹⁵⁰ How they came up with

L. Rolbein to U.S. Army Criminal Investigation Division (CID); December 3, 1947 ✓
(306001-306003)

¹⁴⁴LeBor, Adam. Hitler's Secret Bankers: The Myth of Swiss Neutrality During the Holocaust. Secaucus, NJ: Birch Lane Press. 1997. p. 229

¹⁴⁵NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; "Statement of Rachel Adiv"; January 6, 1948 (306606) ✓

¹⁴⁶NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; Letter with attachments from General Lucius Clay (OMGUS) to William Tuck (Executive Secretary, PCIRO); January 28, 1948 (306583-306589) ✓

¹⁴⁷NARA/CP; RG 226; Entry 146 - Misc. Washington Files; Box 34; File #425 - Dachau; pp. 5-8 (333021-333024)

¹⁴⁸NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 130; File #400B; Cable CC-1796 from AGWAR to OMGUS; September 30, 1947 (328990-328992)

NARA/CP; RG 260; Entry: FED; Box 161; File: Dachau Envelopes; Memo with attachment from F. Przyluski (Chief, Tracing Section, PCIRO) to Jo Fisher Freeman (Finance Division, OMGUS); "Identification of Nationality of Former Dachau Inmates"; September 26, 1947 (312658-312660). These are not to be confused with the 1200 German POW envelopes which were under consideration for delivery to the German Red Cross.

¹⁴⁹NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 130; File #400B; Cable CC-1796 from AGWAR to OMGUS; September 30, 1947 (328990-328992)

NARA/CP; RG 260; Entry: FED; Box 421; File #940.154 - Second IRO Turnover; Memo from Frank C. Gabell (Chief, FED) to OMGUS Finance Adviser; August 10, 1948 (328979-328980)

¹⁵⁰NARA/CP; RG 59/Lot File 53D307; Box 14; File: IRO Reparations; Press Release from UN Department of Public Information, Press & Publications Bureau; "Reparations Funds Yield \$15,306,458 For Victims Of Nazis, IRO Reports"; April 1, 1949

this figure is unexplained since in June 1949 they had only netted \$500,000 in auctions¹⁵¹ and in 1951 said they had only gained \$1.6 million in sales of non-monetary gold.¹⁵²

The IRO had also hoped to gain an additional \$120,000 from legislation introduced in the U.S. Congress which would have refunded customs duties that were paid for the "considerable quantities of non-monetary gold brought" into the U.S. for liquidation sale.¹⁵³ It is not known at this time as to whether this bill was ever approved.

It must be underscored that not all looted victim assets discovered by the U.S. were transferred to the IRO. Holland received three separate restitution shipments of diamonds, including an estimated 7500 gems of over 336 carats¹⁵⁴ "found in Madrid in German hands."¹⁵⁵ These diamonds had been purchased by the Nazis from Dutch Jewish sellers under duress at very low prices,¹⁵⁶ although Belgium, nevertheless, made a claim for them.¹⁵⁷ The State Department ruled that this was indeed loot and not a normal commercial transaction.¹⁵⁸ Holland was a large recipient of restitution from the American zones, especially in securities and diamonds (23,000 carats in 1947 alone).¹⁵⁹ Some of the diamonds looted from Arnheim were extremely easy to identify as they were in envelopes bearing the individual's name and address in Holland.¹⁶⁰

(329437-329438)

¹⁵¹NARA/CP; RG 59; Lot File 53D307; Box 20; File: IRO White Paper; June 7, 1949

(329015-329017)

¹⁵²NARA/CP; RG 59; Lot File 53D307; Box 10; File: IRO, General (May-June 1951); Memo from Herbert C. Madison to Mr. Warren; June 28, 1951 (329034)

¹⁵³NARA/CP; RG 59; Lot File 53D307; Box 10; File: IRO, General (May-June 1951); Memo from Herbert C. Madison to Mr. Warren; June 28, 1951 (329034)

¹⁵⁴NARA/CP; RG 84; Entry 2108 - Brussels Embassy; Box 132; File #711.3; Telegram #2151 from Marshall (Secretary of State) to U.S. Embassy, Brussels; May 24, 1948

NARA/CP; RG 84; Entry 2109A - Brussels Embassy; Box 19; File #711.6; Airgram #7 from Bonsal to Dorr; October 11, 1946

¹⁵⁵NARA/CP; RG 84; Entry 2453A; Box 18; File #711.3; Memo from U.S. Embassy, Madrid; December 11, 1947

¹⁵⁶NARA/CP; RG 84; Entry 2108 - Brussels Embassy; Box 113; File #711.6; "Netherlands Claims for German Diamonds Found in Madrid; Letter from Godley (U.S. Embassy, Brussels) to Secretary of State; August 21, 1947

¹⁵⁷NARA/CP; RG 84; Entry 2109A - Classified General Records of the Brussels Embassy; Box 19; File #711.2 - Safehaven; unnumbered Telegram from Alan G. Kirk (U.S. Embassy, Brussels) to U.S. Embassy, Madrid; October 30, 1946 (300829)

¹⁵⁸NARA/CP; RG 84; Entry 2453A; Box 18; File #711.3; Memo from U.S. Embassy, Madrid; December 11, 1947

¹⁵⁹NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 211; File #400B - Restitution, General; Cable CC-5168 from OMGUS to Chief of Staff, US Army; July 15, 1948 (328963-328964)

¹⁶⁰NARA/CP; RG 56; Accession #69A4707; Box 82; File: Germany - Looted Property; Cable CC-1318 from Keating (OMGUS) to AGWAR; "restitution Netherlands

A case of unidentifiable Jewish assets not going to the IRO occurred when Reichsbank deposits of concentration camp loot made by SS official Bruno Melmer were processed and, therefore, intermingled with other assets.¹⁶¹ Although there was little doubt that this processed portion of the Merkers Mine was unidentifiable victim loot and, according to U.S. policy, should have been delivered to the IRO, the FED claimed that it was impossible to identify the proper source.¹⁶² As a result, these currencies were restituted to the country of issue.¹⁶³

Even following the two major transfers of unidentifiable property to the IRO, there remained large stocks of unidentifiable securities. This was due to the failure to reach quadripartite agreement on how to proceed with their restitution. Therefore, MG Law 59 was promulgated to deliver these assets to a designated agency, the Jewish Restitution Successor Organization (JRSO), a consortium of leading American Jewish groups. 825 claims for more than 500,000 individual securities (in many instances, a single claim covered several thousand securities) were received before OMGUS' controversial filing deadline of December 31, 1948.¹⁶⁴ ~~OMGUS, fearing prolonged delays, defended the deadline and explained that incomplete claims could be filed before that date with the missing details filled in later.~~¹⁶⁵ *PLEADING*

By 1950, OMGUS decided to retribute all foreign securities seized in Germany under Law 53 and claimed by another country unless the German owner could prove they were in his possession before the claimant country was under Nazi occupation, provided that the claimant met all other restitution requirements.¹⁶⁶ *BRAND*

The United States Allied Control Commission, Austria (USACA) also undertook deliveries to the IRO and restitution of non-monetary gold. In 1948 and 1950, the Reparations, Deliveries & Restitutions (RD&R) Division transferred looted currencies to

diamonds"; August 19, 1947 (332981-332982)

¹⁶¹NARA/CP; RG 260; Entry: FED; Box 423; File #940.304

¹⁶²NARA/CP; RG 260; Box 424; File #940.38 - PCIRO; Letter from Col. William G. Brey (FED Chief) to Field Reparations Chief, PCIRO; "Currencies"; January 28, 1948 (329448-329449)

¹⁶³NARA/CP; RG 260; Finance Division; Box 423; File #940.304; Cable CC-9926 from OMGUS to AGWAR; July 18, 1947 (301395-301396)

¹⁶⁴NARA/CP; RG 260; Entry: Property Division; Box 15; File: Reparations & Restitution; "External Restitution" (307492-307495)

¹⁶⁵NARA/CP; RG 59; Entry: Central Decimal Files (1945-49); Box 1938; File #462.11EW/12-848; Letter from Walter Wilds (Deputy Assistant Secretary of State for Occupied Areas) to Seymour J. Rubin (Attorney, American Jewish Committee); December 21, 1948 *333012 - 013*

¹⁶⁶NARA/CP; RG 260; Entry: Allied Bank Commission; Box 15; File: Release of Securities & Foreign Currency; Letter from Richard G. Leonard (Chief, Credit & Currency Branch); May 19, 1950 *ASC?*

the IRO.¹⁶⁷ An October 1948 directive from Washington (WX-89482) lifted the ban on the restitution of securities and currency from the U.S. Zone in Austria, a year after OMGUS had begun restituting securities. USFA authorities looked forward to completing this disposal in early 1949.¹⁶⁸

There were only two scenarios when direct restitution was effected by the United States:

- a) Internal Restitution whereby, OMGUS, acting as a surrogate government, transferred assets (usually Law 53) to German citizens; and
- b) to a "non-National or a refugee national" claimant of the Soviet Union or one of its Iron Curtain satellites,¹⁶⁹ since their Communist governments could not be trusted to return assets to their rightful owner due to their disbelief in the notion of private property and their totalitarian nature.

Internal (and thus, individual) restitution was not even carried out in the U.S. Zone of Austria as the Americans decided to turn over that responsibility to the nascent Austrian government. Austria's citizens, including its remaining ~~the~~ persecuted Jewish population made their claims directly to the Austrian government.¹⁷⁰

The Potsdam Agreement of 1945 provided a guarantee for the maintenance of a minimum standard of living for postwar Germany, providing an ambiguous ceiling on reparations that did not exist after World War I. This pact overturned previous American policy toward Germany as articulated in JCS 1067 which limited German rehabilitation to minimal levels, enough to prevent disease and disorder. In accordance with this new policy, the Joint Chiefs of Staff decided that securities, currency, and gold were not allowed to be restituted if the zone commander felt it would "jeopardize" the minimum requirements of the German or Austrian economies.¹⁷¹

Other recipients of assets were the ex-enemy nations themselves: Germany and Austria! Initially, the U.S. agreed not to restitute to countries other than those of the United

¹⁶⁷NARA/CP; RG 260; Entry 116 - "P" Files; Box 21; File: P-1400; Message from USACA to Department of the Army, March 26, 1948 (317035)

NARA/CP; RG 260; Entry 116 - "P" Files; Box 21; File: P-1400; Letter from James A. Garrison (Chief, RD&R Division) to Price, Waterhouse & Co.; January 23, 1950 (315069)

¹⁶⁸NARA/CP; RG 407; Entry 368B; Box 1432; File: Reparations & Restitution - Austria; "Summary Report On Claims And Restitutions"; December 31, 1948

¹⁶⁹NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Currencies - Restitution; Memo from Richard Edwin Fitch Office of Finance Adviser, OMGUS) to Jo Fisher Freeman; November 5, 1948 (301599)

¹⁷⁰NARA/CP; RG 260; Entry 101 - Decimal Files; Box 11; File #010.1; Memo from Edgar M. Foltin (Chief, Legal Division) to Chief, RD&R Division; "Press Release - Austrian Restitution Act"; October 14, 1946 (107037)

¹⁷¹NARA/CP; RG 260; Entry 101 - Decimal Files; Box 42; File: Restitution (January 1949); Circular Telegram from Byrnes (Secretary of State); March 16, 1946 (319181)

Nations. However, the "course of events" (i.e., Soviet adventurism) overtook this point of view and OMGUS was "directed to retribute to ex-enemy" nations.¹⁷² The U.S. decided that the best way to ensure that totalitarianism (Nazism or the new Communist threat) would not raise its ugly head again in central Europe was to assist in building up their economies. In fact, USFA's mission statement was "to reestablish a free, independent and democratic Austria with a sound economy, capable of insuring an adequate standard of living."¹⁷³ To that end, the U.S., from April 1945 through the end of 1947, distributed \$275.9 million of direct aid to the Austrian Government, along with some captured enemy (German and possibly Hungarian) material, and coal supplies from the Ruhr, as well as planned food and agricultural assistance.¹⁷⁴

The Austrian State Treaty of 1955 provided that Austria was responsible for the disposition of property confiscated from victims of racial and/or religious persecution. Such property was to be returned to the rightful owners. However, when restitution or restoration was "impossible," compensation was to be granted. Assets that remained heirless or unclaimed six months after the Treaty were to be transferred to the control of the Austrian Government. The Austrians were then to deliver "such property, rights, and interests to appropriate agencies or organizations to be designated by the Four Heads of Mission in Vienna by agreement with the Austrian Government to be used for the relief and rehabilitation of victims of persecution by the Axis Powers, it being understood that these provisions do not require Austria to make payments in foreign exchange or other transfers to foreign countries which would constitute a burden on the Austrian economy."¹⁷⁵

Silver was often released from the FED into the German economy, specifically to Degussa, in order to rebuild the silverware industry.¹⁷⁶ Silver was also sold from the FED

¹⁷²NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 130; File #400B; Memo from Col. R.M. Cheseldine to Mr. Wilkinson; December 13, 1947 (325693-325694)

¹⁷³NARA/CP; RG 407; Entry 368B; Box 1442; File: Foreign Area Reports (1945-54) (325711)

¹⁷⁴NARA/CP; RG 319; Entry 82 - P Files; Box 1153; File: ERP; "The European Recovery Program: Country Studies, Chapter II - Austria"; pp. 22-23; circa January 1948. (325712-325714)

¹⁷⁵Department of State, United States Treaties and Other International Agreements; Volume 6, Part 2; 1955; "Multilateral-Austrian State Treaty; pp.2435-2436 (320418-320419)

¹⁷⁶NARA/CP; RG 56; Accession 69A4707; Box 84; File: Germany-Reparations, Vol. 2; Draft; "Release of Silver from Frankfurt Depository for German Silverware Industry"; October 17, 1946 (207584)

NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED, 1947; "Silver on Hand in F.E.D." 2/26/47 309390-397

NARA/CP; RG 260; Entry: External Assets; Box 8; File: Disposition - Personal Property; Cable CC-7904 from Clay to JCS; February 3, 1947 (312719-312721)

to German state banks.¹⁷⁷ Any silver released into the German economy from the Foreign Exchange Depository was "newly refined and not subject to Law 53 and on which no claim was pending."¹⁷⁸

Washington initially directed the restitution of the currencies of Hungary, Bulgaria, Romania, and Finland within the U.S. zones of occupation to be delivered to the USSR.¹⁷⁹ This policy was indefensible as applied to Finland since it was the Finns who were invaded by the USSR when it was allied with Nazi Germany! This policy would soon be rescinded as the USSR embarked on its unilateral seizure of properties in Germany and Austria.

