

**Financial Assets Paper: Draft-in-Progress**

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May 15, 2000

*Grub*

*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<sup>1</sup>, 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!<sup>2</sup> 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, those non-Jews who sold their assets to the Nazis, as a result of the London Agreement of 1943, 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 Goldkontbank), an arm of the Reichsbank.<sup>3</sup> 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 and the Basler Handelsbank of Zurich. DEGO's main contact in Sweden was the Enskilda Bank owned by the Wallenberg family.<sup>4</sup>

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<sup>1</sup>NARA/CP; RG 38; Entry 98A - Naval Attaches; Box 595; File #C-11-B 6306B - German Finances & General Notes; Intelligence Report; May 29, 1941 *325 742*

<sup>2</sup>NARA/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

<sup>3</sup>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 (223536)

<sup>4</sup>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 (223538)

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.<sup>5</sup> Proceeds from the sale of confiscated Jewish assets went directly to the German government.<sup>6</sup>

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.<sup>7</sup>

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.<sup>8</sup> 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.<sup>9</sup>

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"

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<sup>5</sup>NARA/CP; RG 131; Entry: FFC Subject Files; Box 404; File: Securities - Caveat List; March 11, 1947

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

<sup>6</sup>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 (223540)

<sup>7</sup>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 (223540)

<sup>8</sup>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

<sup>9</sup>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 (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

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!<sup>10</sup> 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. So, in effect, the French sold to the enemy, only to get the assets back after the war, although they were 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.<sup>11</sup>

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.<sup>12</sup> 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.<sup>13</sup>

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.<sup>14</sup>

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<sup>10</sup>NARA/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 *elshahly*

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

<sup>11</sup>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 (223541)

<sup>12</sup>NARA/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

<sup>13</sup>NARA/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)

<sup>14</sup>NARA/CP; RG 38; Entry 98A - Naval Attaches; Box 595; File #C-11-B 6306B - German Finances & General Notes; Intelligence Report; May 29, 1941

NARA/CP; RG 56; Accession #69A4707; Box 81; File: Interrogation of Emil Puhl;

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.<sup>15</sup>

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.<sup>16</sup>

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"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"<sup>17</sup> 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, and Holland, <sup>to neutral nations</sup> plus Nazi-allied countries like Hungary, to neutral nations like Spain.<sup>18</sup> 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.<sup>19</sup> The diplomatic pouch was the preferred method of transportation for these stones, especially on the Brazilian-Portuguese-Spanish-French route.<sup>20</sup> Smaller quantities were smuggled aboard ships by sailors<sup>21</sup> and even the Naviera

"Notes Based On Interrogation Of Emil Puhl, Vice President Of The Reichsbank (Foreign Securities)"; October 15-18, 1945 (223542)

<sup>15</sup>NARA/CP; RG 226; Entry 190/M1642; Reel 108; Frames 165-172; no date *325713-722*

<sup>16</sup>NARA/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 *(325715-722) 325716*

<sup>17</sup>NARA/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 *325724*

<sup>18</sup>NARA/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

<sup>19</sup>NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Watch"; no date

<sup>20</sup>NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Watch"; circa December 1943

*2) NARA/CP; RG 226; Entry 190/M1642; Reel 108; Frames 165-172; no date*

Aznar Shipping Line was suspected by the U.S. to be involved.<sup>22</sup> Another method was by air as French airlines carried diamonds from Africa to Algiers, en route to Lisbon, then to Germany.<sup>23</sup> A more direct approach occurred when the German Embassy in Madrid bought "chipped" diamonds from Spanish merchants.<sup>24</sup> Another supply route for the Axis Powers came from Turkey, via Egypt, Palestine, and Syria.<sup>25</sup>

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"<sup>26</sup> 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.<sup>27</sup> 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.<sup>28</sup>

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<sup>21</sup>NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Smuggling"; no date

<sup>22</sup>NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 50; File #863.4 - Diamonds; "Diamond Smuggling"; no date

<sup>23</sup>NARA/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

<sup>24</sup>NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Watch"; circa December 1943

<sup>25</sup>NARA/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

<sup>26</sup>NARA/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

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

<sup>27</sup>NARA/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. 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

<sup>28</sup>NARA/CP; RG 84; Entry 3011; Box 34; File #711.3 - Looted Property, 1945; 325825-826

→ should be a brief case 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."<sup>29</sup>

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. 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 *hatse* 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.<sup>30</sup>

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.<sup>31</sup>

## *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.<sup>32</sup> An estimated 2,527 pounds of precious and

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Enclosure 1 from Despatch #308 in the Netherlands Series from London; August 1, 1945

<sup>29</sup>NARA/CP; RG 260; Entry: FED; Box 437; File: Shipment Records; CIC Report from Special Agent Steve Vrabell; "Arrest of Heinze, Ursula"; circa September 1945 (303667)

<sup>30</sup>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)

<sup>31</sup>NARA/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)

<sup>32</sup>NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); "Contents of Shipment 1"; circa April 1945

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

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

semi-precious stone, as well as novelty jewelry was discovered in the mine, a hideaway from Allied air attacks for SS loot.<sup>33</sup> Also included among the valuables were thousands of gold and silver crowns and bridges and plate.<sup>34</sup> 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.”<sup>35</sup>

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.<sup>36</sup> The Merkers cache became Shipment 1 to the FED. From 1945 through 1947, 91 separate shipments were made to the FED.<sup>37</sup>

Currency that was “abandoned or captured from enemy forces” generally constituted war booty according to the accepted rules of land warfare.<sup>38</sup> 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.<sup>39</sup>

The Fed had many different functions:

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<sup>33</sup>NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); Contents of Shipment 1”; circa April 1945

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

<sup>34</sup>NARA/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)

<sup>35</sup>Bradsher, Greg. Prologue. “Nazi Gold: The Merkers Mine Treasure”; Spring 1999; p. 16

<sup>36</sup>NARA/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

<sup>37</sup>NARA/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

<sup>38</sup>NARA/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)

<sup>39</sup>NARA/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)

- 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;
- 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.<sup>40</sup>

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 - 30,000<sup>41</sup>

*Marks or dollars?*

American soldiers guarded the FED building 24 hours a day, but Displaced Persons performed much of the menial tasks inside. (Despite PCHA Chairman Edgar Bronfman's recent insuations that American soldiers stole looted Jewish assets, there is only one recorded case of this happening - and he was caught in the U.S.!) The biggest problem

*I would put this in parentheses!*

<sup>40</sup>NARA/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

<sup>41</sup>NARA/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"

concerning security at the FED concerned widespread black market activities, primarily involving clandestine trade in cigarettes, light bulbs, office supplies, and Coca-Cola<sup>42</sup> 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.<sup>43</sup> 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.<sup>44</sup>

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.<sup>45</sup> 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.<sup>46</sup>

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,<sup>47</sup> 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.<sup>48</sup> The FED also had over 6.4 million ounces of silver bullion and commercial jewelry in its possession,<sup>49</sup> along with huge stocks of currency and securities. Most silver

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<sup>42</sup>NARA/CP; RG 260; Entry: FED; Box 399; File #910.73; Memo from Col. William Brey (FED Chief) to USFET HQ Commandant; August 19, 1946 325679-681

<sup>43</sup>NARA/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 325686-688

<sup>44</sup>NARA/CP; RG 260; Entry: FED; Box 399; File #910.73; Memo from Col. William Brey (FED Chief) to USFET HQ Commandant; August 19, 1946 (325679-681)

<sup>45</sup>NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); Shipment 16; circa May 1945

<sup>46</sup>Bradsher, p. 19

<sup>47</sup>NARA/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

<sup>48</sup>NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); Memo from Brey; "Non-Monetary Gold"; June 4, 1946

<sup>49</sup>NARA/CP; RG 260; Entry: External Assets; Box 649; File: Gold & Other Metals;

housed at the FED was in the form of bars<sup>50</sup> 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."<sup>51</sup>

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 property<sup>52</sup> which was turned over to the Austrian National Bank).<sup>53</sup> 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.<sup>54</sup>

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.<sup>55</sup> The

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Memo from Brey to OMGUS Finance Division Director; "Status Report on Assets Held in Foreign Exchange Depository"; July 1, 1946

<sup>50</sup>NARA/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

<sup>51</sup>NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED - 1947; "The Foreign Exchange Depository"; April 27, 1947

<sup>52</sup>NARA/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

<sup>53</sup>NARA/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

<sup>54</sup>NARA/CP; RG 260; Entry 113 - Property Claims, Salzburg; Boxes 20-21; all files

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 camera equipment.

Footnote?

#### 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."<sup>56</sup>

The French 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.<sup>57</sup>

##### 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.<sup>58</sup> 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.<sup>59</sup> The American Ambassador in Moscow, Averill Harriman sympathized with the Soviets,

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<sup>55</sup>NARA/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)

<sup>56</sup>FRUS; Volume III; 1945; Telegram from Robert Murphy (USPOLAD, Germany) to Secretary of State Byrnes; October 30, 1945; p. 1364 325736

<sup>57</sup>FRUS; Volume III; 1945; Note from Lacoste (French Charge d'Affaires) to the Secretary of State; November 17, 1945; pp. 1392-1393 (325733)

<sup>58</sup>NARA/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)

<sup>59</sup>FRUS; 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.<sup>60</sup>

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).<sup>61</sup> It has been estimated that the Soviets took control of \$475 million worth of securities from these banks.<sup>62</sup> The Soviets subsequently “refused to submit any inventory or information regarding these securities.”<sup>63</sup> This may be due principally to the fact that the Soviets, 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.<sup>64</sup> 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.”<sup>65</sup>

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.<sup>66</sup>

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<sup>60</sup>FRUS; Volume III; 1945; Telegram from Harriman to the Secretary of State; August 13, 1945; pp. 1254-1255

<sup>61</sup>NARA/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

<sup>62</sup>NARA/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

<sup>63</sup>NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 53; File #400B - Restitution, General; Cable CC-4204 from Clay to AGWAR; September 23, 1946

<sup>64</sup>NARA/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

<sup>65</sup>NARA/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

<sup>66</sup>NARA/CP; RG 84; Entry 2113P; Box 1; File: History of IARA; State Department

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.<sup>67</sup> 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.<sup>68</sup>

While the FED housed 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 a large say 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.

### *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.<sup>69</sup> 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.<sup>70</sup>

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Report; "The German Reparations Report"; no date (204241)

<sup>67</sup>NARA/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)

<sup>68</sup>NARA/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)

<sup>69</sup>FRUS; Volume III; 1945; Telegram from Winant (U.S. Ambassador to Great Britain) to the Secretary of State; April 13, 1945; p. 1196

<sup>70</sup>Foreign & 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

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 "take appropriate measures to protect the rightful owners" and return the property in question.<sup>71</sup> 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.<sup>72</sup>

On the other hand, such unidentifiable assets as securities, currency, silver, and silver-plated tableware, were turned over to the International Refugee Organization (IRO), the successor to the PCIRO and IGCR<sup>73</sup> to be sold for the "highest possible realizable value."<sup>74</sup> The IGCR was responsible for the resettlement of refugees who were persecuted for political, racial, and/or religious reasons, and who did not wish to return their previous homes. They were not concerned with other refugees in Europe who did not fit this criteria.<sup>75</sup> These assets were considered unidentifiable largely because they were taken from concentration camp inmates<sup>76</sup> who were assumed to have been murdered or left no heirs and/or because the determination of national origin was "impractical."<sup>77</sup>

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<sup>71</sup>NARA/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

<sup>72</sup>NARA/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)

<sup>73</sup>NARA/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.

<sup>74</sup>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

<sup>75</sup>NARA/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 Naziregimes; December 23, 1947

<sup>76</sup>NARA/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)

<sup>77</sup>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 (U.S. Embassy, Brussels); February 24, 1947

Article 8A of the Paris Agreement of December 1945 bound the American, British, and French occupation authorities to turning over all concentration camp loot to the IGCR in order to resettle those Displaced Persons uprooted by war. With the IGCR's needs greater than its means,<sup>78</sup> despite receiving up to one million schillings a month from Austria for its operations in that country,<sup>79</sup> 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 Agreements<sup>80</sup> 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.<sup>81</sup> 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."<sup>82</sup> 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."

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

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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

<sup>78</sup>NARA/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

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

<sup>79</sup>NARA/CP; RG 260; Entry 116 - P Files; Box 21; File #P-1400; Letter from Chancellor Figl to Mr. Tuck; June 3, 1948 (312367)

<sup>80</sup>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

<sup>81</sup>NARA/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 260; Entry: FED; Box 437; File: Shipment Records; Transmittal Slip to Roberts; circa April 1948 (303695)

<sup>82</sup>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

owners or heirs because it was "impossible" to determine nationality.<sup>83</sup> Washington was also anxious to shed itself of some of the financial burden that occupation and assistance entailed. To this end, they pressed Britain and France to sign on to this policy.<sup>84</sup> Another factor was that OMGUS was growing weary over its responsibility as caretaker to these assets. 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 proceeds<sup>85</sup> to further their own work in resettling stateless European Jews, preferably to Palestine. (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.<sup>86</sup>) Largely because of this situation, Great Britain opposed the repatriation of Jews out of Europe to Palestine.<sup>87</sup>

The general thrust of the new American definition was ratified 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.<sup>88</sup> This interpretation allowed for victim loot that was not specifically found at or near concentration camps to be considered non-monetary gold. Of course, it was not the definition of non-monetary gold that was controversial, it was the American interpretation of "unidentifiable."

Both the British and French 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

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<sup>83</sup>NARA/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

<sup>84</sup>NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable WARX-98112; August 21, 1946

<sup>85</sup>Foreign & 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

<sup>86</sup>Polk, William R. The Arab World; Cambridge: Harvard University Press. 1980. p. 174

<sup>87</sup>Foreign & 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

<sup>88</sup>NARA/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

IRO. British restitution of unidentifiable assets to the IRO and identifiable assets to the appropriate countries was largely completed by 1951.<sup>89</sup>

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."<sup>90</sup> Another problem with recovered SS loot was that it was often intermingled with other assets in Reichsbank vaults.<sup>91</sup>

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.<sup>92</sup> As a result, six securities were authorized for release to Poland in 1947.<sup>93</sup> 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.<sup>94</sup> The determination of national origin obviously could not be affected by what country a particular concentration camp was located in.

The U.S. allowed IRO representatives to inspect the stored valuables, but not restitution missions of victim nations or individuals.<sup>95</sup> The fear was that they would claim ownership to everything within sight.