Almost \$4 million worth of jewelry, silver, currency, and miscellaneous gold was restituted from the U.S. Zone of Germany to Hungary,¹⁸⁰ along with \$33 million in monetary gold. This was due to the fact that the U.S. was eager to assist Hungary in becoming a democratic nation. However, following the delivery of \$3 million of silver on the Silver Train of April 1947, the Soviet Union immediately presented Hungary with a bill for (in a startling coincidence!) \$3 million concerning a "loan" from 1945 and in May 1947, effected a Communist coup, the U.S. was reluctant to deliver any more restitution except that of a humanitarian nature (i.e., hospital equipment). This situation, coupled with the fact that Hungary, in its alliance with Nazi Germany, had expanded its borders into Slovakia, Ukraine, and the Transylvanian region of Romania, made determination of national origin impractical, made the restitution decision of June 1947 to the IGCR of the Jewish valuables on board the Werfen Train a fairly simple matter. Any possibility of a guilty conscience was further salved when the American Joint Distribution Committee pressed American military authorities to release the assets to the IGCR. As a designated "appropriate field organization" under the Five-Power Agreement of 1946, the AJDC received 95% of any proceeds regarding Jewish property liquidated by the IGCR or its successors (the PCIRO and IRO).¹⁸¹ The Central Board of Hungarian Jews were not going to receive any restitution because it was obvious the Communists would have stolen it; the U.S. was anxious to provide the IGCR with as much capital as possible in order to

¹⁷⁷NARA/CP; RG 260; Entry: Finance Adviser; Box 161; Memo from Richard Edwin Fitch (Internal & External Finance Group); "Disposition of Assets Held by the Foreign Exchange Depository"; December 22, 1948 (300002)

¹⁷⁸NARA/CP; RG 260; Internal & External Finance; Box 346; File: Silver; Memo from Fruitman to OMGUS Economics Division Director; circa February 1947

¹⁷⁹NARA/CP; RG 260; Entry: FED; Box 470; File: Operations, Payments, Shipments; Cable W-88054 from AGWAR to OMGUS (201375) *Over?*

¹⁸⁰NARA/CP; RG 260; Entry: Finance Adviser; Box 163; File: FED Tripartite Commission; Memo from Frank J. Roberts (FED) to Fitch; April 12, 1949 (328928-328931)

¹⁸¹NARA/CP; RG 59; Central Decimal Files; Box 3901; File #740.00119 EW/6-2047; Telegram #436 from Secretary of State George Marshall to American Legation, Vienna; June 20, 1947

improve the European refugee situation; there was a legitimate question regarding national origin; and the AJDC wanted the money to fund their Palestine emigration activities.

The United States still continued its restitution to Czechoslovakia, however, even after its communist coup in February 1948. 958 carats of diamonds and semi-precious stones of Czech origin that were found in the salt mine near Stassfurt, Germany, were cleared for restitution to Czechoslovakia by Washington's cable WX-85011 of July 1, 1948.¹⁸²

These diamonds were collected by the Nazi authorities in Czechoslovakia from Jews who were "disposed of." The Czechs filed a claim with complete descriptions, but no names of the original owners.¹⁸³ Therefore, the diamonds in question were identifiable by national origin, but not by individual ownership. In January 1948, the JRSO argued that these diamonds should be released to the IRO.¹⁸⁴ However, OMGUS argued that "quadrupartitely agreed policy" and cable WX-85965 from Washington show that these diamonds are restitutable to the Czechs on the "basis of determined national origin."¹⁸⁵ It was an argument that would carry the day. The actual release began in November 1948.

In October 1948, OMGUS had also released a cache of jewelry, silver bullion, precious stones, securities, and wedding rings "in envelopes bearing names and addresses of Czech nationals from whom said to have been confiscated for political, racial, and religious reasons" to Czechoslovakia.¹⁸⁶ These valuables, found at the Reichsbank in Regensburg, were valued at \$500,000. This particular shipment was noteworthy because it contained items that were both identifiable and unidentifiable as "all of the precious stones resulted from old fashioned jewelry which was broken up, the stones modernized by recutting, the settings melted down." The restitution of these unidentifiable objects was defended by U.S. authorities because "there was not the slightest doubt... that all of these valuables had been removed from Czechoslovakia and accordingly restitution to that country was ordered by Washington."¹⁸⁷ Unfortunately, this shipment also included many valuables belonging to two American citizens, Emil Freund and Hanna Feigl. However, OMGUS

*GBT
CABLE
WX-85011*

¹⁸²NARA/CP; RG 260; Entry: Finance Division; Box 93; File: FED; "Status as at August 31, 1948 of Assets Held by FED"

¹⁸³NARA/CP; RG 260; Entry: AG Decimal File; Box 511; File #602.3 - Restitution; Cable CC-3558 from OMGUS to the Department of the Army; March 19, 1948 (305042-305043)

¹⁸⁴NARA/CP; RG 260; Entry: FED; Box 418; File #940.4; January 7, 1948

¹⁸⁵NARA/CP; RG 260; Box 511; Entry: AG Decimal File; Box 511; File #602.3 - Restitution; Cable CC-3558 from OMGUS to the Department of the Army; March 19, 1948 (305042-305043)

¹⁸⁶NARA/CP; RG 260; Entry: Finance Division; Box 93; File: FED; "Status as at August 31, 1948 of Assets held by FED"

NARA/CP; RG 260; Entry: AG Decimal File; Box 511; File #602.3 - Restitution; July 15, 1948

¹⁸⁷NARA/CP; RG 260; Entry: Finance division; Box 93; File: FED; "Draft of particulars"; circa October 1948

efforts to retrieve the items were met with silence by the increasingly hostile, communist Government of Czechoslovakia.¹⁸⁸

A new wrinkle in U.S. restitution policy occurred, in agreement with the British, with regard to the "Rome Treasure" found in Italy. Currency and securities looted from IARA nations were to be returned to the countries of origin; German currencies and securities were to be returned to occupation authorities in Germany; and neutral and non-IARA looted currency and securities, as well as gold coins and ingot, were to be turned over to the IRO for liquidation and/or shared equally with the Italian Government for liquidation. IRO proceeds were to benefit victims of Nazi persecution. Italian proceeds were to go to charity, a gaping loophole. All jewelry found in the Rome Treasure was also to be turned over to the IRO for liquidation into hard currency. These proceeds were to be split with the Italian Government in the same manner as above.¹⁸⁹

With regard to those looted assets that Switzerland bought from Nazi Germany during World War II, the IRO was responsible for collecting the 50 million Swiss Francs from the liquidation of German assets provided for by the Washington Agreement of 1946 and \$25 million from the Allied-Swiss Liquidation Commission.¹⁹⁰ Meanwhile, that same accord directed the Swiss Compensation Office to find and liquidate German properties within its borders.¹⁹¹ As for the Five-Power Agreement of 1946 which directed Switzerland and Sweden to give the IRO \$25 million, only \$18.5 million was paid through June 1949.¹⁹²

Conclusion

European Jews were victimized on a myriad of levels:

- a) by the German Nazis and their willing accomplices and collaborators in other countries who stole their assets and then their lives;
- b) by neutral nations, primarily Switzerland, who constantly purchased victim loot from Germany in exchange for hard currency;
- c) by the various international agreements such as the Paris Conference of 1945 and the 5-Power Conference of 1946 which basically deemed all concentration

¹⁸⁸NARA/CP; RG 260; Entry: Property Division; Box 22; File: Freund/Feigl Restitution Case; Letter with enclosures from Daniels to Fisl; September 11, 1950

¹⁸⁹NARA/CP; RG 59; Lot File 54D328; Box 6; File #315; Draft of Cable from George Tesoro to Trevaldwyn (British Embassy)

¹⁹⁰Foreign & Commonwealth Office, General Services Command, United Kingdom. History Notes. "Nazi Gold - Information from the British Archives, Part II: Monetary gold, non-monetary gold and the Tripartite Gold Commission"; Historians, LRD; No. 12; May 1997; p. 37 (328946)

¹⁹¹NARA/CP; RG 260; Entry: Finance Adviser; Box 161; File: Disposition of Foreign Currency; Memo from Gen. Clay to AGWAR; circa July 1946 (328985-328986)

¹⁹²NARA/CP; RG 59; Lot File 53D307; Box 23; File: IRO Report; "Report of the Director-General to the General Council of the International Refugee Organization" July 1, 1948 - June 30, 1949 (328965-328967)

HAA 859 (84-1) 11823
SAP 690 (84-1) 11816
SAP 121 (83-1) 11659 ✓
HAA 141 (83-1) 11664 ✓
SAP 27 (81-1) 11291 ✓
HAA 6 (81-1) 11296 ✓

camp loot as unidentifiable and to be sent to the IRO, whether or not the victim was a survivor or had heirs! This was in striking contrast to the London Declaration which gave those who collaborated with the Nazis a chance to have their assets returned;

d) by the Soviets who were not much interested in restitution or personal property and whose obstructionist tactics made constructive, quadripartite agreement for the restitution of various assets impossible;

e) by the United States, who had grown weary of being a caretaker for these valuables was anxious to assist the IRO in clearing up the Displaced Persons' problem, that it was not very interested in pursuing the identifiability of concentration camp assets, although it must be conceded that much of this property, indeed, was heirless.¹⁹³ The U.S. also found it easier to compensate two million former German POW's¹⁹⁴ through FED disbursements than any heirs to concentration camp victims;

f) by such organizations as the American Joint Distribution Committee and the Jewish Agency for Palestine who were on the IRO dole and anxious to receive as many proceeds as possible from the sale of victim loot in order to resettle Jewish refugees in Palestine. These endeavors were wholeheartedly supported by the World Jewish Congress and the American Jewish Conference;

g) by refugee diamond merchants who set up shop in Spain and Portugal and did business with the Nazis who were busy murdering their religious compatriots.

Among the ruins of postwar Europe, the United States was exceedingly generous to its Allies and former enemies alike. However, when it came to investigating possible identification and ownership of individual concentration camp assets; the U.S., because of economic and domestic political considerations (i.e., the overwhelming desire to reduce the U.S. military presence overseas), did not step up to the challenge and chose the easier way out by simply defining the assets as unidentifiable and transferring them to the IRO.

Any notion that the U.S. enriched itself with looted assets from Holocaust victims, however, is false. The United States, through the IRO and with the backing of international Jewish organizations, concerned itself with Jewish refugees following the war, not individual Jews or Jewish communities.

Assets Released by the FED as of December 15, 1950
Individuals - \$656

¹⁹³Foreign & Commonwealth Office, General Services Command, United Kingdom. History Notes. "Nazi Gold - Information from the British Archives, Part II: Monetary gold, non-monetary gold and the Tripartite Gold Commission"; Historians, LRD; No. 12; May 1997; p. 40 (328949)

¹⁹⁴NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED - 1947; "The Foreign Exchange Depository"; April 27, 1947

LAW 53- VICTIMS DEPOSITS
 ASSETS
 ACCOUNTS, BTC
 SPENDING
 → → Helen Cooper & PRINCE
 BX 438 / FEB

LISA MAY (329 48-414) 162 (30151-157)
 Receipts - Spk 424-428 (30151-157)
 (328997-329003) 427, 428 (315069)
 JOINT INVENTORY OF (BOW) BX 531

REVISION

Price of Silver 1947
 USGS
 Common Price Database - How?
 See?
 61314 @ 1947
 \$19.85 KC + 1% TRADING
 NO NO 15434
 Silver EXPORT / INC 8/12/47

FBI Bulletin on LISA MAY
 X-dmg with PRINCE/Helen
 (47) CT 503

IRO - \$808,369
USA - \$3.6 million
Great Britain - \$1.3 million
Albania - \$2
Australia - \$34
Belgium - \$2.1 million
Canada - \$8,751
Czechoslovakia - \$502,703
Denmark - \$274,000
Egypt - \$186,000
France - \$100.7 million
Germany - \$1
Greece - \$2
Holland - \$37.3 million
Hungary - \$35.8 million (mostly gold and silver)
India - \$10
Italy - \$262,632
Luxembourg - \$21
New Zealand - \$2
Norway - \$1.9 million
Poland - \$3,404
Romania - \$1
South Africa - \$11,600
Switzerland - \$52,135
Turkey - \$1
USSR - \$5 (apparently the equivalent of 813 bags of rubles)
Yugoslavia - \$144,211¹⁹⁵

¹⁹⁵NARA/CP; RG 260; Entry: FED; Box 400; File #910.98 - FED Status Report;
December 15, 1950 (303139-303141)

NARA/CP; RG 260; Entry: External Assets; Box 8; File: Disposition - Personal
Property; Cable CC-7904 from Clay to JCS; February 3, 1947 (312719-312721)

OUTLINE
EXTERNAL ASSETS

HOMELESS ASSETS

HOW WE GOT ASSETS

RELEASES TO COUNTRIES
FED SHIPPING TILTON
DATABASE: SEE HOW
JANUARY 1980
DOOR?

POSTER NEEDS

ONE STATE - 100
million - 23 billion
Czechoslovakia - 2500
UK - 22.74 billion
FRANCE - 2100.7 billion

ALLIANCE OF...
USSR - 2100.7 billion

god at...
FRANCE - 2100.7 billion

EXPOSURE TO FOREIGN ASSETS
SUSTAIN O/S

INFO OF ASSETS
TO DIA



NARA APPROVED
06/23/02

CONNA'S...
NO. 84

REVISION QUEST

HOW MUCH SILVER
COIN REASON
AND COMPANY
GET CITES # 140-146 ✓
(17) (16260) ✓
GET CITES # 140-146 ✓
MARC KNOWS?

find doc re...
email re...

PRINCE...
HUNG re GT
HUNG FRIENDS?
CITIZEN?
PRESENT X
ONE INFO.