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<sup>89</sup>Foreign & 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

<sup>90</sup>NARA/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

<sup>91</sup>NARA/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  
<sup>92</sup>NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box #130; File #400B; Cable WX88721 from Department of Army to OMGUS; October 21, 1947

<sup>93</sup>NARA/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

<sup>94</sup>NARA/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)

<sup>95</sup>NARA/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<sup>96</sup>

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.<sup>97</sup>

In August 1946, the State Department urged the Joint Chiefs of Staff to instruct OMGUS and USFA to transfer all captured unidentifiable non-monetary gold in the U.S. zones to the IGCR. The State Department suggested that the "broadest possible interpretation" of "non-monetary gold in Germany" as defined in the Paris Conference, be used.<sup>98</sup> State proposed that non-monetary gold be defined as "all personal property which represents loot seized or obtained under duress from political, racial or religious victims" of Nazi Germany or its satellites with the following provisos:

- a) the property could not be restituted to its rightful owner because the original owner was not identifiable or had died without heirs;
- b) the property could not be restituted to the nation where it originated because its national origin was undeterminable;
- c) Jewish literature of cultural or religious significance, German currency, and real property in Germany should be excluded.<sup>99</sup>

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

<sup>96</sup>NARA/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

<sup>97</sup>NARA/CP; RG 260; Entry 101 - Decimal Files; Box 42; File: Restitution (January 1949); Circular Telegram from Byrnes (Secretary of State); March 16, 1946 (319181)

<sup>98</sup>NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V: German Non-Monetary Gold; Cable WARX-98112 from State Department to War Department, OMGUS, USFA; August 21, 1946

<sup>99</sup>NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-IV: German Non-Monetary Gold; Cable WARX-98112 from State Department to War Department, OMGUS, USFA; August 21, 1946

One month later, the State Department expanded that non-monetary gold definition beyond all proportion to "all valuable personal property found in the U.S. Zone and looted from Nazi victims which cannot be restituted (because unidentifiable)."<sup>100</sup>

By September 22, 1947, the IRO had received almost \$1 million worth of recovered, unidentifiable concentration camp victim loot.<sup>101</sup> This is a rough estimate, however, as the FED and IRO were unable to come to an agreement regarding valuation of certain assets, plus certain currencies were no longer valid. Therefore, little effort was made to ascertain the value of currencies and securities on hand, despite the fact that US \$97,000 was included.<sup>102</sup> 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 \$3.56 million, was shipped to the Federal Reserve Bank of New York.<sup>103</sup>

Czechoslovakia received \$452,000 of restituted jewelry, silver, currency, and miscellaneous gold from the U.S. Zone of Germany.<sup>104</sup>

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 claimants behind the Iron Curtain since the Communist governments of Eastern Europe 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.<sup>105</sup>

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<sup>100</sup>NARA/CP; RG 56; Accession 69A-4707; Box 84; File: Restitution; Memo from Belle Mayer (Treasury Department); September 16, 1946

<sup>101</sup>NARA/CP; RG 260; Entry: FED; Box #394; File #900.10; "Foreign Exchange Depository"; September 22, 1947 (309802)

<sup>102</sup>NARA/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

NARA/CP; RG 260; Entry: FED; Box 424; File #940.401 - Schedule B; "Receipt For Delivery Of 'Non-Monetary Gold'"; March 17, 1948

<sup>103</sup>NARA/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)

<sup>104</sup>NARA/CP; RG 260; Entry: Finance Adviser; Box 163; File: FED Tripartite Commission

<sup>105</sup>NARA/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)

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.<sup>106</sup> 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."<sup>107</sup> 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.<sup>108</sup>

In some instances, the RD&R (Reparations, Deliveries & Restitutions) Division of USACA undertook the task of direct restitution themselves. In 1948 and 1950, RD&R transferred looted currencies to the PCIRO (IRO).<sup>109</sup>

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."<sup>110</sup>

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<sup>106</sup>NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 130; File #400B; Memo from Col. R.M. Cheseldine to Mr. Wilkinson; December 13, 1947

<sup>107</sup>NARA/CP; RG 407; Entry 368B; Box 1442; File: Foreign Area Reports (1945-54)

<sup>108</sup>NARA/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

<sup>109</sup>NARA/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)

<sup>110</sup>Department of State, United States Treaties and Other International Agreements; Volume 6, Part 2; 1955; "Multilateral-Austrian State Treaty; pp.2435-2436 (320418-320419)

Silver was often released from the FED into the German economy, specifically to Degussa, in order to rebuild the silverware industry.<sup>111</sup>

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.<sup>112</sup> 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,<sup>113</sup> 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 90% of any proceeds regarding Jewish property liquidated by the IGCR or its successors (the PCIRO and IRO).<sup>114</sup> 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.

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<sup>111</sup>NARA/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."

<sup>112</sup>NARA/CP; RG 260; Entry: FED; Box 470; File: Operations, Payments, Shipments; Cable W-88054 from AGWAR to OMGUS (201375)

<sup>113</sup>NARA/CP; RG 260; Entry: Finance Adviser; Box 163; File: FED Tripartite Commission; Memo from Frank J. Roberts (FED) to Fitch; April 12, 1949

<sup>114</sup>NARA/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

The United States still continued its restitution to Czechoslovakia, however, even after its communist coup in February 1948.

\$120,000 worth of platinum was returned to Italy.<sup>115</sup>

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.<sup>116</sup>

Regarding the 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.<sup>117</sup>

### *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;

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<sup>115</sup>NARA/CP; RG 260; Entry: Finance Adviser; Box 163; File: FED Tripartite Commission; Memo from Frank J. Roberts (FED) to Fitch; April 12, 1949

<sup>116</sup>NARA/CP; RG 59; Lot File 54D328; Box 6; File #315; Draft of Cable from George Tesoro to Trevaldwyn (British Embassy) 7/19/50 325625-697

<sup>117</sup>Foreign & 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

- 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.<sup>118</sup> The U.S. also found it easier to compensate two million former German POW's<sup>119</sup> 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.

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.

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<sup>118</sup>Foreign & 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

<sup>119</sup>NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED - 1947; "The Foreign Exchange Depository"; April 27, 1947



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~~NOT APPROVED~~

**Financial Assets Paper: Draft-in-Progress** (187)

Greg Murphy  
May 15, 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 expenses<sup>1</sup>, 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!<sup>2</sup> 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, those non-Jews who sold their assets to the Nazis, as a result of the London Agreement of 1943, 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 Goldkontbank), an arm of the Reichsbank.<sup>3</sup> 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.<sup>4</sup>

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

<sup>2</sup>NARA/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

<sup>3</sup>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 (223536)

<sup>4</sup>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 (223538)

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.<sup>5</sup> Proceeds from the sale of confiscated Jewish assets went directly to the German government.<sup>6</sup>

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.<sup>7</sup>

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.<sup>8</sup> 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.<sup>9</sup>

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"

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<sup>5</sup>NARA/CP; RG 131; Entry: FFC Subject Files; Box 404; File: Securities - Caveat List; March 11, 1947

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

<sup>6</sup>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 (223540)

<sup>7</sup>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 (223540)

<sup>8</sup>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

<sup>9</sup>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 (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

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!<sup>10</sup> 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. So, in effect, the French sold to the enemy, only to get the assets back after the war, although they were 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.<sup>11</sup>

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.<sup>12</sup> 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.<sup>13</sup>

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.<sup>14</sup>

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<sup>10</sup>NARA/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

<sup>11</sup>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 (223541)

<sup>12</sup>NARA/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

<sup>13</sup>NARA/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)

<sup>14</sup>NARA/CP; RG 38; Entry 98A - Naval Attaches; Box 595; File #C-11-B 6306B - German Finances & General Notes; Intelligence Report; May 29, 1941

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)

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.<sup>15</sup>

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.<sup>16</sup>

"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"<sup>17</sup> 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, and Holland, plus Nazi-allied countries like Hungary, to neutral nations like Spain.<sup>18</sup> 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.<sup>19</sup> The diplomatic pouch was the preferred method of transportation for these stones, especially on the Brazilian-Portuguese-Spanish-French route.<sup>20</sup> Smaller quantities were smuggled aboard ships by sailors<sup>21</sup> and even the Naviera

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<sup>15</sup>NARA/CP; RG 226; Entry 190/M1642; Reel 108; Frames 165-172; no date

<sup>16</sup>NARA/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

<sup>17</sup>NARA/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

<sup>18</sup>NARA/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

<sup>19</sup>NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Watch"; no date

<sup>20</sup>NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Watch"; circa December 1943

<sup>21</sup>NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Smuggling"; no date

Aznar Shipping Line was suspected by the U.S. to be involved.<sup>22</sup> Another method was by air as French airlines carried diamonds from Africa to Algiers, en route to Lisbon, then to Germany.<sup>23</sup> A more direct approach occurred when the German Embassy in Madrid bought "chipped" diamonds from Spanish merchants.<sup>24</sup> Another supply route for the Axis Powers came from Turkey, via Egypt, Palestine, and Syria.<sup>25</sup>

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"<sup>26</sup> 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.<sup>27</sup> 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.<sup>28</sup>

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<sup>22</sup>NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 50; File #863.4 - Diamonds; "Diamond Smuggling"; no date

<sup>23</sup>NARA/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

<sup>24</sup>NARA/CP; RG 84; Entry 3162 - U.S. Embassy, Madrid; Box 27; File #863.4 - Diamonds; "Diamond Watch"; circa December 1943

<sup>25</sup>NARA/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

<sup>26</sup>NARA/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

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

<sup>27</sup>NARA/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. 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

<sup>28</sup>NARA/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

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."<sup>29</sup>

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. 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.<sup>30</sup>

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.<sup>31</sup>

## *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.<sup>32</sup> An estimated 2,527 pounds of precious and semi-precious stone, as well as novelty jewelry was discovered in the mine, a hideaway

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<sup>29</sup>NARA/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)

<sup>30</sup>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)

<sup>31</sup>NARA/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)

<sup>32</sup>NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); "Contents of Shipment 1"; circa April 1945

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

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

from Allied air attacks for SS loot.<sup>33</sup> Also included among the valuables were thousands of gold and silver crowns and bridges and plate.<sup>34</sup> 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.”<sup>35</sup>

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.<sup>36</sup> The Merkers cache became Shipment 1 to the FED. From 1945 through 1947, 91 separate shipments were made to the FED.<sup>37</sup>

Currency that was “abandoned or captured from enemy forces” generally constituted war booty according to the accepted rules of land warfare.<sup>38</sup> 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.<sup>39</sup>

The Fed had many different functions:

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<sup>33</sup>NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); Contents of Shipment 1”; circa April 1945

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

<sup>34</sup>NARA/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)

<sup>35</sup>Bradsher, Greg. Prologue. “Nazi Gold: The Merkers Mine Treasure”; Spring 1999; p. 16

<sup>36</sup>NARA/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

<sup>37</sup>NARA/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

<sup>38</sup>NARA/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)

<sup>39</sup>NARA/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)

- 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;
- 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 to released German POW's.<sup>40</sup>

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 - 30,000<sup>41</sup>

American soldiers guarded the FED building 24 hours a day, but Displaced Persons performed much of the menial tasks inside. Despite PCHA Chairman Edgar Bronfman's recent insinuations that American soldiers stole looted Jewish assets, there is only one recorded case of this happening - and he was caught in the U.S.! 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-Cola<sup>42</sup> and,

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<sup>40</sup>NARA/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)

<sup>41</sup>NARA/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"

<sup>42</sup>NARA/CP; RG 260; Entry: FED; Box 399; File #910.73; Memo from Col. William

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.<sup>43</sup> 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.<sup>44</sup>

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.<sup>45</sup> 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.<sup>46</sup>

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,<sup>47</sup> 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.<sup>48</sup> The FED also had over 6.4 million ounces of silver bullion and commercial jewelry in its possession,<sup>49</sup> along with huge stocks of currency and securities. Most silver

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Brey, FED Chief to USFET HQ Commandant; August 19, 1946

<sup>43</sup>NARA/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

<sup>44</sup>NARA/CP; RG 260; Entry: FED; Box 399; File #910.73; Memo from Col. William Brey (FED Chief) to USFET HQ Commandant; August 19, 1946

<sup>45</sup>NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); Shipment 16; circa May 1945

<sup>46</sup>Bradsher, p. 19

<sup>47</sup>NARA/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

<sup>48</sup>NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver (Hungarian Restitution); Memo from Brey, "Non-Monetary Gold"; June 4, 1946

<sup>49</sup>NARA/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

housed at the FED was in the form of bars<sup>50</sup> 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."<sup>51</sup>

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 property<sup>52</sup> which was turned over to the Austrian National Bank).<sup>53</sup> 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.<sup>54</sup>

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.<sup>55</sup> The

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<sup>50</sup>NARA/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

<sup>51</sup>NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED - 1947; "The Foreign Exchange Depository"; April 27, 1947

<sup>52</sup>NARA/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

<sup>53</sup>NARA/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

<sup>54</sup>NARA/CP; RG 260; Entry 113 - Property Claims, Salzburg; Boxes 20-21; all files

<sup>55</sup>NARA/CP; RG 260; Entry 119 - Property Control Branch, General Correspondence Files; Box 6; Captain Howard A. MacKenzie (Property Control Officer, HQ Military

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 camera equipment.

#### *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."<sup>56</sup>

The French 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.<sup>57</sup>

##### *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.<sup>58</sup> 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.<sup>59</sup> The American Ambassador in Moscow, Averill Harriman sympathized with the Soviets, "strongly" recommending to Secretary of State James Byrnes that the U.S. not reconstitute gold and securities until a reparations agreement could be reached.<sup>60</sup>

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Government E1B, "Monthly Report 28 May - 28 June 1946"; June 28, 1946  
(110395-110396)

<sup>56</sup>FRUS; Volume III; 1945; Telegram from Robert Murphy (USPOLAD, Germany) to Secretary of State Byrnes; October 30, 1945; p. 1364

<sup>57</sup>FRUS; Volume III; 1945; Note from Lacoste (French Charge d'Affaires) to the Secretary of State; November 17, 1945; pp. 1392-1393

<sup>58</sup>NARA/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)

<sup>59</sup>FRUS; Volume III; 1945; Telegram from Robert Murphy (USPOLAD, Germany) to Secretary of State Byrnes; October 13, 1945; p. 1345

<sup>60</sup>FRUS; Volume III; 1945; Telegram from Harriman to the Secretary of State; August 13, 1945; pp. 1254-1255

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).<sup>61</sup> It has been estimated that the Soviets took control of \$475 million worth of securities from these banks.<sup>62</sup> The Soviets subsequently "refused to submit any inventory or information regarding these securities."<sup>63</sup> This may be due principally to the fact that the Soviets, 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.<sup>64</sup> 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."<sup>65</sup>

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.<sup>66</sup>

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

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<sup>61</sup>NARA/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

<sup>62</sup>NARA/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

<sup>63</sup>NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 53; File #400B - Restitution, General; Cable CC-4204 from Clay to AGWAR; September 23, 1946

<sup>64</sup>NARA/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

<sup>65</sup>NARA/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

<sup>66</sup>NARA/CP; RG 84; Entry 2113P; Box 1; File: History of IARA; State Department Report; "The German Reparations Report"; no date (204241)

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.<sup>67</sup> 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.<sup>68</sup>

While the FED housed 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 a large say 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.

### *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.<sup>69</sup> 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.<sup>70</sup>

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.