PROS - DIAMONDS X
- 20X/100X

ANY INFORMATION...
SPEC...
DUSTY...
NOV
TOMY

TOP SECRET...
SECRET

Financial Assets Paper: Draft

Greg Murphy

May 25, 2000

I. Nazi Looting of Non-Gold Financial Assets

Considering that by May 1941, the Nazi German government was incurring 2.5 billion marks a month in operating expenses¹, ways were needed to be found to continue the financing of their terroristic regime. Jewish assets such as currency and bonds were already confiscated in Germany, as well as such occupied countries as Czechoslovakia, France, Holland, and Poland, while diamonds were usually bought at "ridiculously low" prices, as they were sold under duress, and subsequently, even those minimal proceeds would be confiscated!² Non-Jewish sources were now needed to help fuel the Nazi war machine - with one large difference in implementation: these assets were largely purchased at reasonable prices, some under duress, many not. Yet, as a result of the London Agreement of January 1943 which stated that all transactions with Nazi Germany were subject to invalidation,³ those non-Jews who sold their assets to the Nazis could claim that all sales were under duress and therefore, they could receive these goods back as restitution. In other words, items were sold, the money was pocketed, and the items eventually returned. Jews, on the other hand, received little or, in most cases, no compensation for their assets, many were murdered during the war, and then their assets, assumed to have no owner, were handed over to the IRO who sold them to finance their resettlement operations, a crisis caused by the Nazis themselves! Thus, those who collaborated with the Nazis profited, while those who paid with their lives at the hands of the Nazis were victimized again after the war.

Aryanization had forced out the leading German foreign exchange firm, Gebruder Arnholdt, in 1938. The legal German mechanism to carry out the purchase and sale of securities was DEGO (Deutsche Goldkontobank), an arm of the Reichsbank.⁴ DEGO had correspondents in various countries, some occupied, some neutral. In Holland, they worked with Lippman, Rosenthal & Co., as well as Mendelssohn & Co. In Switzerland, the primary associates were the Zurich Creditanstalt Nd, the Basler Handelsbank of Zurich. DEGO's main contact in Sweden was the Enskilda Bank owned by the Wallenberg family.⁵

¹NARA/CP; RG 38; Entry 98A - Naval Attaches; Box 595; File #C-11-B 6306B - German Finances & General Notes; Intelligence Report; May 29, 1941 (325742)

²NARA/CP; RG 84; Entry 2108 - Brussels Embassy; Box 113; File #711.6; "Netherlands Claims for German Diamonds Found in Madrid; Letter from Godley (U.S. Embassy, Brussels) to Secretary of State; August 21, 1947"

³NARA/CP; RG 407; Entry 368B; Box 1451; File: Rehabilitation of Austria (1945-49) Volume III; Prepared by the United States Allied Commission, Austria; p. 65 (319358)

⁴NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based On Interrogation Of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223536)

⁵NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl;

Holland's Jewish population had their securities and foreign exchange confiscated by being required to deposit them with Lippman Rosenthal & Co. whereupon they would be seized and then sold by the German management or German banks.⁶ Proceeds from the sale of confiscated Jewish assets, mostly in France, went directly to the German government.⁷

Non-Jews were forced to sell those assets to the central bank of Holland (Nederlandesche Bank) at the official price in guilders. The Reichsbank then purchased these assets from the central bank before distributing them to such German bank outlets as Spohnolz & Co., Berliner Handelsgesellschaft, Hardy & Co., and Comess & Co. to sell in Switzerland.⁸

In France, transactions involving securities were handled through private German and French banks such as Delbruck-Schickler and Berliner Handelsgesellschaft on one side and Neuflyze & Co., Credit Lyonnais, Societe Generale, and "probably" Banque Nationale pour le Commerce and Industrie (BNCI) on the other side. These transactions involving securities were not simply to make money; they were often used to obtain control over important industries and purchase offers were made by public advertisement.⁹ The private German banks also purchased securities on the black market in France, even though the Germans had ordered that all French securities be deposited in banks. These banks would

"Notes Based On Interrogation of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223538)

⁶NARA/CP; RG 131; Entry: FFC Subject Files; Box 404; File: Securities - Caveat List; March 11, 1947 *311518-519*

NARA/CP; RG 84; Entry 2109A - Brussels Embassy; Box 17; File #711.2; Safehaven Report #3; "German Purchases & Seizure of Shares in Holland through Lippman Rosenthal"; August 10, 1945.

NARA/CP; RG 59; Lot File #60D139; Box 13; File: Netherlands Defrosting; Memo with attachment from Henry P. deVries (Sullivan & Cromwell) to Stanley Metzger, Esq. (Office of the Legal Advisor, State Department); February 6, 1948. In a bitter irony, the pre-war Lippman, Rosenthal & Co. was a well-known banking firm owned by Jewish interests - See RG 59; Lot File #60D139; Box 13; File: Netherlands Claims; Memo from Ely Maurer to Mr. Mosse; March 5, 1952 (328977-328978)

⁷NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based On Interrogation of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223540)

NARA/CP; RG 59; Lot File #60D139; Box 13; File: Netherlands Defrosting; Memo with attachment from Henry P. deVries (Sullivan & Cromwell) to Stanley Metzger, Esq. (Office of the Legal Advisor, State Department); February 6, 1948 (328970-328974)

⁸NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based on Interrogation of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223540)

⁹NARA/CP; RG 226; Entry 16 - "Regular Series"; Box 1420; File #124,099; PW Paper (Schutze Kurt Eichel); "Notes On German Purchases Of Foreign And German Securities, Speermark, Foreign Currency And Gold In Paris"; April 14, 1945 (325699-325709)

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then the securities as quickly as possible in Switzerland with the proceeds going into the accounts of DEGO or the Reichsbank with the banks eventually being reimbursed.¹⁰

It must be emphasized that not all securities were stolen or purchased via sales under duress by the Nazis. For instance, it was stated that the Deutsche Bank, probably for the state-run Continental Oil Company of Berlin, purchased "the majority of the share capital" of the Concordia and Columbia Oil companies. These shares had been advertised by the Banque de Paris et des Pays-Bas even though they were Belgian-owned!¹¹ Although this shows that these hefty oil shares were not looted, the London Declaration of 1943 declared that all Nazi business transactions were duress in nature and therefore, invalid.¹² So, in effect, the French sold to the enemy, only to get the assets back after the war, although they were supposed to return them to the rightful Belgian ownership.

Foreign currencies were purchased in Paris and "physically delivered to the Reichsbank" for the equivalent Reichsmark value. The Germans had established an official exchange rate at 20 French francs to the Reichsmark.¹³

Following the Nazi occupation of Holland and France in 1940, looted shares of Royal Dutch Shell began to make their way to Switzerland, largely through diplomatic pouches.¹⁴ The Germans had "found ways and means," with the help of corrupt Swiss bank officials who issued fraudulent affidavits, of converting the registered certificates into bearer shares, whose ownership thereby rested with the possessor.¹⁵

¹⁰NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based on Interrogation of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223538)

NARA/CP; RG 226; Entry 16 - "Regular Series"; Box 1420; File #124,099; PW Paper (Schutze Kurt Eichel); "Notes On German Purchases Of Foreign And German Securities, Speermark, Foreign Currency And Gold In Paris"; April 14, 1945 (325699-325709)

¹¹NARA/CP; RG 226; Entry 16 - "Regular Series"; Box 1420; File #124,099; PW Paper #79 (Schutze Kurt Eichel); "Notes On German Purchases Of Foreign And German Securities, Speermark, Foreign Currency And Gold In Paris"; April 14, 1945 (325699-325709)

NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Cocordia & Columbia Shares; Memo from Elizabeth J. Kagan to Bennett; June 14, 1948

¹²NARA/CP; RG 59; Lot File #60D139; Box 13; File: Netherlands Defrosting; "Declaration Of January 5, 1943 Regarding Forced Transfers Of Property In Enemy-Controlled Territory" (328968-328977)

¹³NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based On Interrogation of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223541)

¹⁴NARA/CP; RG 84; Entry 3228 - Confidential File, American Consulate (Basle, Switzerland); Box #8; File #851.6; Letter from Walter H. Sholes (American Consul General, Basle) to Leland Harrison (American Minister, Bern); February 16, 1944

¹⁵NARA/CP; RG 84; Entry 3228 - Confidential File, American Consulate (Basle,

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The Swiss, as a rule, generally did not like to purchase securities obtained by the Reichsbank from Nazi-occupied countries, but were very interested in buying the dollar funds offered to them by Germany's central bank from occupied countries and Latin America. These were "readily converted into Swiss francs" by the neutral fortress and used by Germany to gain control of important industrial enterprises in France and Latin America.¹⁶

Other looted assets that found a safe haven in Swiss banks included currency, real estate, industrial property, gold, and art objects. Besides diplomatic pouches, other methods of smuggling included Nazi front companies established in Switzerland; the opening of Swiss bank accounts for German nationals; the establishment of trusts (especially in Liechtenstein); the exchange of money via letters and cables from neutral countries; and the transfer of property to the wife's name.¹⁷

Belgium did not escape from greedy Nazi hands either. Safety deposit box owners were ordered to be opened in the presence of German authorities. All "foreign currencies, negotiable securities, and uncut diamonds" were to be turned over to a bank and then to the German Government in exchange for German marks.¹⁸

"Polished diamonds, because of their ease of concealment and transportation, the tremendous differential in value between the rough and finished product, and the difficulty in identifying individual stones, would be the ideal medium"¹⁹ for economically fueling Germany's war machine. As a result the illicit diamond trade flourished during World

Switzerland); Box #8; File #851.6 - Royal Dutch shares scandal; Memo from 25,590; March 18, 1944 (222915-222916)

NARA/CP; RG 84; Entry 3228 - Confidential File, American Consulate (Basle, Switzerland); Box #8; File #851.6 - Royal Dutch Frauds; Letter from Walter H. Sholes (American Consul General, Basle) to American Legation, Bern; February 15, 1944 (222904-222908)

¹⁶NARA/CP; RG 38; Entry 98A - Naval Attaches; Box 595; File #C-11-B 6306B - German Finances & General Notes; Intelligence Report; May 29, 1941 325714

NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based On Interrogation Of Emil Puhl, Vice President Of The Reichsbank (Foreign Securities)"; October 15-18, 1945 (223542)

¹⁷NARA/CP; RG 226; Entry 190/M1642; Reel 108; Frames 165-172; no date (325715-325722)

¹⁸NARA/CP; RG 38; Entry 98A - Naval Attaches; Box #425; File: Conditions in France, Belgium, and Luxembourg; Intelligence Report based on conversation with National City Bank Representative; February 17, 1941 (325710)

¹⁹NARA/CP; RG 84; Entry 3017 - Classified General Records: London-American Mission to Dutch Government In Exile; Box 2; File #863.4; Despatch #134 from Austin Preston (American Consul General, Antwerp) to Secretary of State; "Illicit Exports of Diamonds from Belgium to the United States..."; May 24, 1946 (325729)

War II. Some Jewish diamond dealers had fled Germany, as well as such Nazi-occupied nations as Belgium, Czechoslovakia, France, Holland, and Poland, plus Nazi-allied countries like Hungary, to neutral nations like Spain and Portugal.²⁰ Once there, they acted as middlemen for both industrial diamonds and precious gems coming from Lisbon via Brazil and various African locales (Angola, Belgian Congo, Sierra Leone) through Tangier, Spanish Morocco. The diamonds would then be shipped to Nice, France and soon found their way to Germany in order to assist the Nazi war effort.²¹ The diplomatic pouch was the preferred method of transportation for these stones, especially on the Brazilian-Portuguese-Spanish-French route.²² Smaller quantities were smuggled aboard ships by sailors²³ and even the Naviera Aznar Shipping Line was suspected by the U.S. to be involved.²⁴ Another method was by air as French airlines carried diamonds from Africa to Algiers, en route to Lisbon, then to Germany.²⁵ A more direct approach occurred when the German Embassy in Madrid bought "chipped" diamonds from Spanish merchants.²⁶ Another supply route for the Axis Powers came from Turkey, via Egypt, Palestine, and Syria.²⁷

Germany increasingly used these sources of diamond procurement as it still needed 200,000-500,000 carats per year after completing its looting of the diamond industry in Belgium, France, and Holland, hauling in "several million" dollars "from Jewish holders"²⁸

²⁰NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Watch"; circa December 1943

NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Watch"; February 11, 1943

NARA/CP; RG 226; Entry 92; Box 262; File #32; no date (321716)

²¹NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Watch"; no date

²²NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Watch"; circa December 1943

²³NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Smuggling"; no date

²⁴NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 50; File #863.4 - Diamonds; "Diamond Smuggling"; no date *WATCH LIST OF SUSPECTED FIRMS + DOWNS 310166/67*

²⁵NARA/CP; RG 84; Entry 3126 - U.S. Embassy, Lisbon; Box 103; File #863.4 - Diamonds; Letter from Lousada (UK Ministry of Economic Warfare) to Adams; December 22, 1943

²⁶NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Watch"; circa December 1943

²⁷NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; Telegram #2629 from Cordell Hull (Secretary of State) to U.S. Embassy, Madrid; December 11, 1943

²⁸NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; Memo from Cronin; "Diamond Smuggling"; no date

NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; Letter from Harrington (U.S. Embassy, Madrid) to Brown (U.S. Commercial

that were not able to escape. Diamonds, unlike confiscated securities and foreign exchange) were bought under compulsion from Jewish traders and manufacturers in Holland (and presumably in Belgium as well) under threat of deportation to concentration camps.²⁹ In December 1944 alone, 23,900.77 carats were taken from Holland to Germany to help fuel the increasingly desperate Nazi war machine. Most of these were obtained by blowing up safe deposits at Arnhem.³⁰ Here too, the diplomatic pouch was the preferred to smuggle diamonds for sale, particularly to Sweden.³¹

Yet, despite all the confiscations, Jews, along with other groups (i.e., political prisoners) that found themselves in concentration camps were further degraded by having their remaining assets (usually jewelry and currency) stripped from them. These valuables were used to fund SS operations as well as for SS "luxuries."³²

Hungary's pro-Nazi governments of 1944-45 took confiscation of Jewish assets to new levels when it ordered the deposit of all Jewish goods, including silverware, glassware, and furniture.³³ Many of these items found their way on board the Werfen Train which was

Company); August 16, 1943

NARA/CP; RG 84; Entry 3126 - U.S. Embassy, Lisbon; Box 103; File #863.4 -
Daimonds; Airgram #29 *1/13/44 310164-165*

NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Lisbon; Box 50; File #863.4 -
Diamonds; Enclosure to Despatch 2527 from U.S. Embassy, Madrid to Hull;
"Transmitting Minutes of Discussions by the Diamond and Platinum Smuggling Section of
the Anglo-American Sub-Committee"; May 26, 1944

²⁹NARA/CP; RG 84; Entry 3017 - Classified General Records, U.S. Legation & Embassy,
The Hague; Box 4; File: Refile Envelope; Enclosure 2 to Despatch #94 from the U.S.
Embassy, The Hague; March 10, 1949. (325825-325-826) Jewish diamond dealers in
Holland that cooperated in sales to the Nazis received a "special mark" on their identity
cards. See Box 5 of Entry 3017, File #523.1 - Confidential File, 1949; July 22, 1949 letter
from Dumig

³⁰NARA/CP; RG 84; Entry 3011; Box 34; File #711.3 - Looted Property, 1945;
Enclosure 1 from Despatch #308 in the Netherlands Series from London; August 1, 1945
(325691)

³¹NARA/CP; RG 153; Entry 145; Box 94; File #108-7; Letter from Ravdal, Counselor of
U.S. Legation, Stockholm to Secretary of State; "Additional Information Concerning the
Sale of Looted Diamonds by the Germans in Sweden; October 19, 1945

³²NARA/CP; RG 260; Entry: FED; Box 437; File: Shipment Records; CIC Report from
Special Agent Steve Vrabel; "Arrest of Heinze, Ursula"; circa September 1945 (303667)

³³Dwight D. Eisenhower Presidential Library; Eleanor Dulles Papers; Enclosure 2 to
Despatch #2738; Letter from Central Board of Jews in Hungary and Autonomous
Orthodox Religious Bodies in Hungary; March 13, 1947

NARA/CP; RG 84; Entry 2056 - POLAD/USCOA, Vienna - Classified General
Records; Box 18; File #710 - Hungary; Telegram #41 from Caffery (U.S. Embassy, Paris)
to Department of State; March 23, 1948

NARA/CP; RG 84; Entry 2056; Box 18; File #710 - Hungary; Memoranda for the

later captured by French and American forces in Austria. Yet there was no economic motive for this action; no foreign exchange strategy. It was purely a hate crime.

Despite the large-scale conversion of ill-gotten gains into the Nazi machine, it was estimated by Reichsbank Vice-President Emil Puhl that, by war's end, Germany still had 20 billion Reichsmarks worth of external assets, roughly equivalent to \$2 billion. However, approximately 90% of all foreign securities in Germany had been liquidated.³⁴

The 1945 Paris Conference on Reparation instructed governments that were neutral during the war to turn over or liquidate all German assets in their respective countries. The proceeds were to go to the Inter-Allied Reparation Agency (IARA) against Germany's reparation account.³⁵

II. The U.S. Takes Control

As American, British, and French forces invaded Germany from the west and the Soviet Union rolled into eastern Germany in 1945, various caches of hidden loot were uncovered. On April 8, 1945, an "immense amount" of looted valuables from the Auschwitz and Lublin concentration camps in Poland, along with Reichsbank reserves, was discovered at the Merkers Salt Mine by the Third Army.³⁶ An estimated 2,527 pounds of precious and semi-precious stone, as well as novelty jewelry was discovered in the mine, a hideaway from Allied air attacks.³⁷ Also included among the valuables were thousands of gold and silver crowns and bridges and plate.³⁸ This treasure trove of loot prompted Colonel Bernard Bernstein to remark that "the Germans were planning to use these foreign

Record from James A. Garrison (Chief, RD&R Division, USACA); February 25, 1948

³⁴NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl; "Notes Based on Interrogation Of Emil Puhl, Vice President of the Reichsbank (Foreign Securities)"; October 15-18, 1945 (223542)

³⁵NARA/CP; RG 84; Entry 2113T; Box 3; File: IARA; Paris Conference On Reparation (November 9-December 21, 1945), Final Act; pp.12-13 (204202-204203)

³⁶NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); "Contents of Shipment 1"; circa April 1945 *FED*

NARA/CP; RG 331; Entry 6; Box 1; File #000.5-9; Letter from Patrick Dean (UK Foreign Office) to SHAEF; May 7, 1945 (311794A)

NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable CC-1796 from OMGUS to AGWAR; October 2, 1947

³⁷NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); Contents of Shipment 1"; circa April 1945 *FED*

NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED - 1947; "The Foreign Exchange Depository"; April 27, 1947

³⁸NARA/CP; RG 260; Entry: AG Decimal Files; Box 61; File #123; April 20, 1945

NARA/CP; RG 331; Entry 6; Box 1; File #000.5-9; Letter from Patrick Dean (UK Foreign Office); May 7, 1945 (311794A)

exchange assets... as a means of perpetuating the Nazism and Nazi influence both in Germany and abroad.”³⁹

The Merkers Mine discovery in April 1945, which received a great deal of publicity, was significant both for its immense size and because it served as a catalyst for the Army to seek other treasure hidden elsewhere in Germany. The Merkers find also served as a catalyst to find a central depository to store these valuables. As a result, the Foreign Exchange Depository (FED) was formally created out of the Currency Section of SHAEF's (Supreme HQ, Allied Expeditionary Force) Financial Branch in April 1945, taking over the Reichsbank building in Frankfurt.⁴⁰ The Merkers cache became Shipment 1 to the FED. From 1945 through 1947, 91 separate shipments were made to the FED.⁴¹ The extent of the holdings and the related operations to support them were said to be “the first such assignment performed in the U.S. Army.”⁴²

Currency that was “abandoned or captured from enemy forces” generally constituted war booty according to the accepted rules of land warfare.⁴³ However, U.S. forces were instructed to turn over such currency to an Army Disbursing Officer for disposition, who would then deliver the assets to the Currency Section of the FED.⁴⁴

The Fed had many different functions:

- a) Custody, inventory, and accounting for assets uncovered in Germany by Allied forces;
- b) Custody of assets delivered in the U.S. Zone under Military Government Law 53 which confiscated foreign exchange from German hands;
- c) Investigation of ownership and claims pertaining to assets held. Individual ownership of such assets as currency, stocks, and bonds were often impossible to determine;

³⁹Bradsher, Greg. Prologue. “Nazi Gold: The Merkers Mine Treasure”; Spring 1999; p. 16

⁴⁰NARA/CP; RG 260; Entry: FED; Box 394; File #900.10 - Organization & History of FED; Memo from Maj. Kurt L. Walitschek (Currency Branch) to Acting Deputy Director, OMGUS Finance Division; “History of the Origin and Present Status of the Currency Branch and the Foreign Exchange Depository”; February 8, 1946 329035-329037)

⁴¹NARA/CP; RG 260; Entry: Finance Division; Box 93; File: FED; “Register Of Valuables In The Custody Of The Foreign Exchange Depository, Frankfurt A/M Germany”; February 9, 1948

⁴²NARA/CP; RG 260; Entry: FED; Box 394; File #900.10 - Organization & History of the FED; “Foreign Exchange Depository”; circa 1947

⁴³NARA/CP; RG 260; Entry: FED; Box 395; File #900.152 - Title 17, Property Control; Memo from T.H. Ball for Jack Bennett (OMGUS Finance Director) to McClaskey (FED); Jan. 8, 1947 (321623)

⁴⁴NARA/CP; RG 260; Entry: FED; Box 395; File #900.152 - Title 17, Property Control; Memo from T.H. Ball for Jack Bennett (OMGUS Finance Director) to McClaskey (FED); Jan. 8, 1947 (321623)

- d) Custody, issue, retirement, and accounting for Allied Military Marks of U.S. forces;
- e) Accounting for Military Government court fines;
- f) Acting as custodian for special jewel collections;
- g) Acting as custodian for valuables seized by G-2 Censorship Division;
- h) Acting as central clearing agency in processing payments of settled claims to released German POW's.⁴⁵

The FED also acted as a loan agency, not just for the U.S. Zone of Germany, but for much of war-torn Europe. In a precursor to the Marshall Plan (announced in June 1947) the FED made advances in Allied Military Marks to the following entities in late 1946 and early 1947:

- a) U.S. Military - 126.2 million
- b) French Army - 670.9 million (paid off by January 31, 1947)
- d) Government of France - 44.5 million (paid off by January 31, 1947)
- e) Government of Czechoslovakia - 511,490
- f) Czech Military Mission - 190,000
- g) Government of Netherlands - 318,597
- h) Government of Poland - 103.2 million
- i) Government of the USSR - 3.1 million
- j) Brazilian Military Mission - 71,154
- k) Chinese Military Mission - 60,000
- l) Danish Military Mission - 30,000⁴⁶

American soldiers guarded the FED building 24 hours a day, but Displaced Persons performed much of the menial tasks inside. Despite recent insuations that American soldiers stole looted Jewish assets,⁴⁷ there were few recorded cases of this happening. The biggest problem concerning security at the FED concerned widespread black market activities, primarily involving clandestine trade in cigarettes, light bulbs, office supplies, and Coca-Cola⁴⁸ and, to a far lesser extent, theft from Polish DP's employed by the U.S. military authorities. The only assets stolen from the FED were gold coins, along with

⁴⁵NARA/CP; RG 260; Entry: FED; Box 394; File #900.10 - Organization & History of the FED; "Foreign Exchange Depository: Finance Division"

NARA/CP; RG 260; Entry: FED; Box 421; File: Shipment Records; "Securities (Account No. 17)"; no date (301845-301849)

NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Currency Section - FED; "Currency Section, Foreign Exchange Depository Group Final Report"; September 30, 1948; p. 4

⁴⁶NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED - 1948, 1946; "Exhibit 'A', Currency Section Balance Sheet, 31 January 1947 And 31 December 1946"

⁴⁷Kenna, Kathleen. Toronto Star. "Report to 'tell all' about U.S. role in Holocaust: Commission to study possible seizure of assets during WWII. April 6, 2000

⁴⁸NARA/CP; RG 260; Entry: FED; Box 399; File #910.73; Memo from Col. William Brey, (FED Chief) to USFET HQ Commandant; August 19, 1946 (325679-325681)

Allied Military Marks.⁴⁹ These were recovered from the guilty DP's. Meanwhile, the theft of items for the black market flourished, probably in collusion with the U.S. soldiers from the 508th Parachute Infantry Regiment acting as FED guards since the looted locations were "in plain view" of two guard posts.⁵⁰

Another important finding of loot was the cache discovered in a cave near the Buchenwald concentration camp by the 1st U.S. Army. The valuables originated from Buchenwald and Dachau and it contained items such as jewelry, tableware, and teeth fillings. Major Whitman of the 1st Army suggested that the Buchenwald items be placed in safekeeping for the War Crimes Sections.⁵¹ Apparently, they remained in the FED for two years until disposition to the IRO, although Colonel Bernstein did turn over written reports about the SS loot found earlier at Merkers.⁵²

Soon it became apparent to U.S. military personnel that the bulk of valuables was becoming too great for the amount of storage space at the FED's Reichsbank building. As a result, the FED's operations ground to a virtual halt in August 1945, including a cessation of incoming shipments of looted property. Instead, such assets were temporarily sheltered at various Reichsbanks and other bank branches. Following alterations that enlarged vault space,⁵³ they were able to resume operations on a full-time level again in 1946.

As of July 1946, the FED contained "approximately 50,000 ounces of non-monetary gold on hand, in the form of watches, chains, tableware, jewelry, dental gold, rings," and pins.⁵⁴ The FED also had over 6.4 million ounces of silver bullion and commercial jewelry in its possession,⁵⁵ along with huge stocks of currency and securities. Most silver housed at the FED was in the form of bars⁵⁶ and not stolen from individuals, although

⁴⁹NARA/CP; RG 260; Entry: FED; Box 399; File #910.73; Statements of November 25, 1947 from Edwin P. Keller (Head, Depository Section) and Sgt. Armando Hernandez (325686-325688)

⁵⁰NARA/CP; RG 260; Entry: FED; Box 399; File #910.73; Memo from Col. William Brey (FED Chief) to USFET HQ Commandant; August 19, 1946 (325679-325681)

⁵¹NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); Shipment 16; circa May 1945

⁵²Bradsher, p. 19

⁵³NARA/CP; RG 260; Entry: FED; Box 394; File #900.10 - Organization & History of the FED; Memo from Capt. Paul S. McCarroll to Executive Officer, Finance Division; "Foreign Exchange Depository"; January 24, 1946

⁵⁴NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); Memo from Brey; "Non-Monetary Gold"; June 4, 1946

⁵⁵NARA/CP; RG 260; Entry: External Assets; Box 649; File: Gold & Other Metals; Memo from Brey to OMGUS Finance Division Director; "Status Report on Assets Held in Foreign Exchange Depository"; July 1, 1946

⁵⁶NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V: German Non-Monetary Gold; Memo from Col. Bernstein (Financial Division Director) to Gen. Clay; "Value of Gold and

some silver bullion was considered victim loot. The estimated value of all assets stored at the FED was "well in excess of 500 million dollars."⁵⁷

Although the FED continued to receive some shipments of hidden loot from various U.S. Army units up until September 1947, it was increasingly obvious that the FED's primary order of business was inventorying the property in its custody for eventual restitution. In July 1946, OMGUS ordered the FED to begin the disposition of certain assets for restitution.

Meanwhile, in the American zone of occupation in Austria, the central depository for all looted assets that came under U.S. control was the Property Control Warehouse in Salzburg. The depot's objectives were twofold:

- a) it acted as the custodian for property found in Austria by U.S. forces - jewelry, currency, gold, art, cultural property, and securities (with the exception of Nazi Party or German government property⁵⁸ which was turned over to the Austrian National Bank).⁵⁹ Within this function, it was often a mid-way or holding station for property found in Austria that was to be transferred to other organizations or facilities such as the various art and cultural property collecting points, the Tripartite Gold Commission, and the FED.
- b) it served as a supply center for military forces and their families, providing them on loan with furniture and other household goods.⁶⁰

Along with the Property Control Warehouse, other smaller facilities were also used to store valuables in Austria. For example, small deposit boxes in the Banks of Oberdonau and Salzburg were used to store items of great value. The Reichsbank and the basement of the Salzburg City Post Office were also used to store foreign currency.