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<sup>67</sup>NARA/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)

<sup>68</sup>NARA/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)

<sup>69</sup>FRUS; Volume III; 1945; Telegram from Winant (U.S. Ambassador to Great Britain) to the Secretary of State; April 13, 1945; p. 1196

<sup>70</sup>Foreign & 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

#### *D. United States*

The U.S. restituted identifiable looted assets to countries who were then “assumed” to “take appropriate measures to protect the rightful owners” and return the property in question.<sup>71</sup> Unidentifiable assets, on the other hand, were turned over to the IRO, the successor to the PCIRO and IGCR<sup>72</sup> to be sold for the “highest possible realizable value.”<sup>73</sup> These assets were considered unidentifiable largely because they were taken from concentration camp inmates<sup>74</sup> and it was recklessly assumed that no one could make a claim for them due to death and/or no heirs and because the determination of national origin was “impractical.”<sup>75</sup> Article 8A of the Paris Agreement of December 1945 bound the American, British, and French occupation authorities to turning over all concentration camp loot to the IRO in order to resettle those Displaced Persons uprooted by war. With the IRO’s needs greater than its means,<sup>76</sup> despite receiving up to one million schillings a month from Austria for its operations in that country,<sup>77</sup> 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

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<sup>71</sup>NARA/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

<sup>72</sup>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

<sup>73</sup>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

<sup>74</sup>NARA/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)

<sup>75</sup>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 (U.S. Embassy, Brussels); February 24, 1947

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

<sup>76</sup>NARA/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

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

<sup>77</sup>NARA/CP; RG 260; Entry 116 - P Files; Box 21; File #P-1400; Letter from Chancellor Figl to Mr. Tuck; June 3, 1948 (312367)

under the Paris Agreements<sup>78</sup> 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.<sup>79</sup> 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."<sup>80</sup> 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."

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.<sup>81</sup> Washington was also anxious to shed itself of some of the financial burden that occupation and assistance entailed. To this end, they pressed Britain and France to sign on to this policy.<sup>82</sup> Another factor was that OMGUS was growing weary over its responsibility as caretaker to these assets. 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 proceeds<sup>83</sup> to further their own work in resettling stateless European Jews, preferably to Palestine. 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 become Israel.<sup>84</sup> Largely because of this situation, Great Britain opposed the repatriation of Jews out of Europe to Palestine.<sup>85</sup>

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<sup>78</sup>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

<sup>79</sup>NARA/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 260; Entry: FED; Box 437; File: Shipment Records; Transmittal Slip to Roberts; circa April 1948 (303695)

<sup>80</sup>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

<sup>81</sup>NARA/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

<sup>82</sup>NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V - German Non-Monetary Gold; Cable WARX-98112; August 21, 1946

<sup>83</sup>Foreign & 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

<sup>84</sup>Polk, William R. The Arab World; Cambridge: Harvard University Press. 1980. p. 174

<sup>85</sup>Foreign & Commonwealth Office, General Services Command, United Kingdom.

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

The general thrust of the new American definition was ratified 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, provided that the determination of national origin was impractical or because the owner died without heirs.<sup>86</sup> This interpretation allowed for victim loot that was not specifically found at or near concentration camps to be considered non-monetary gold. Of course, it was not the definition of non-monetary gold that was controversial, it was the American interpretation of "unidentifiable."

Both the British and French 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.<sup>87</sup>

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."<sup>88</sup>

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.<sup>89</sup>

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gold, non-monetary gold and the Tripartite Gold Commission"; Historians, LRD; May 1997; p. 37

<sup>86</sup>NARA/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

<sup>87</sup>Foreign & 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

<sup>88</sup>NARA/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

<sup>89</sup>NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box #130; File #400B; Cable WX88721 from Department of Army to OMGUS; October 21, 1947

The U.S. allowed IRO representatives to inspect the stored valuables, but not restitution missions of victim nations or individuals.<sup>90</sup> The fear was that they would claim ownership to everything within sight.

The IRO was free to reject valuables it considered worthless, for instance, currency that was no longer valid.<sup>91</sup>

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.<sup>92</sup>

In August 1946, the State Department urged the Joint Chiefs of Staff to instruct OMGUS and USFA to transfer all captured unidentifiable non-monetary gold in the U.S. zones to the IGCR. The State Department suggested that the "broadest possible interpretation" of "non-monetary gold in Germany" as defined in the Paris Conference, be used.<sup>93</sup> State proposed that non-monetary gold be defined as "all personal property which represents loot seized or obtained under duress from political, racial or religious victims" of Nazi Germany or its satellites with the following provisos:

- a) the property could not be restituted to its rightful owner because the original owner was not identifiable or had died without heirs;
- b) the property could not be restituted to the nation where it originated because its national origin was undeterminable;
- c) Jewish literature of cultural or religious significance, German currency, and real property in Germany should be excluded.<sup>94</sup>

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<sup>90</sup>NARA/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 260; Entry: FED; Box 470; File: Securities; Cable CC-3852 from OMGUS to Department of the Army; April 13, 1948

<sup>91</sup>NARA/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)

<sup>92</sup>NARA/CP; RG 260; Entry 101 - Decimal Files; Box 42; File: Restitution (January 1949); Circular Telegram from Byrnes (Secretary of State); March 16, 1946 (319181)

<sup>93</sup>NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-V: German Non-Monetary Gold; Cable WARX-98112 from State Department to War Department, OMGUS, USFA; August 21, 1946

<sup>94</sup>NARA/CP; RG 59; Lot File 62D115; Box 25; File: I-IV: German Non-Monetary Gold; Cable WARX-98112 from State Department to War Department, OMGUS, USFA; August 21, 1946

One month later, the State Department expanded that non-monetary gold definition beyond all proportion to "all valuable personal property found in the U.S. Zone and looted from Nazi victims which cannot be restituted (because unidentifiable)."<sup>95</sup>

By September 22, 1947, the IRO had received almost \$1 million worth of recovered, unidentifiable concentration camp victim loot.<sup>96</sup> This is a rough estimate, however, as the FED and IRO were unable to come to an agreement regarding valuation of certain assets. Therefore, little effort was made to ascertain the value of currencies and securities on hand, despite the fact that US \$97,000 was included.<sup>97</sup> 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 \$3.56 million, was shipped to the Federal Reserve Bank of New York.<sup>98</sup>

Czechoslovakia received \$452,000 of restituted jewelry, silver, currency, and miscellaneous gold from the U.S. Zone of Germany.<sup>99</sup>

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 claimants behind the Iron Curtain since the Communist governments of Eastern Europe 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.<sup>100</sup>

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

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<sup>95</sup>NARA/CP; RG 56; Accession 69A-4707; Box 84; File: Restitution; Memo from Belle Mayer (Treasury Department); September 16, 1946

<sup>96</sup>NARA/CP; RG 260; Entry: FED; Box #394; File #900.10; "Foreign Exchange Depository"; September 22, 1947 (309802)

<sup>97</sup>NARA/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

<sup>98</sup>NARA/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)

<sup>99</sup>NARA/CP; RG 260; Entry: Finance Adviser; Box 163; File: FED Tripartite Commission

<sup>100</sup>NARA/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)

Nations. However, the "course of events" overtook this point of view and OMGUS was "directed to retribute to ex-enemy" nations.<sup>101</sup> 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."<sup>102</sup> 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.<sup>103</sup>

In some instances, the RD&R (Reparations, Deliveries & Restitutions) Division of USACA undertook the task of direct restitution themselves. In 1948, RD&R transferred looted currencies to the PCIRO.<sup>104</sup>

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."<sup>105</sup>

Silver was often released from the FED into the German economy, specifically to Degussa, in order to rebuild the silverware industry.<sup>106</sup>

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<sup>101</sup>NARA/CP; RG 84; Entry 2531B - US POLAD, Berlin; Box 130; File #400B; Memo from Col. R.M. Cheseldine to Mr. Wilkinson; December 13, 1947

<sup>102</sup>NARA/CP; RG 407; Entry 368B; Box 1442; File: Foreign Area Reports (1945-54)

<sup>103</sup>NARA/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

<sup>104</sup>NARA/CP; RG 260; Entry 116 - "P" Files; Box 21; File: P-1400; Message from USACA to Department of the Army; March 26, 1948 (317035)

<sup>105</sup>Department of State, United States Treaties and Other International Agreements; Volume 6, Part 2; 1955; "Multilateral-Austrian State Treaty; pp.2435-2436 (320418-320419)

<sup>106</sup>NARA/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

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.<sup>107</sup> 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,<sup>108</sup> 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 90% of any proceeds regarding Jewish property liquidated by the IGCR or its successors (the PCIRO and IRO).<sup>109</sup> 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.