Security at the Property Control Warehouse suffered in comparison with that of the FED, although repeated efforts to break into the depot were apparently unsuccessful.⁶¹ The

Silver Bullion and Coin Held by Commanding General USFET at the Reichsbank Building in Frankfurt"; August 19, 1945

⁵⁷NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED - 1947; "The Foreign Exchange Depository"; April 27, 1947

⁵⁸NARA/CP; RG 260; Entry 116 - P Files; Box 12; File: P-916; Memo from Merwin to Property Control Officer, Salzburg; "Foreign Currency, Coins and Valuables"; January 23, 1946

⁵⁹NARA/CP; RG 260; Entry 116 - P Files; Box 12; File: P-916; Minutes of the First Meeting of the Board of Officers to Validate Foreign Currency Records; Recorded by Joseph Z. Schneider (Office of the Director USACA, HQ USFA); October 14, 1948

⁶⁰NARA/CP; RG 260; Entry 113 - Property Claims, Salzburg; Boxes 20-21; all files *che*

⁶¹NARA/CP; RG 260; Entry 119 - Property Control Branch, General Correspondence Files; Box 6; Captain Howard A. MacKenzie (Property Control Officer, HQ Military Government E1B, "Monthly Report 28 May - 28 June 1946"; June 28, 1946

(110395-110396)

depot's most spectacular lapse in security was the U.S. Army's wanton requisition of art, silverware, tableware, china, and oriental rugs from the contents of the Werfen Train stored at the warehouse. Although the loan (not theft, as mistakenly laid out by the PCHA in its October 1999 "Hungarian Gold Train" report) of such assets to furnish officer quarters technically within military regulations, the lavish lifestyles of high-ranking officers and sloppy paperwork regarding the requisition led to an Army investigation which resulted in the eventual return of all items except some oriental rugs and camera equipment.⁶²

It must be emphasized that the amount of looted assets that came under American (as well as other Allied) control was just a fraction of what was actually stolen. Assets were sold, especially in neutral countries like Switzerland for hard currency. For instance, much SS-looted jewelry never made it places like Merkers because it was already disposed of by the Reichsbank through pawnshops such as the City Pawn Shop in Berlin.⁶³ The pawnshops would then reimburse the Reichsbank for the most valuable jewelry. These pieces were then exported for hard currency.⁶⁴

While the FED (and to a far lesser extent, the Property Control Warehouse) stored the non-cultural assets for the American-occupied zones in Germany and Austria, they had no role in the decision-making process involving restitution. The Reparations and Restitutions Branch within the U.S. Zone of Germany and its equivalent in Austria had some authority and General Clay at OMGUS headquarters in Berlin even more so, but Washington, through the State and War Departments, had the final word. While OMGUS optimistically attempted to work in conjunction with the other Allied powers on a quadripartite basis, Washington, weary of Soviet obstructionism, was more prepared to work unilaterally in restituting assets.

IV. Restitution

A. France

The French strongly believed that there should be no discussion of reparations without a decision on restitution, but they were alone among the Allies in this view. The United States figured that simply defining "restitution" would lead to unacceptable delays, stating

⁶²NARA/CP; RG 59; Lot File 62D4; Box 17; File: Austria; Letter from Eve Tucker (Restitutions & Reparations Branch) to Ardelia Hall (State Department)

NARA/CP; RG 260; Entry 102 - Restitutions & Reparations Branch; Box 77; File: Hungarian Claim #176; "List of Materials Looted from Property Control Warehouse, circa June 1946

⁶³NARA/CP; RG 260; Entry: FED; Box 423; File: Melmer Deliveries; Cable CC-9926 from Keating (OMGUS) to AGWAR; July 18, 1947

⁶⁴NARA/CP; RG 260; Entry: FED; Box 423; Memo from City Pawn Shop to the German Reichsbank, Hauptkasse; "Price quotation in the evacuation lists Example 8th and 12th consignment R.F.M. delivered by you on 20.2.43"; September 14, 1943

“that an entire assembly line should not be broken up in order to take out a few looted items.”⁶⁵

The French also saw no distinction between assets that were removed directly by force (as in the USSR) and assets that were acquired through transactions during occupation. After all, they reasoned, the London Declaration of January 5, 1943 presumed such dealings to be under duress.⁶⁶

B. USSR

While the French were obsessed with restitution, the Soviets were only interested in reparations and they helped themselves to a generous interpretation of what constituted German assets in their eastern zone of Austria.⁶⁷ When the French cited the disastrous effect upon the morale of those who were victims of Nazi looting if restitution continued to be delayed, the Soviets reminded them that no country was violated more than the USSR and that some French business interests had collaborated with the Germans.⁶⁸ The American Ambassador in Moscow, Averill Harriman sympathized with the Soviets, “strongly” recommending to Secretary of State James Byrnes that the U.S. not restitute gold and securities until a reparations agreement could be reached.⁶⁹

The entire story is not known concerning the valuables that were uncovered by Soviet forces as they swept through Germany and Austria from the east, although it is a fairly safe presumption that the vast majority of securities fell into their hands since it was the USSR that liberated the center of German finance, Berlin. The Soviet authorities removed the contents of the vaults of an undetermined number of banks in Berlin and from the Giro-Sammeldepot (reportedly containing assets in excess of 100 billion Marks).⁷⁰ It has been estimated that the Soviets took control of \$475 million worth of securities from these Berlin banks⁷¹ and 690 million RM/Schillings (about \$70 million) worth of securities from

⁶⁵FRUS; Volume III; 1945; Telegram from Robert Murphy (USPOLAD, Germany) to Secretary of State Byrnes; October 30, 1945; p. 1364 (325736)

⁶⁶FRUS; Volume III; 1945; Note from Lacoste (French Charge d' Affaires) to the Secretary of State; November 17, 1945; pp. 1392-1393 (325723)

⁶⁷NARA/CP; RG 260; Entry 107 - German External Assets Branch; Box 212; File: GEA Reading File; Decree of Gen. Kourasov, USSR Military Governor of the Russian Zone of Austria; July 5, 1946 (317717)

⁶⁸FRUS; Volume III; 1945; Telegram from Robert Murphy (USPOLAD, Germany) to Secretary of State Byrnes; October 13, 1945; p. 1345 (325727)

⁶⁹FRUS; Volume III; 1945; Telegram from Harriman to the Secretary of State; August 13, 1945; pp. 1254-1255 (325741)

⁷⁰NARA/CP; RG 260; Entry: Property Division; Box 8; File: History Report - U.S. Census; “History Report of the U.S. Census Section, Property Division, OMGUS”; no date

⁷¹NARA/CP; RG 260; Entry: Property Division; Box 8; File: History Report - U.S. Census; “History Report of the U.S. Census Section, Property Division, OMGUS”; no date

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Viennese banks.⁷² The Soviets subsequently "refused to submit any inventory or information regarding these securities."⁷³ This may be due principally to the fact that the U.S.S.R., based on their interpretation of the Potsdam Agreement, argued that they retained the sole rights to any assets found in Germany and that they could dispose of them through their Zone Commander without Allied participation.⁷⁴ The U.S. was opposed to this Soviet interpretation, noting that "it was certainly not the intention of the signers of the Potsdam Agreement to award to the Soviet Government all German owned foreign securities found in the Soviet Zone of occupation, irrespective of the physical location of the property."⁷⁵

The unilateral Soviet removal of assets from their German and Austrian zones finally led the U.S., without support from Britain and France, to withhold any more reparation deliveries to the USSR.⁷⁶

The Soviets, however, did agree that at least some securities were subject to restitution. They were quite selective in their restitution, though: only France and Soviet satellites in Eastern Europe were recipients. However, they were also accused of massive theft. In 1948, the Soviets attempted to sell some securities taken from the Berlin banks through black market channels.⁷⁷ They also tried to sell these Berlin securities and those found in

NARA/CP; RG 59; Lot File 57D540; File: Austrian Looted Securities; Box 30; "S.E.C. Asks Trading Ban Continue on German Bonds to Foil Russians," Financial Times; September 10, 1952 (309648)

⁷²NARA/CP; RG 260; Entry: FED; Box 470; Cable P-1266 from USFA to AGWAR; July 22, 1946 (201385)

⁷³NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 53; File #400B - Restitution, General; Cable CC-4204 from Clay to AGWAR; September 23, 1946 *

⁷⁴NARA/CP; RG 59; Lot File 54D328 - Office of Western European Affairs Relating to Italy; Box 1; No File; "Austrian treaty negotiations and U.S. action..."; August 6, 1947

NARA/CP; RG 260; Entry: Finance Adviser; Box 161; File: Disposition of Foreign Currencies; Memo from Jack Bennett (Director, Finance Division) to Deputy Military Governor; "Delivery of Foreign Securities in Germany"; November 26, 1946 301816-820

NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Currencies - Restitution; Cable CC-7792 from Gen. Lucius Clay (OMGUS) to AGWAR for JCS; January 23, 1947 (328988-328989)

⁷⁵NARA/CP; RG 260; Entry: U.S. Element, ACC; Box 42; File: Foreign Securities - Investments; "CORC/P[46]383, Foreign Currency and Foreign Securities Found in Germany; December 3, 1946

⁷⁶NARA/CP; RG 84; Entry 2113P; Box 1; File: History of IARA; State Department Report; "The German Reparations Report"; no date (204241)

⁷⁷NARA/CP; RG 260; Entry: External Assets; Box 590; File: Sale of Securities - Berlin Banks; "Evidence of Sale by Soviet Authorities, Through Black Market Channels, of Securities Formerly on Deposit in Berlin Banks"; Memo from Innis D. Harris (Deputy Director of Intelligence, OMGUS) to OMGUS Property Division Chief; December 14, 1948 (311577)

the Soviet zone of occupation in Vienna, Austria to Switzerland. The Austrian National Bank was particularly alarmed due to the considerable amount of money involved. But they were unable to cancel the bonds due to fears of credit ruination and the need to appease a strong and vengeful occupying power.⁷⁸

C. United Kingdom

Early on, the United Kingdom stressed that restitution should be limited to identifiable objects only and that it should be done on a country-to-country, rather than on an individual basis.⁷⁹ However, British discoveries of looted non-monetary gold (mostly dental gold, wedding rings, and ornaments) within their occupied zones of Germany and Austria were dwarfed by American findings, despite the fact that the Bergen-Belsen and Neuengamme concentration camps fell within its jurisdiction. The British were also more concerned with monetary gold items.⁸⁰

Despite the fact that Great Britain was unquestionably the closest ally the U.S. had among the four Allied powers, disagreements arose over restituting non-monetary gold, particularly to the IGCR.

D. United States

The U.S. restituted identifiable looted assets to countries who were then "assumed" to "fully inform their nationals" and "take appropriate measures to protect the rightful owners" in returning the property in question.⁸¹ All claims from individuals were to be presented to their respective countries who would then forward the claim to the appropriate U.S. occupation authorities.⁸²

⁷⁸NARA/CP; RG 84; Entry 2056 - US POLAD & USCOA, Vienna: Classified General Records; Box 27; File #851 - Financial Matters; "Soviet use of Austrian securities"; Memo from Martin F. Herz (U.S. Legation, Vienna) to Yost; August 9, 1948 (309544)

⁷⁹FRUS; Volume III; 1945; Telegram from Winant (U.S. Ambassador to Great Britain) to the Secretary of State; April 13, 1945; p. 1196

⁸⁰Foreign & Commonwealth Office, General Services Command, United Kingdom. History Notes. "Nazi Gold - Information from the British Archives, Part II: Monetary gold, non-monetary gold and the Tripartite Gold Commission"; Historians, LRD; No. 12; May 1997

⁸¹NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 53; File #400B - Denmark; Enclosure 1 to Despatch #270 from Bernard L. Feig (U.S. Treasury Representative) to Einar Blechingberg (Royal Danish Ministry for Foreign Affairs); May 23, 1946 (USFDM 1877)

NARA/CP; RG 260; Entry: Control Office; Box 471; File: McJunkins Correspondence; Lweeter from Fred Hartzson to Fred Halse (OMGUS Property Division); "Hungarian Property; August 30, 1948 (329020-329021)

⁸²NARA/CP; RG 260; Entry: FED; Box 394; File #900.10 - Organization & History of the FED; Memo from Capt. Paul S. McCarroll to Executive Officer, Finance Division; "Foreign Exchange Depository"; January 24, 1946 (304760)

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On the other hand, such unidentifiable assets as securities, currency, jewelry, silver, and silver-plated tableware, were turned over⁸³ to the International Refugee Organization (IRO), the successor to the PCIRO and IGCR⁸⁴ to be sold for the "highest possible realizable value."⁸⁵ It was predicted by an American official that many plundered objects, such as jewelry, rugs, and antiques, would be sold in the United States because "these sales will be for good currency."⁸⁶ This was echoed by W. Hallam Tuck, Executive Secretary of the PCIRO, who, after conferring with such experts as Gimbels' department store, felt the best market for the higher quality items was the United States. "According to Tuck, "second quality items" would find a quicker market in the more impoverished European countries.⁸⁷ As a result, the IRO opened an office in New York and established a Merchandising Advisory Committee of prominent American dealers. Subsequent auctions netted almost \$500,000 in sales by June 1949.⁸⁸ Yet another \$150,000 worth of merchandise remained.⁸⁹ It is not known at this time as to what became of those assets.

The IGCR was responsible for the resettlement of the refugees who were persecuted for political, racial, and/or religious reasons, and who did not wish to return their previous homes and not concerned with other refugees in Europe who did not fit this criteria.⁹⁰

⁸³The U.S. pointedly refused to refer to its disposition of assets to the IRO as restitution since that was reserved for governments, not organizations or individuals, but called it "disposal of U.S. property to a relief agency." See RG 59; Lot File 53D307; Box 16; File: Restitution of Property; Telegram 7678 from General Keyes (USFA) to War Department; August 21, 1947 (329050)

⁸⁴NARA/CP; RG 260; Entry: Finance Adviser; Box 162; File: FED-IRO; Letter from L.M. Hacking (Department of Mandate Protection & Reparations, IRO) to Jo Fisher Freeman (Office of the Finance Adviser, OMGUS); January 27, 1949. (302151) The IGCR went out of existence on June 30, 1947 and was replaced by the PCIRO which in turn was replaced by the IRO in 1948.

⁸⁵NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable WARX-98112 from War Department to OMGUS, USFA, USFET; August 21, 1946

⁸⁶NARA/CP; RG 260; Entry: External Assets; Box 707; File: Dr. Auerbach; "Translation of a Paper Clip from a German Newspaper Issued in USA"; August 18, 1947 308032 *7-8-47 ✓*

⁸⁷NARA/CP; Lot File 53D307; Box 19; File: IRO Preparatory Committee (June-September 1947); Letter from W. Hallam Tuck (PCIRO Executive Secretary) to U.S. Rear Admiral Lewis L. Strauss; September 15, 1947 (329010-329014)

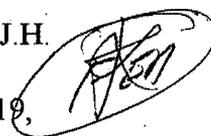
⁸⁸NARA/CP; RG 59; Lot File 53D307; Box 20; File: IRO White Paper; June 7, 1949 (329015-329017) *IRO*

⁸⁹NARA/CP; RG 59; Lot File 53D307; Box 23; File: IRO Report; Report of the Director-General to the General Council of the International Refugee Organization"; July 1, 1948 - June 30, 1949; p. 59 (328966)

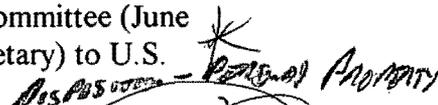
⁹⁰NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Claims Instigated by IRO Turnover Policies; Letter from Theodore H. Ball to Vereinigung der Verfolgten des Nazi regimes; December 23, 1947. These other refugees were pressured to return their homelands even though that usually meant living under communist dictatorship. For *IRO*

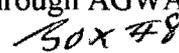
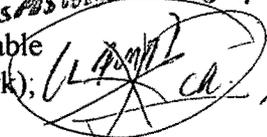
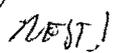
These assets were considered unidentifiable largely because they were taken from concentration camp inmates⁹¹ who were assumed to have been murdered or left no heirs and/or because the determination of individual ownership or national origin was "impractical,"⁹² largely due to the shortage of personnel.⁹³ "Impractical" was defined in relation to the "difficulty and expense of determining ownership or national origin in comparison with the value of the property" and the extent of a looted asset intermingling with other assets.⁹⁴ Article 8A of the Paris Agreement of December 1945 bound the American, British, and French occupation authorities to turning over all unidentifiable concentration camp loot to the IGCR in order to resettle victims of Axis brutality. The Five Power Agreement of June 1946 extended this policy to cover all non-monetary gold found by the Allies in Germany as well as \$25 million to be secured from German external assets in such neutral countries as Switzerland and Sweden plus all victim heirless assets found within those countries. 90% of this fund was to be allocated to the American Joint Distribution Committee and the Jewish Agency for Palestine. Collecting from the neutrals, however, was a difficult process.⁹⁵ Thus, with the IGCR's needs greater than its means,⁹⁶ despite receiving up to one million schillings a month from Austria for its

example, see RG 59; Lot File 53D307; Box 20; File: IRO White Paper; June 7, 1949 (329015)

⁹¹NARA/CP; RG 260; Entry: FED; Box 437; File: Shipment Records; Memo from J.H. Lennon (Land Property Control Chief) to Col. Brey (FED); "Deposit of valuable Unidentifiable Personal Property in the Foreign Exchange Depository"; September 19, 1947 (303674) 

⁹²NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Telegram #230 from Secretary of State George Marshall to Dorr (U.S. Embassy, Brussels); February 24, 1947 

NARA/CP; RG 59; Lot File 53D307; Box 19; File: IRO Preparatory Committee (June -September 1947); Letter from W. Hallam Tuck (PCIRO Executive Secretary) to U.S. Rear Admiral Lewis L. Strauss; September 15, 1947 (329010 - 329014) 

NARA/CP; RG 260; Entry: ~~FED~~, Box 424; File #940-401 - Schedule A; Cable WX-85682 from JCS through AGWAR to USFET (McNarney); USFA (Clark); November 16, 1946   

NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable WARX-98112 from War Department to OMGUS, USFA, USFET; August 21, 1946 

⁹³NARA/CP; RG 470; Entry: FED; Box 470; Cable P-1266 from USFA to AGWAR; July 22, 1946 (201383)

⁹⁴NARA/CP; RG 260; Entry: FED; Box 469; "SOP Joint Turnover to IGCR" (201173)

⁹⁵NARA/CP; RG 59; Lot File 53D307; Box 20; File: IRO White Paper; June 7, 1949 (329015-329017)

⁹⁶NARA/CP; RG 260; Entry: AG Decimal File; Box 511; File #602.3; Letter from Clay to Major General Dr. J. Previn (Chief of Polish Military Mission, Berlin); circa February 1948 (215855)

NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V: German Non-Monetary Gold; Cable CC-1392 from Keating (OMGUS) to War Department and USFA; August 25, 1947

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operations in that country,⁹⁷ the State Department was anxious to provide the refugee organization with as much revenue as possible. Therefore, it favored the "broadest possible interpretation" of the definition of non-monetary gold under the Paris Agreements⁹⁸ and thus, was reluctant to investigate the possibility of identifiability and to search for the owners of identifiable assets, and left that to the IRO's discretion through its International Tracing Service.⁹⁹ This despite the fact that both Washington and OMGUS knew that the IRO and such Jewish organizations as the American Joint Distribution Committee and the Jewish Agency for Palestine "do not wish to indemnify claimants."¹⁰⁰ Neither these organizations nor the Americans wanted a claims commission set up because these valuables, "in the vast majority of cases, could not be identified" and "would only give rise to considerable dissatisfaction and possible criticism of whole IRO turnover procedure."¹⁰¹ Besides, "to establish a claims procedure would stress or admit the possibility of identification of assets delivered to IRO which is contrary to our practical application of" U.S. restitution guidelines.¹⁰² The Americans were blunt in their desire to expedite the transfer of these items to the IRO: "Any property made available to IGCR will lessen a financial burden on the U.S. Thus in interest of U.S. to make IGCR fund as large as possible."¹⁰³

NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Telegram #230 from Secretary of State George Marshall to Dorr (US Embassy, Brussels); February 24, 1947

⁹⁷NARA/CP; RG 260; Entry 116 - P Files; Box 21; File #P-1400; Letter from Chancellor Figl to Mr. Tuck; June 3, 1948 (312367) 

⁹⁸NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable WARX-98112 from War Department to OMGUS, USFA, USFET; August 21, 1946

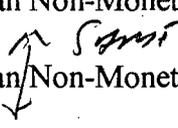
⁹⁹NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Telegram 221 from Berlin to Secretary of State; January 27, 1947 

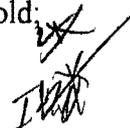
NARA/CP; RG 59; Lot File 53D307; Box 16; File: Restitution of Property; Telegram #814 from Dean Acheson (State Department) to OMGUS (Berlin); April 16, 1947 (329024-329026) 

NARA/CP; RG 59; Lot File 53D307; Box 20; File: IRO White Paper; June 7, 1949 (329015-329017) 

NARA/CP; RG 260; Entry: FED; Box 437; File: Shipment Records; Transmittal Slip to Roberts; circa April 1948 (303695) 

¹⁰⁰NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable CC-1796 from OMGUS to AGWAR; September 30, 1947 

¹⁰¹NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable CC-1796 from OMGUS to AGWAR; October 2, 1947 

¹⁰²NARA/CP; RG 260; Entry: FED; Box 424; File #940.38 - PCIRO; Memo from OMGUS to Civil Affairs Division, AGWAR; September 22, 1947 (329004) 

¹⁰³NARA/CP; RG 260; Entry: FED; Box 469; "SOP Joint Turnover to IGCR"; circa 1947 (201174-201175) 

The new American definition of non-monetary gold was that it included all valuable personal property of the victims of Nazi action which could not be returned to either owners or heirs because it was "impossible" to determine nationality.¹⁰⁴ Washington was also anxious to shed itself of some of the financial burden¹⁰⁵ that occupation and assistance entailed. To this end, they pressed Britain and France to sign on to this policy.¹⁰⁶ Another factor was that OMGUS was growing weary over its responsibility as caretaker to these assets, stating that "the processing of claims for restitution constitutes a very heavy demand" upon its staff.¹⁰⁷ Also, the American Joint Distribution Committee and the Jewish Agency for Palestine pushed for concentration camp assets to be given to the IRO because the AJDC, as one of the designated "appropriate field organizations," would then receive 90% of the proceeds¹⁰⁸ to further their own work in resettling stateless European Jews in Palestine.¹⁰⁹ In fact, the Jewish Agency for Palestine had its own army in that troubled British territory, the Haganah, and "was involved in the activities" of terrorist groups pursuing an independent Jewish homeland that would later become Israel.¹¹⁰ Largely because of this situation, Great Britain opposed the repatriation of Jews out of Europe to Palestine.¹¹¹ The British, meanwhile, had some regrets about signing the Five-Power Agreement and were opposed to extending the non-monetary gold agreement to Austria because while "British soldiers were being shot down in Palestine, London "could not possibly aid the authors of these deeds," the beneficiary Jewish organizations, by enabling them to gain possession of more funds. Two years after World War II, the AJDC was referring to Great Britain, the first nation to face down Nazi

¹⁰⁴NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Telegram #616 from Acheson to U.S. Embassy, Moscow; March 21, 1947

¹⁰⁵The United States had already granted given the IRO/IGCR \$146 million in foreign assistance from 1947-49 and was planning to give another \$35 million for 1950. See *FRUS*; Volume I; 1949; Table II; p. 756 (325668) *IND-NF*
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¹⁰⁶NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable WARX-98112; August 21, 1946

¹⁰⁷NARA/CP; RG 260; Entry: Property Division; Box 14; File: Restitution of Securities; Cable CC-2029; October 19, 1947

¹⁰⁸Foreign & Commonwealth Office, General Services Command, United Kingdom. *History Notes*. "Nazi Gold - Information from the British Archives, Part II: Monetary gold, non-monetary gold and the Tripartite Gold Commission"; *Historians, LRD*; No. 12; May 1997

¹⁰⁹NARA/CP; RG 59; Lot File 53D307; Box 23; File: IRO Report; "Report of the Director-General to the General Council of the International Refugee Organization"; July 1, 1948-June 30, 1949; p. 59. (328966) As of June 30, 1949, the AJDC received over \$7.5 million and the Jewish Agency for Palestine received over \$11.2 from the IRO for its operations. *IND*

¹¹⁰Polk, William R. *The Arab World*; Cambridge: Harvard University Press. 1980. p. 174 *IND*

¹¹¹Foreign & Commonwealth Office, General Services Command, United Kingdom. *History Notes*. "Nazi Gold - Information from the British Archives, Part II: Monetary gold, non-monetary gold and the Tripartite Gold Commission"; *Historians, LRD*; May 1997; p. 37

Germany during World War II and one of the two nations making a concerted effort to recover looted Jewish property for resettlement purposes, as the "arch enemy of world Jewry."¹¹²

The general thrust of the new American definition was ratified during discussion among the western Allies at the Council of Foreign Ministers meeting of March 1947 in Moscow: in addition to non-monetary gold covered by Article VII of the Paris Reparations Conference, all valuable personal property that represented loot seized or obtained under duress from victims of political, racial, or religious victims of Nazi Germany was to be turned over to the IGCR (IRO), provided that the determination of national origin was impractical or because the owner died without heirs. This was to apply to the western occupation zones of Austria as well as in Germany.¹¹³ This interpretation allowed for victim loot that was not specifically found at or near concentration camps to be considered non-monetary gold. The interpretation of political victims apparently extended to Allied POW's as their unidentifiable assets (papers, money orders, checks, securities) were also given to the IRO.¹¹⁴

Despite this agreement, the British continued to define non-monetary gold as "all unidentifiable articles of intrinsic value looted from persons confined by the Nazis in concentration camps."¹¹⁵ Both the British and French were still uncomfortable with the "unidentifiable" designation of certain assets and desired a "sufficient period" of time to elapse, about two years, due to any possible claims, before turning over non-monetary gold items to the IRO. British restitution of unidentifiable assets to the IRO and identifiable assets to the appropriate countries was largely completed by 1951.¹¹⁶

¹¹²NARA/CP; RG 59; Lot 53D307; Box 16; File: Restitution of Property; Telegram 3911 from Douglas (U.S. Embassy, London) to Marshall (Secretary of State); July 17, 1947 (329031-329032)

¹¹³NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Telegram #2023 from Secretary of State George Marshall to American Embassy, London; May 8, 1947. Note: The Soviet Union was not a party to any IRO disposition.

¹¹⁴NARA/CP; RG 260; Entry: FED; Box 399; File: Reports, Conferences; "Status as at 30 June 1948 of Assets held by FED" (321596) #910.911

NARA/CP; RG 260; Entry: FED; Box 421; File #940.154 - Second IRO Turnover; Memo from Frank C. Gabell (Chief, FED) to OMGUS Finance Adviser; "Assets set aside for delivery to IRO"; August 10, 1948 (328979-328980)

¹¹⁵NARA/CP; RG 59; Lot File 53D307; Box 16; File: Restitution of Property; Telegram 3331 from Gallman (U.S. Embassy, London) to Marshall (Secretary of State); June 18, 1947 (32903?)

¹¹⁶Foreign & Commonwealth Office, General Services Command, United Kingdom. History Notes. "Nazi Gold - Information from the British Archives, Part II: Monetary gold, non-monetary gold and the Tripartite Gold Commission"; Historians, LRD; No. 12; May 1997; p. 32, p. 38, p. 41

~~RESTITUTION~~

~~FED~~ ASSETS

INDENTIFIED ASSETS - NO

~~RESTITUTION~~

Among the non-monetary gold assets that were turned over to the IRO was the SS loot found at the Merkers Mine. When the son of Auschwitz victims inquired about his parents engraved wedding rings, Colonel William Brey of FED replied that there was "no likelihood of recovering this property" since "it was impractical to catalogue the identifying markings of thousands of items of small intrinsic value much of which had already been melted down in the camps."¹¹⁷ Another problem with recovered SS loot was that it was often intermingled with other assets in Reichsbank vaults.¹¹⁸

However, in October 1947, the Department of the Army instructed OMGUS to proceed with restitution of registered bonds from a "list of Concentration Camp Securities" at the FED if there were names of owners from a particular country.¹¹⁹ As a result, six securities were authorized for release to Poland in 1947.¹²⁰ In accordance with U.S. policy, however, other non-monetary gold items that were unidentifiable and came from concentration camps located in Poland, and were claimed by the Polish government, were delivered to the IRO.¹²¹ The determination of national origin obviously could not be affected by what country a particular concentration camp was located in.¹²²

The U.S. allowed IRO representatives to inspect the stored valuables in order to prepare a joint inventory, but not restitution missions of victim nations.¹²³ The fear was that these missions would claim ownership to everything within sight.

¹¹⁷NARA/CP; RG 260; Entry: FED; Box 424; File #940.401 - Schedule A; Correspondence between Col. Brey (FED Chief) and Henry Berger; September 8-22, 1947

¹¹⁸NARA/CP; RG 260; Entry: Finance Adviser; Box 165; File: Inventory of Certain Currencies & Securities; "Schedule A - Possible Bars to Delivery under W-90078; no date

¹¹⁹NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box #130; File #400B; Cable WX88721 from Department of Army to OMGUS; October 21, 1947 (321708)

¹²⁰NARA/CP; RG 260; Entry: Finance Adviser; Box 165; File: International Bank for Reconstruction & Development; Memo from Albert F. Bender, Jr. for Theodore H. Ball; "Securities Authorized for Release to PCIRO"; November 21, 1947

¹²¹NARA/CP; RG 260; Entry: AG Decimal File; Box 511; File #602.3 - Restitution; Letter from Gen. Clay to Maj. Gen. Dr J. Prawin (Polish Restitution Mission Chief); circa February 1948 (215855).