\$120,000 worth of platinum was returned to Italy.<sup>110</sup>

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Hand in F.E.D."

<sup>107</sup>NARA/CP; RG 260; Entry: FED; Box 470; File: Operations, Payments, Shipments; Cable W-88054 from AGWAR to OMGUS (201375)

<sup>108</sup>NARA/CP; RG 260; Entry: Finance Adviser; Box 163; File: FED Tripartite Commission; Memo from Frank J. Roberts (FED) to Fitch; April 12, 1949

<sup>109</sup>NARA/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

<sup>110</sup>NARA/CP; RG 260; Entry: Finance Adviser; Box 163; File: FED Tripartite Commission; Memo from Frank J. Roberts (FED) to Fitch; April 12, 1949

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.<sup>111</sup>

Regarding the 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.<sup>112</sup>

### *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 obstructionists 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.<sup>113</sup> The U.S. also

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<sup>111</sup>NARA/CP; RG 59; Lot File 54D328; Box 6; File #315; Draft of Cable from George Tesoro to Trevaldwyn (British Embassy)

<sup>112</sup>Foreign & 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

<sup>113</sup>Foreign & 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;

found it easier to compensate two million former German POW's<sup>114</sup> 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.

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.



ИВЕР ВЪВЕКОЛЕД

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May 1997; p. 40

<sup>114</sup>NARA/CP; RG 260; Entry: Finance Adviser; Box 164; File: FED - 1947; "The Foreign Exchange Depository"; April 27, 1947

  
NARA APPROVED



15 MAY 2000

## PRESIDENT'S COMMISSION ON HOLOCAUST ASSETS

### "LOOTED BOOKS"

by

Greg Murphy

*February 2000*

One of the most enduring images of non-military Nazism is the burning of books. While it is certainly true that this practice was employed, the reality is a bit more complicated. Early in the Hitler regime of Germany, the Nazis had engaged in the burning or pulping of Jewish books, although some were sold on the black market. However, under Alfred Rosenberg, who established the Einsatzstab Reichsleiter Rosenberg (charged with stealing cultural artifacts from ideological enemies, especially Jews and Freemasons) under Hitler's authorization on January 29, 1940, the Nazis endeavored to collect and store Jewish materials for future anthropological study. Rosenberg had actually undertaken the confiscation program in Sudetenland during its annexation in 1938 and, ironically, had it written into the directives for Kristallnacht that November. Thus, while synagogues were burning in flames, books were removed by the arsonists for safekeeping. Some of the less valuable Jewish books (post-1800 books in Hebrew or Yiddish), though, would continue to be burned or pulped. Torah scrolls were often used in leather products.<sup>1</sup>

These confiscated books were brought to the Institut der NSDAP zur Erforschung der Judenfrage (the Nazi Institute for the Exploration of the Jewish Question), formerly the Frankfurt City Library and, up until 1928, the Rothschild Library. The Institute's collections were looted from Jews within Germany, Denmark, France, Greece, Holland, Hungary, Italy, Lithuania, Norway, and Ukraine<sup>2</sup> by the ERR (Einsatzstab Reichsleiter Rosenberg). The ERR had

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<sup>1</sup>Friedman, Philip. "The Fate of the Jewish Book" Roads To Extinction: Essays on the Holocaust, New York: Jewish Publication Society of America. 1980

<sup>2</sup>Friedman, Philip. "The Fate of the Jewish Book" Roads To Extinction: Essays on the Holocaust, New York: Jewish Publication Society of America. 1980

NARA/CP; RG 226; M1499; Reel 81; Frames 1107-1109

NARA/CP; Trial of the Major War Criminals before the International Military Tribunal, Volume VII, Proceedings, 5 February 1946-19 February 1946, Nuremberg, Germany. 1947. p. 63

NARA/CP; Trial of the Major War Criminals before the International Military Tribunal, Volume IV, Proceedings, 17 December 1945-8 January 1946, Nuremberg, Germany. 1947. p. 84

looted books, documents, and manuscripts from every German-occupied country in Europe for the Nazi Institute for the Exploration of the Jewish Question, either through outright confiscation (the preferred method in Eastern Europe) or by forced sale at very low prices or credit that was never honored (a more common practice in Western Europe).<sup>3</sup>

All very interesting, but what has this to do with the United States? The Library of Congress initially became involved with the acquisition of books in Europe during World War II. There were large book orders (including some already paid for)<sup>4</sup> from Germany by various American libraries that largely came to a halt following the outbreak of the war. Library of Congress employee, Manuel Sanchez, with State and War Department support<sup>5</sup>, was sent abroad in April 1943 to traverse war-torn Europe in order to procure books for the American libraries<sup>6</sup>, including government libraries.<sup>7</sup>

However, it turns out that American purchases of books from Germany continued during World War II! This apparent violation of the Trading With The Enemy Act involved the G.E. Stechert & Co. book dealership firm of Leipzig and unknown American purchasers.<sup>8</sup> We do know that a major German bookdealer, Otto Harrassowitz, continued to collect books for the primary U.S. libraries during the war, including, Harvard University, although they were not paid for until hostilities ceased.<sup>9</sup>

Upon Germany's defeat in 1945, the major Allied powers (United States, Soviet Union, Great Britain, and France)

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<sup>3</sup>NARA/CP; Trial of the Major War Criminals before the International Military Tribunal, Volume V, Proceedings, 9 January-21 January 1946, Nuremberg, Germany. 1947. p. 49

NARA/CP; RG 239; Entry 62; Box 49; File: War Crimes Office; April 9, 1945; Preliminary Report; "Outline of Operations of Task Force (Einsatzstab) Rosenberg in the West"

<sup>4</sup>LC; Reference Section; Call #Z663.A2; Annual Report, 1946

<sup>5</sup>LC; European Mission-LC; Box 27; File: Mission History

<sup>6</sup>LC; Reference Section; Call #Z663.A2; Annual Report, 1946

<sup>7</sup>LC; European Mission-LC; Box 27; File: Mission History

<sup>8</sup>NARA/CP; RG 260; Entry: Economics Division; Box 85; File #386 - Misc. Claims; Memo from Roy J. Bullock, Export & Import Section; "Property of G.E. Stechert & Co."; April 9, 1946

<sup>9</sup>LC; European Mission-LC; Box 5; File: Harrassowitz, Otto; Letter from Captain Clarence E. Mitchell (Dept. of Religion and Education, Military Government, Leipzig); April 24, 1945

LC; European Mission-LC; Box 34; File: Harvard Library; Letter from Peiss to Professor Taylor Starck; August 2, 1946

occupied four separate sections of their vanquished foe. Books that had been looted from various libraries and private owners within Germany and in Nazi-occupied countries were soon discovered. Since so many were found at the Institute for the Exploration of the Jewish Question in the American Zone, the U.S. Army decided to set up a collection point there. The Library of Congress, as the national library of the United States, was designated by the War Department<sup>10</sup> to represent all American libraries in fielding a mission to sort, process, and ultimately, ship many of the books, estimated to be about 3 million, to America. The Library of Congress was attached to the G-2 (Intelligence) section of the U.S. Army and would attract many OSS and military intelligence types, as well as leading librarians, these roles not being mutually exclusive. The Library began to work hand-in-hand with the American Military Government in both Germany and Austria to aid in the collection and storing of these books. In return, according to Reuben Peiss, "the Mission has aided the military authorities in screening captured documents, has advised on the disposition of records, and has turned over to Military Government many thousands of books looted by the Nazis for restitution to the countries from which they came."<sup>11</sup> In September 1945, the U.S. Military Government in Germany [OMGUS], developed restitution policies and procedures for various categories of property, including books, that were looted from occupied areas by the Germans. The policy allowed the Allied governments and formerly-occupied European nations themselves to act on behalf of their injured, property-owning citizens, stating that restitution during the interim period will be made only on a country-to-country basis.<sup>12</sup>

But even this policy was misunderstood by various U.S. Army officers in the field. Instead of bringing all collected, looted books to a collection point, books in Russian (Jewish-owned or not) were often simply handed over to the Soviets; other books found their way to the black market; while others were even turned back over to the German libraries which were "neither legally nor morally entitled to claim any of these books."<sup>13</sup> Even Jewish books found in the Sturmer Verlag were given to the Nurnberg City Library "as a possession and not as a trust, and the Library is therefore free to do with them what it pleases."<sup>14</sup> The approximately 5,000 books eventually wound

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<sup>10</sup>LC; European Mission-LC; Box 27; File: Mission History

<sup>11</sup>LC; European Mission-LC; Box 4; File: Nuremberg Documents

<sup>12</sup>NARA/CP; RG 260; Entry: MFA&A Section Chief; Box 722; File: MFA&A Library, General Statements - Policy & Procedure - Now Valid

<sup>13</sup>LC; European Mission-LC; Box 33; File: Reports, Progress - Zuckerman, J.

up with Professor Koppel S. Pinson of the American Joint Distribution Committee [AJDC] who then turned over the identifiable portion to the Military Government's Office in Nurnberg and the rest to the Offenbach Archival Depot.<sup>15</sup>

The Library of Congress, meanwhile, had its own book policy. Indeed, the Library was concerned about looted books - not so much books looted from Jews by the ERR - but books looted from other libraries! In the summer of 1945, Librarian of Congress Luther Evans instructed the Acquisitions Director, Verner Clapp, "to take measures calculated to lay aside and withhold from adding to our collections any material arriving at the Library which was identifiable as formerly in the possession of legitimate research libraries and cultural institutions."<sup>16</sup>

In a September 28, 1945 memo, Reuben Peiss outlined the LC Mission's interests in Europe: "in general we desire three copies of all books, pamphlets, maps, sheet music, periodicals, and newspapers published in Germany in the years 1933-45: For printed materials of obvious scientific or historical importance the beginning date might well be pushed back a year or two; and for materials of Nazi inspiration (party or political propoganda, standard histories of the Nazi movement, especially if written from a Nazi point of view, works by prominent leaders of the Nazi party, etc.) the date may be pushed back as far as 1933, or even earlier if the particular case warrants it."<sup>17</sup> Peiss also indicated special interest in scientific; legal; statistical; official; and semi-official publications. Of these up to 50 copies each should be obtained.<sup>18</sup>

According to Peiss, the LC "laid down the policy that the Mission was not to remove publications belonging to legitimate cultural institutions and further that, if any came into the hands of the Mission or the Library itself, they were to be set aside for restitution."<sup>19</sup> The initial mission of the Library of Congress had three main objectives:

- 1) "locating, securing, and forwarding stored materials ordered by American libraries before the outbreak of war and being held by German dealers" ["over \$250,000 worth of publications being held for American libraries" located by May 1946];

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<sup>14</sup>NARA/CP; RG 260; Entry: MFA&A Section Chief; Box 720; File: MFA&A Library - OAD

<sup>15</sup>NARA/CP; RG 260; Entry: MFA&A Section Chief; Box 720; File: MFA&A Library - OAD

<sup>16</sup>NARA/CP; Entry: MFA&A Section Chief; Box 721; File: Jewish Archives & Libraries; "Information Bulletin"; April 20-26, 1946

<sup>17</sup>LC; European Mission-LC; Box 29; File: Policy - Program Planning

<sup>18</sup>LC; European Mission-LC; Box 29; File: Policy - Program Planning

<sup>19</sup>LC; European Mission-LC; Box 32; File: Reports, Progress - Peiss, Reuben

- 2) "helping to screen captured documents and advising which would be useful to American research or to Army or other agencies in the Theater"; ["the Mission has helped to screen several million volumes, of which several hundred thousand have been turned over for research library use and are en route to the United States or have already arrived....Furthermore, many thousands of Nazi volumes have been acquired through the cooperation of Information Control from impounded stocks that would otherwise have been pulped."]
- 3) "purchasing wartime imprints and current publications."<sup>20</sup>

In a January 15, 1946 letter, Dr. Evans blandly remarked that the object of the LC Mission was "primarily to help in connection with the shipment of books for the Library of Congress and other departments of the United States."<sup>21</sup> But by April 1946, the Library was "engaged in obtaining as complete as possible a documentation of German publishing during the war years and subsequent to the armistice."<sup>22</sup> However, Evans also clearly stated in April 1946 that looted books from "non-enemy" countries be restored "to the country from which it came."<sup>23</sup>

As part of the U.S. policy of de-Nazification, the U.S. Army, encompassing the LC Mission, on May 13, 1946, affixed its signature to Allied Control Authority No. 4, the Confiscation of Literature and Materials of a Nazi and Militarist Nature.<sup>24</sup> These confiscated items, once found, would be turned over from G-2 to the Library of Congress Mission.<sup>25</sup> Of course, what books and publications that were of a "Nazi and militaristic nature" was open to interpretation. And by June 1946, "semi-military" items; materials of "organizations associated" with the Nazi party; "libraries of industries forbidden to function in the future" were eligible for removal from Germany to the United States; as well as the original book purchase plan.<sup>26</sup> Also targeted by LC Mission Chief Reuben Peiss were collections "(a) vital to military research; (b) useful for general research; (c) potentially dangerous if left behind."<sup>27</sup> These collections included:

Deutsches Auslands-Institut  
NS Lehrer-Bund [materials after 1933]

<sup>20</sup>LC; European Mission-LC; Box 32; File: Reports, Progress - Peiss, Reuben

<sup>21</sup>LC; European Mission-LC; Box 27; File: Mission History

<sup>22</sup>LC; European Mission-LC; Box 30; File: Regulations - Export & Import

<sup>23</sup>NARA/CP; RG 260; Entry: MFA&A; Box 721; File: Jewish Archives & Libraries; "Information Bulletin"; April 20-26, 1946

<sup>24</sup>Moore, David. "To the Victors Go the Spoils: The Library of Congress Mission to Europe: 1943-47"; unpublished manuscript

<sup>25</sup>LC; European Mission-LC; Box 27; File: Mission History

<sup>26</sup>NARA/CP; RG 260; Entry: MFA&A Section Chief; Box 721; File: MFA&A Library - LC Mission

<sup>27</sup>LC; European Mission-LC; Box 32; File: Reports, Progress - Peiss, Reuben

Deutsche Arbeitsfront  
Ordensburg Sonthofen [NS Fuehrerschulen]  
Hauptarchiv der NSDAP  
Rehse Sammlung  
Weltkriegsbuecherei