¹²²NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 1796; File #400B - Duress; Cable CC-1796 from OMGUS to AGWAR; September 30, 1947 (328990-328992) → all cite #135 Rev. CHANES

¹²³NARA/CP; RG 59; Central Decimal Files (1945-49); Box 4236; File #800.515/10-1447; Letter from Paul F. McGuire (Associate Chief, Division of Financial Affairs, State Department) to Christian Valensi (Financial Counselor, Embassy of France); November 12, 1947 (223216)

NARA/CP; RG 59; Lot File 53D307; Box 19; File: IRO Preparatory Committee (June-September 1947); Letter from W. Hallam Tuck (PCIRO Executive Secretary) to U.S. Rear Admiral Lewis Strauss; September 15, 1947 (329010-329014)

NARA/CP; RG 260; Entry: FED; Box 470; File: Securities; Cable CC-3852 from

The IRO was free to reject items it considered to have "low intrinsic value," for instance, currency that was no longer valid and considered worthless honored by the issuing country.¹²⁴ Non-monetary gold assets rejected by the IRO included currency (generally small denominations of various countries except for 900,000 Soviet rubles); jewelry and silverware (including watches, unengraved wedding rings, imitation pearls, and bracelets in poor condition whose total was appraised at 12,600 French francs); silverware; metals, and miscellaneous items such as papers, cameras, pocket knives, fountain pens, and flashlights.¹²⁵ The Fed¹²⁶ valued these items at \$1 and considered delivering them to the German Red Cross.

By September 22, 1947, the IRO had received almost \$1 million worth of recovered, unidentifiable concentration camp victim loot.¹²⁷ This is a rough estimate, however, as the FED and IRO were unable to come to an agreement regarding valuation of certain assets and were forced to settle upon a "tentative agreed valuation."¹²⁸ Therefore, little effort was made to ascertain the value of currencies and securities on hand, despite the fact that US \$97,000 was included.¹²⁹ Yet, despite the disposition of some American currency to the IRO, some 14 boxes (weighing 1,120 pounds) of American currency found in Germany and amounting to \$3.6 million, was shipped to the Federal Reserve

OMGUS to Department of the Army; April 13, 1948

¹²⁴NARA/CP; RG 260; Entry: Finance Adviser; Box 162; File: FED-IRO; Letter from Abba P. Schwartz (PCIRO Reparations Director) to Col. William G. Brey (FED Chief); "Contemplated transfer of additional non-monetary gold to PCIRO under JCS non-Monetary Gold Directive"; July 27, 1948 (304780)

NARA/CP; RG 260; Entry: Finance Adviser; Box 162; File: FED-IRO; Telegram from W. Hallam Tuck to Jack Bennett (Finance Adviser); no date (301822)

NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Currencies - Restitution; Cable CC-9926 from Keating (OMGUS) to AGWAR; July 18, 1947

¹²⁵NARA/CP; RG 260; Entry: FED; Box 421; File #900.154 - Second IRO Turnover; Note with attachment from George Wenzel (IRO Reparations Officer) to FED; circa October 1948 (328997-329003)

¹²⁶NARA/CP; RG 260; Entry: FED; Box 400; File #910.98 - FED Status Report; December 15, 1950 (303142-303144)

¹²⁷NARA/CP; RG 260; Entry: FED; Box #394; File #900.10; "Foreign Exchange Depository"; September 22, 1947 (309802)

¹²⁸NARA/CP; RG 260; Entry: FED; Box 424; File #940.38 - PCIRO; Internal Route Slip with Proposed Cable from Col. William G. Brey (Chief, FED) to OMGUS Finance Division; July 23, 1947. (329007-329009) OMGUS relied on French appraisals in francs and current French market values while the PCIRO relied on American appraisal in dollars and current U.S. market values which, considering the ultimate destination of these valuables, seemed to be the more sensible course.

¹²⁹NARA/CP; RG 260; Entry: Finance Adviser; Box 163; File: FED Tripartite Commission; Memo with Attachment from Frank J. Roberts (Acting FED Chief) to Fitch; April 12, 1949

Box 470 Russia

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Bank of New York.¹³⁰ The second turnover of unidentifiable assets to the IRO was tentatively valued at 5.5 million French francs in March 1948.¹³¹

The IRO disposed of less expensive jewelry by engaging the German smelting firm, Degussa - the same company that melted gold teeth from concentration camp victims into gold bars for sale to banks in Switzerland! - to melt it down into gold bars for sales to governments.¹³² The contract, signed in the Precious Metals Office of OMGUS in the presence of Colonel Fruitman, called for the IRO to receive 5% of the precious metals resulting from the refining process.¹³³

An interesting case of restitution involved the Dachau envelopes. The 2,826 envelopes mainly consisted of such items as wedding rings, watches, and pins, and largely belonged to political prisoners, POW's, Gypsies, Jehovah's Witnesses, Communists, and common criminals. The total estimated value was less than \$10,000 and although each envelope bore the name and birthdate of the owner, just 23% listed the nationality.¹³⁴ All identifiable envelopes were restituted to the proper country while unidentifiable packets, following a search through the International Tracing Service, were given to the IRO.¹³⁵

¹³⁰NARA/CP; RG 260; Entry: Finance Adviser; Box 420; File #940.151; Cable CC-7375 from OMGUS to Department of the Army and Keller (FED); January 11, 1949 (304793)

¹³¹NARA/CP; RG 260; Entry: Finance Division; Box 74; File: Releases, FED; Memo from Bennett to FED Chief, "Authorization for the Release of Assets from Foreign Exchange Depository"; circa March 1948

¹³²NARA/CP; RG 59; Lot File 53D307; Box 19; File: IRO Preparatory Committee (June-September 1947); Letter from Tuck to Admiral Strauss; September 15, 1947 (329010-329014)

NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; Statement of David L. Rolbein to U.S. Army Criminal Investigation Division (CID); December 3, 1947 *

¹³³NARA/CP; RG 260; Entry: Finance Division; Box 94; File: IRO; Statement of David L. Rolbein to U.S. Army Criminal Investigation Division (CID); December 3, 1947 *

NARA/CP; RG 260; Entry: Finance Adviser; Box 165; File: International Bank for Reconstruction & Development; Memo from David L. Rolbein (Chief, Reparations Mission, PCIRO, Frankfurt) to Justen M. Kelley (Chief, Metals Section, Economics Division, OMGUS) "Smelting of Precious metals for PCIRO by DeGussa"; September 19, 1947 (328982-328983)

¹³⁴NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 130; File #400B; Cable CC-1796 from AGWAR to OMGUS; September 30, 1947 (328990-328992)

NARA/CP; RG 260; Entry: FED; Box 161; File: Dachau Envelopes; Memo with attachment from F. Przulski (Chief, Tracing Section, PCIRO) to Jo Fisher Freeman (Finance Division, OMGUS); "Identification of Nationality of Former Dachau Inmates"; September 26, 1947 (312658-312660). These are not to be confused with the 1200 German POW envelopes which were under consideration for delivery to the German Red Cross.

¹³⁵NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 130; File #400B; Cable CC-1796 from AGWAR to OMGUS; September 30, 1947 (328990-328992)

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By 1951, the IRO had realized over \$1.6 million in sales of the non-monetary gold that was transferred to the organization. They had also hoped to gain an additional \$120,000 from legislation introduced in the U.S. Congress which would have refunded customs duties that were paid for the "considerable quantities of non-monetary gold brought" into the U.S. for liquidation sale.¹³⁶ It is not known at this time as to whether this bill was ever approved.

It must be underscored that not all looted victim assets discovered by the U.S. were transferred to the IRO. Holland received three separate restitution shipments of diamonds, including an estimated 7500 gems of over 336 carats¹³⁷ found in Madrid in German hands.¹³⁸ These diamonds had been purchased by the Nazis from Dutch Jewish sellers under duress at very low prices.¹³⁹ The State Department ruled that this was indeed loot and not a normal commercial transaction.¹⁴⁰ Holland was a large recipient of restitution from the American zones, especially in securities and diamonds (23,000 carats in 1947 alone.¹⁴¹

A case of unidentifiable Jewish assets not going to the IRO occurred when Reichsbank deposits of concentration camp loot made by SS official Bruno Melmer were processed and, therefore, intermingled with other assets.¹⁴² Although there was little doubt that this processed portion of the Merkers Mine was unidentifiable victim loot and, according to U.S. policy, should have been delivered to the IRO, the FED claimed that it was

NARA/CP; RG 260; Entry: FED; Box 421; File #940.154 - Second IRO Turnover; *see*
Memo from Frank C. Gabell (Chief, FED) to OMGUS Finance Adviser; August 10, 1948
(328979-328980)

¹³⁶NARA/CP; RG 59; Lot File 53D307; Box 10; File: IRO, General (May-June 1951);
Memo from Herbert C. Madison to Mr. Warren; June 28, 1951 (329034)

¹³⁷NARA/CP; RG 84; Entry 2108 - Brussels Embassy; Box 132; File #711.3; Telegram
#2151 from Marshall (Secretary of State) to U.S. Embassy, Brussels; May 24, 1948. *Account of ...*
ASSETS

NARA/CP; RG 84; Entry 2109A - Brussels Embassy; Box 19; File #711.6; Airgram #7
from Bonsal to Dorr; October 11, 1946. *300834-832*
ASSETS

¹³⁸NARA/CP; RG 84; Entry 2453A; Box 18; File #711.3; Memo from U.S. Embassy,
Madrid; December 11, 1947. ** LOOTED PROPERTY*

¹³⁹NARA/CP; RG 84; Entry 2108 - Brussels Embassy; Box 113; File #711.6;
"Netherlands Claims for German Diamonds Found in Madrid; Letter from Godley (U.S.
Embassy, Brussels) to Secretary of State; August 21, 1947. *JP*

¹⁴⁰NARA/CP; Entry 2453A; Box 18; File #711.3; Memo from U.S. Embassy, Madrid,
December 11, 1947

¹⁴¹NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 211; File #400B -
Restitution, General; Cable CC-5168 from OMGUS to Chief of Staff, US Army; July 15,
1948 (328963-328964)

¹⁴²NARA/CP; RG 260; Entry: FED; Box 423; File #940.304

need more
re - assets

impossible to identify the proper source.¹⁴³ As a result, these currencies were restituted to the country of issue.¹⁴⁴

Even following the two major transfers of unidentifiable property to the IRO, there remained large stocks of unidentifiable securities. This was due to the failure to reach quadripartite agreement on how to proceed with their restitution. Therefore, MG Law 59 was promulgated to deliver these assets to a designated agency, the Jewish Restitution Successor Organization (JRSO), a consortium of leading American Jewish groups. 825 claims for more than 500,000 individual securities (in many instances, a single claim covered several thousand securities) were received before OMGUS' filing deadline of December 31, 1948.¹⁴⁵

By 1950, OMGUS decided to restitute all foreign securities seized in Germany under Law 53 and claimed by another country unless the German owner could prove they were in his possession before the claimant country was under Nazi occupation, provided that the claimant met all other restitution requirements.¹⁴⁶

The United States Allied Control Commission, Austria (USACA) also undertook deliveries to the IRO and restitution of non-monetary gold. In 1948 and 1950, the Reparations, Deliveries & Restitutions (RD&R) Division transferred looted currencies to the IRO.¹⁴⁷ An October 1948 directive from Washington (WX-89482) lifted the ban on the restitution of securities and currency from the U.S. Zone in Austria, a year after OMGUS had begun restituting securities. USFA authorities looked forward to completing this disposal in early 1949.¹⁴⁸

There were only two scenarios when direct restitution was effected by the United States:

- a) Internal Restitution whereby, OMGUS, acting as a surrogate government, transferred assets (usually Law 53) to German citizens; and

¹⁴³NARA/CP; RG 260; Box 424; File #940.38 - PCIRO; Letter from Col. William G. Brey (FED Chief) to Field Reparations Chief, PCIRO; "Currencies"; January 28, 1948

¹⁴⁴NARA/CP; RG 260; Finance Division; Box 423; File #940.304; Cable CC-9926 from OMGUS to AGWAR; July 18, 1947 (301395-301396)

¹⁴⁵NARA/CP; RG 260; Entry: Property Division; Box 15; File: Reparations & Restitution; "External Restitution"

¹⁴⁶NARA/CP; RG 260; Entry: Allied Bank Commission; Box 15; File: Release of Securities & Foreign Currency; Letter from Richard G. Leonard (Chief, Credit & Currency Branch); May 19, 1950

¹⁴⁷NARA/CP; RG 260; Entry 116 - "P" Files; Box 21; File: P-1400; Message from USACA to Department of the Army; March 26, 1948 (317035)

NARA/CP; RG 260; Entry 116 - "P" Files; Box 21; File: P-1400; Letter from James A. Garrison (Chief, RD&R Division) to Price, Waterhouse & Co.; January 23, 1950 (315069)

¹⁴⁸NARA/CP; RG 407; Entry 368B; Box 1432; File: Reparations & Restitution - Austria; "Summary Report On Claims And Restitutions"; December 31, 1948

b) to a "non-National or a refugee national" claimant of the Soviet Union or one of its Iron Curtain satellites,¹⁴⁹ since their Communist governments could not be trusted to return assets to their rightful owner due to their disbelief in the notion of private property and their totalitarian nature.

Internal (and thus, individual) restitution was not even carried out in the U.S. Zone of Austria as the Americans decided to turn over that responsibility to the nascent Austrian government. Austria's citizens, including its remaining its persecuted Jewish population made their claims directly to the Austrian government.¹⁵⁰

Potsdam provided a guarantee for the maintenance of a minimum standard of living for postwar Germany, providing an ambiguous ceiling on reparations that did not exist after World War I. In accordance with this provision, the Joint Chiefs of Staff decided that securities, currency, and gold were not allowed to be restituted if the zone commander felt it would "jeopardize" the minimum requirements of the German or Austrian economies.¹⁵¹

Other recipients of assets were the ex-enemy nations themselves: Germany and Austria! Initially, the U.S. agreed not to restitute to countries other than those of the United Nations. However, the "course of events" overtook this point of view and OMGUS was "directed to restitute to ex-enemy" nations.¹⁵² The U.S. decided that the best way to ensure that totalitarianism (Nazism or the new Communist threat) would not raise its ugly head again in central Europe was to assist in building up their economies. In fact, USFA's mission statement was "to reestablish a free, independent and democratic Austria with a sound economy, capable of insuring an adequate standard of living."¹⁵³ To that end, the U.S., from April 1945 through the end of 1947, distributed \$275.9 million of direct aid to the Austrian Government, along with some captured enemy (German and possibly Hungarian) material, and coal supplies from the Ruhr, as well as planned food and agricultural assistance.¹⁵⁴

¹⁴⁹NARA/CP; RG 260; Entry: Finance Adviser; Box 160; File: Currencies - Restitution; Memo from Richard Edwin Fitch Office of Finance Adviser, OMGUS) to Jo Fisher Freeman; November 5, 1948 (301599)

¹⁵⁰NARA/CP; RG 260; Entry 101 - Decimal Files; Box 11; File #010.1; Memo from Edgar M. Foltin (Chief, Legal Division) to Chief, RD&R Division; "Press Release - Austrian Restitution Act"; October 14, 1946 (107037)

¹⁵¹NARA/CP; RG 260; Entry 101 - Decimal Files; Box 42; File: Restitution (January 1949); Circular Telegram from Byrnes (Secretary of State); March 16, 1946 (319181)

¹⁵²NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 130; File #400B; Memo from Col. R.M. Cheseldine to Mr. Wilkinson; December 13, 1947

¹⁵³NARA/CP; RG 407; Entry 368B; Box 1442; File: Foreign Area Reports (1945-54)

¹⁵⁴NARA/CP; RG 319; Entry 82 - P Files; Box 1153; File: ERP; "The European Recovery Program: Country Studies, Chapter II - Austria"; pp. 22-23; circa January 1948

The Austrian State Treaty of 1955 provided that Austria was responsible for the disposition of property confiscated from victims of racial and/or religious persecution. Such property was to be returned to the rightful owners. However, when restitution or restoration was "impossible," compensation was to be granted. Assets that remained heirless or unclaimed six months after the Treaty were to be transferred to the control of the Austrian Government. The Austrians were then to deliver "such property, rights, and interests to appropriate agencies or organizations to be designated by the Four Heads of Mission in Vienna by agreement with the Austrian Government to be used for the relief and rehabilitation of victims of persecution by the Axis Powers, it being understood that these provisions do not require Austria to make payments in foreign exchange or other transfers to foreign countries which would constitute a burden on the Austrian economy."¹⁵⁵

Silver was often released from the FED into the German economy, specifically to Degussa, in order to rebuild the silverware industry.¹⁵⁶ Any silver released into the German economy from the Foreign Exchange Depository was "newly refined and not subject to Law 53 and on which no claim was pending."¹⁵⁷

Washington initially directed the restitution of the currencies of Hungary, Bulgaria, Romania, and Finland within the U.S. zones of occupation to be delivered to the USSR.¹⁵⁸ This policy was indefensible as applied to Finland since it was the Finns who were invaded by the USSR when it was allied with Nazi Germany! This policy would soon be rescinded as the USSR embarked on its unilateral seizure of properties in Germany and Austria.

Almost \$4 million worth of jewelry, silver, currency, and miscellaneous gold was restituted from the U.S. Zone of Germany to Hungary,¹⁵⁹ along with \$33 million in monetary gold. This was due to the fact that the U.S. was eager to assist Hungary in becoming a democratic nation. However, following the delivery of \$3 million of silver on

¹⁵⁵Department of State, United States Treaties and Other International Agreements; Volume 6, Part 2; 1955; "Multilateral-Austrian State Treaty; pp.2435-2436 (320418-320419)

¹⁵⁶NARA/CP; RG 56; Accession 69A4707; Box 84; File: Germany-Reparations, Vol. 2; Draft; "Release of Silver from Frankfurt Depository for German Silverware Industry"; October 17, 1946 (207584)

NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED, 1947; "Silver on Hand in F.E.D." ; 2-26-47 *FOR BROW TO DANIELA, R. 10-15-01*

¹⁵⁷NARA/CP; RG 260; Internal & External Finance; Box 346; File: Silver; Memo from Fruitman to OMGUS Economics Division Director; circa-February 1947 *2-17-47*

¹⁵⁸NARA/CP; RG 260; Entry: FED; Box 470; File: Operations, Payments, Shipments; Cable W-88054 from AGWAR to OMGUS (201375)

¹⁵⁹NARA/CP; RG 260; Entry: Finance Adviser; Box 163; File: FED Tripartite Commission; Memo from Frank J. Roberts (FED) to Fitch; April 12, 1949 (328928-328931)

the Silver Train of April 1947, the Soviet Union immediately presented Hungary with a bill for (in a startling coincidence!) \$3 million concerning a "loan" from 1945 and in May 1947, effected a Communist coup, the U.S. was reluctant to deliver any more restitution except that of a humanitarian nature (i.e., hospital equipment). This situation, coupled with the fact that Hungary, in its alliance with Nazi Germany, had expanded its borders into Slovakia, Ukraine, and the Transylvanian region of Romania, made determination of national origin impractical, made the restitution decision of June 1947 to the IGCR of the Jewish valuables on board the Werfen Train a fairly simple matter. Any possibility of a guilty conscience was further salved when the American Joint Distribution Committee pressed American military authorities to release the assets to the IGCR. As a designated "appropriate field organization" under the Five-Power Agreement of 1946, the AJDC received 90% of any proceeds regarding Jewish property liquidated by the IGCR or its successors (the PCIRO and IRO).¹⁶⁰ The Central Board of Hungarian Jews were not going to receive any restitution because it was obvious the Communists would have stolen it; the U.S. was anxious to provide the IGCR with as much capital as possible in order to improve the European refugee situation; there was a legitimate question regarding national origin; and the AJDC wanted the money to fund their Palestine emigration activities.

The United States still continued its restitution to Czechoslovakia, however, even after its communist coup in February 1948. 958 carats of diamonds and semi-precious stones of Czech origin that were found in the salt mine near Stassfurt, Germany, were cleared for restitution to Czechoslovakia by Washington's cable WX-85011 of July 1, 1948.¹⁶¹ These diamonds were collected by the Nazi authorities in Czechoslovakia from Jews who were "disposed of." The Czechs filed a claim with complete descriptions, but no names of the original owners.¹⁶² Therefore, the diamonds in question were identifiable by national origin, but not by individual ownership. In January 1948, the JRSO argued that these diamonds should be released to the IRO.¹⁶³ However, OMGUS argued that "quadripartitely agreed policy" and cable WX-85965 from Washington show that these diamonds are restitutable to the Czechs on the "basis of determined national origin."¹⁶⁴ It was an argument that would carry the day. The actual release began in November 1948.

¹⁶⁰NARA/CP; RG 59; Central Decimal Files; Box 3901; File #740.00119 EW/6-2047; Telegram #436 from Secretary of State George Marshall to American Legation, Vienna, June 20, 1947

¹⁶¹NARA/CP; RG 260; Entry: Finance Division; Box 93; File: FED; "Status as at August 31, 1948 of Assets Held by FED"

¹⁶²NARA/CP; RG 260; Entry: AG Decimal File; Box 511; File #602.3 - Restitution; Cable CC-3558 from OMGUS to the Department of the Army; March 19, 1948 (305042-305043)

¹⁶³NARA/CP; RG 260; Entry: FED; Box 418; File #940.4; January 7, 1948

¹⁶⁴NARA/CP; RG 260; Box 511; Entry: AG Decimal File; Box 511; File #602.3 - Restitution; Cable CC-3558 from OMGUS to the Department of the Army; March 19, 1948 (305042-305043)

In October 1948, OMGUS had also released a cache of jewelry, silver bullion, precious stones, securities, and wedding rings "in envelopes bearing names and addresses of Czech nationals from whom said to have been confiscated for political, racial, and religious reasons" to Czechoslovakia.¹⁶⁵ These valuables, found at the Reichsbank in Regensburg, were valued at \$500,000. This particular shipment was noteworthy because it contained items that were both identifiable and unidentifiable as "all of the precious stones resulted from old fashioned jewelry which was broken up, the stones modernized by recutting, the settings melted down." The restitution of these unidentifiable objects was defended by U.S. authorities because "there was not the slightest doubt... that all of these valuables had been removed from Czechoslovakia and accordingly restitution to that country was ordered by Washington."¹⁶⁶ Unfortunately, this shipment also included many valuables belonging to two American citizens, Emil Freund and Hanna Feigl. However, OMGUS' efforts to retrieve the items were met with silence by the increasingly hostile, communist Government of Czechoslovakia.¹⁶⁷

A new wrinkle in U.S. restitution policy occurred, in agreement with the British, with regard to the "Rome Treasure" found in Italy. Currency and securities looted from IARA nations were to be returned to the countries of origin; German currencies and securities were to be returned to occupation authorities in Germany; and neutral and non-IARA looted currency and securities, as well as gold coins and ingot, were to be turned over to the IRO for liquidation and/or shared equally with the Italian Government for liquidation. IRO proceeds were to benefit victims of Nazi persecution. Italian proceeds were to go to charity, a gaping loophole. All jewelry found in the Rome Treasure was also to be turned over to the IRO for liquidation into hard currency. These proceeds were to be split with the Italian Government in the same manner as above.¹⁶⁸

Regarding those looted assets that Switzerland bought from Nazi Germany during World War II, the IRO was responsible for collecting the 50 million Swiss Francs from the liquidation of German assets provided for by the Washington Agreement of 1946 and \$25 million from the Allied-Swiss Liquidation Commission.¹⁶⁹ Meanwhile, that same accord

¹⁶⁵NARA/CP; RG 260; Entry: Finance Division; Box 93; File: FED; "Status as at August 31, 1948 of Assets held by FED"

NARA/CP; RG 260; Entry: AG Decimal File; Box 511; File #602.3 - Restitution; July 15, 1948

¹⁶⁶NARA/CP; RG 260; Entry: Finance division; Box 93; File: FED; "Draft of particulars"; circa October 1948

¹⁶⁷NARA/CP; RG 260; Entry: Property Division; Box 22; File: Freund/Feigl Restitution Case; Letter with enclosures from Daniels to Fisl; September 11, 1950

¹⁶⁸NARA/CP; RG 59; Lot File 54D328; Box 6; File #315; Draft of Cable from George Tesoro to Trevaldwyn (British Embassy)

¹⁶⁹Foreign & Commonwealth Office, General Services Command, United Kingdom. History Notes. "Nazi Gold - Information from the British Archives, Part II: Monetary gold, non-monetary gold and the Tripartite Gold Commission"; Historians, LRD; No. 12; May 1997; p. 37 378946

directed the Swiss Compensation Office to find and liquidate German properties within its borders.¹⁷⁰ As for the Five-Power Agreement of 1946 which directed Switzerland and Sweden to give the IRO \$25 million, only \$18.5 million was paid through June 1949.¹⁷¹

Conclusion

European Jews were victimized on a myriad of levels:

- a) by the German Nazis and their willing accomplices and collaborators in other countries who stole their assets and then their lives;
- b) by neutral nations, primarily Switzerland, who constantly purchased victim loot from Germany in exchange for hard currency;
- c) by the various international agreements such as the Paris Conference of 1945 and the 5-Power Conference of 1946 which basically deemed all concentration camp loot as unidentifiable and to be sent to the IRO, whether or not the victim was a survivor or had heirs! This was in striking contrast to the London Declaration which gave collaborators a chance to have their assets returned;
- d) by the Soviets who were not much interested in restitution or personal property and whose obstructionist tactics made constructive, quadripartite agreement for the restitution of various assets impossible;
- e) by the United States, who had grown weary of being a caretaker for these valuables was anxious to assist the IRO in clearing up the Displaced Persons' problem, that it was not very interested in pursuing the identifiability of concentration camp assets, although it must be conceded that much of this property, indeed, was heirless.¹⁷² The U.S. also found it easier to compensate two million former German POW's¹⁷³ through FED disbursements than any heirs to concentration camp victims;
- f) by such Jewish groups as the American Joint Distribution Committee who were on the IRO dole and anxious to receive as many proceeds as possible from the sale of victim loot in order to resettle Jewish refugees in Palestine;
- g) by refugee diamond merchants who set up shop in Spain and Portugal and did business with the Nazis.

¹⁷⁰NARA/CP; RG 260; Entry: Finance Adviser; Box 161; File: Disposition of Foreign Currency; Memo from Gen. Clay to AGWAR; circa July 1946 (328985-328986)

¹⁷¹NARA/CP; RG 59; Lot File 53D307; Box 23; File: IRO Report; "Report of the Director-General to the General Council of the International Refugee Organization" July 1, 1948 - June 30, 1949 (328965-328967)

¹⁷²Foreign & Commonwealth Office, General Services Command, United Kingdom.

History Notes. "Nazi Gold - Information from the British Archives, Part II: Monetary gold, non-monetary gold and the Tripartite Gold Commission"; Historians, LRD; No. 12; May 1997; p. 40 328949

¹⁷³NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED - 1947; "The Foreign Exchange Depository"; April 27, 1947

Among the ruins of postwar Europe, the United States was exceedingly generous to its Allies and former enemies alike. However, when it came to investigating possible identification and ownership of individual concentration camp assets, the U.S. did not step up to the challenge and chose the easier way out by simply defining the assets as unidentifiable and transferring them to the IRO.

Assets Released by the FED as of December 15, 1950

Individuals - \$656
IRO - \$808,369
USA - \$3.6 million
Great Britain - \$1.3 million
Albania - \$2
Australia - \$34
Belgium - \$2.1 million
Canada - \$8,751
Czechoslovakia - \$502,703
Denmark - \$274,000
Egypt - \$186,000
France - \$100.7 million
Germany - \$1
Greece - \$2
Holland - \$37.3 million
Hungary - \$35.8 million (mostly gold and silver)
India - \$10
Italy - \$262,632
Luxembourg - \$21
New Zealand - \$2
Norway - \$1.9 million
Poland - \$3,404
Romania - \$1
South Africa - \$11,600
Switzerland - \$52,135
Turkey - \$1
USSR - \$5 (apparently the equivalent of 813 bags of rubles)
Yugoslavia - \$144,211¹⁷⁴

¹⁷⁴NARA/CP; RG 260; Entry: FED; Box 400; File #910.98 - FED Status Report; December 15, 1950 (303139-303141)

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