Peiss summed up the Library of Congress Mission by saying that "we will be getting materials which the Army refuses to leave behind... You may be assured, however, and may so assure American librarians, that our Mission will do no looting, but on the contrary will do everything in its power to aid in the legitimate restoration of German cultural life and particularly of German libraries. One day we are going to face accusations and we may find we have made unwise decisions on a few specific issues, but I think we shall continue to have a clear conscience."<sup>28</sup>

And mistakes would be made by the LC Mission. As a result of the Library of Congress policy, Adolf Hitler's collection of over 3,383 items, along with Heinrich Himmler's library of 800-1,000 volumes, "mostly of Nazi content or tendency,"<sup>29</sup> among other German collections was sorted and shipped to the Library of Congress. Some of these materials, such as patent and labor union records had to be returned to Germany because they were wrongfully confiscated.<sup>30</sup> In all, during the Mission's life span, which ended in 1947, 270,100 confiscated books were shipped to the United States, in addition to speech recordings, posters, exchange materials, and newspapers.<sup>31</sup>

A February 14, 1946 memo from LC Mission Headquarters in Berlin to Peiss states that "approximately 50,000 titles (collected since the November shipment) and including many special groupings (freemasonry, ritual manuals, Jewish literature - on and by Jews, political pamphlets, etc.) were ready for shipment."<sup>32</sup> What about these books? Were restitution policies followed? Were they identifiable (traceable to an owner or institution)? Did they get shipped to the Offenbach Depot which would open a month later? Since there were 12 shipments from Germany to the Library of Congress in that one-month time span, that is not likely. These books need to be

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<sup>28</sup>NARA/CP; RG 260; Entry: MFA&A; Box 721; File: Jewish Archives & Libraries; "Information Bulletin"; April 20-26, 1946

<sup>29</sup>LC; European Mission-LC; Box 8; File: Himmler

<sup>30</sup>LC; European Mission-LC; Box 28; File: Policy-General

<sup>31</sup>LC; European Mission-LC; Box 27; File: Mission History

<sup>32</sup>LC; European Mission-LC; Box 1; File: Acquisitions - Clearances, Shipments

accounted for.

Following the war, looted Jewish books were to be collected at the Rothschild Library at Frankfurt, close to the Nazi Institute for the Exploration of the Jewish Question. By 1946, 2.3 million volumes of books had been assembled at Rothschild.<sup>33</sup> At that point, a decision was made to transfer them to a larger space in Offenbach, the former I.G. Farben complex, which became known as the Offenbach Archival Depot. An estimated 85% of the unidentifiable books were Jewish-related.<sup>34</sup> Once there, books were to be processed and returned to their rightful owners whenever possible. Because so many pre-war Jewish institutions were no longer in existence and many of the owners had been murdered, the question arose as to what to do with all the stolen Jewish artifacts.

The Offenbach Archival Depot was opened on March 2, 1946<sup>35</sup> to be the central repository of Jewish cultural property in the U.S. Zone, to sort and eventually, distribute books, manuscripts, and other publications to as many rightful owners as possible. The "first shipment" from Offenbach of 4,712 books<sup>36</sup> confiscated from the Institut Der NSDAP Zur Erforschung Der Judenfrage was delivered to the Library of Congress Mission on March 21, 1946<sup>37</sup> for transport to Washington. Although this collection contained looted books from occupied Europe, as well as Germany, Reuben Peiss and David Clift insisted (and Seymour Pomrenze signed receipts concerning), that these items were not removed from Nazi-occupied countries, only Germany, and "hence were not subject to restitution."<sup>38</sup> Other identifiable Jewish books were shipped to their country of origin, the first delivery going to

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<sup>33</sup>Friedman, Philip. "The Fate of the Jewish Book" Essays on the Holocaust, New York: Jewish Publication Society of America. 1980

<sup>34</sup>LC; European Mission-LC; Box 34; File: Restitution of Unrestituted Materials (Jewish Books) NARA/CP; RG 260; Entry: MFA&A Section Chief; Box 721; File: Jewish Archives & Libraries; Memo from Colonel William Whipple to Colonel John Allen; August 16, 1946

<sup>35</sup>Poste, Leslie I. The Development of U.S. Protection of Libraries and Archives in Europe During World War II. Fort Gordon, Georgia: U.S. Army Civil Affairs School. 1964. p. 262

<sup>36</sup>NARA/CP; RG 260; Entry: Ardelia Hall; Box 259; File: OAD Reports; March 1946

<sup>37</sup>Poste, Leslie I. The Development of U.S. Protection of Libraries and Archives in Europe During World War II. Fort Gordon, Georgia: U.S. Army Civil Affairs School. 1964.

<sup>38</sup>LC; European Mission-LC; Box 8; File: NSLB Teachers Library, Bayrauth

NARA/CP; RG 260; Entry: MFA&A Section Chief; Box 721; File: MFA&A Library - LC Mission

NARA/CP; RG 260; Entry: Ardelia Hall; Box 151; File: Archives & Libraries - Questionnaires & Reports

Holland on March 25, 1946.<sup>39</sup> Notice that this process began two months before Order No. 4, regarding the LC Mission receiving books, was publicly issued.

The Library of Congress would continue to receive books from the "legitimately acquired"<sup>40</sup> nucleus library of the Institut der NSDAP zur Erforschung der Judenfrage stored at Offenbach:

March 22, 1946 - 1,500 books  
March 25, 1946 - 770 books  
March 26, 1946 - 1,955 books  
April 1, 1946 - 2,118 books  
April 4, 1946 - 992 books  
April 10, 1946 - 1,771 books  
April 17, 1946 - 1,234 books  
May 22, 1946 - 2,020 books  
May 31, 1946 - 915 books  
September 3, 1946 - 953 books and 376 brochures

This begs the question, what was "legitimately acquired" for the Institut der NSDAP zur Erforschung der Judenfrage? They received their collections from the ERR who were charged with pillaging Jewish books and works of art. The ERR did not "legitimately" acquire anything! It's possible that the reference is to the books originally housed in the Frankfurt City Library, the building the ERR took over. David Clift, Deputy Chief of the Library of Congress Mission, estimated in March 1946 that the Erforschung Der Judenfrage materials contained only 8,000 books.<sup>41</sup> Could this be the working library of the ERR; the original Frankfurt City Library collection? Since the Library of Congress received 19,316 books from Offenbach, how is the approximate 11,000 book difference explained? Perhaps these are Jewish books looted from inside Germany itself.

Reuben Peiss noted that "Library of Congress representatives, especially Dr. Zuckerman in Berlin, found thousands of Jewish volumes, sometimes in precarious housing, salvaged them, and shipped them to Offenbach."<sup>42</sup> Where did these books go? Then there is the controversy over the number of books actually shipped from Offenbach to the Library of Congress. According to the Offenbach Archival Depot and Leslie Poste, the final shipment of books (September 1946) to the Library of Congress brought their total to 20,329 (19,953 books and 376 brochures).<sup>43</sup>

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<sup>39</sup>NARA/CP; RG 260; Entry: Ardelia Hall; Box 259; File: OAD Reports; March 1946

<sup>40</sup>NARA/CP; RG 260; Entry: MFA&A Section Chief; Box 720; File: MFA&A - OAD

<sup>41</sup>LC; European Mission-LC; Box 31; File: Reports, Progress - Clift, David

<sup>42</sup>LC; European Mission-LC; Box 32; File: Reports, Progress - Peiss, Reuben

But how was this figure arrived at when OAD's own monthly reports and the LC's receipts total 19,316 books and brochures? But this 1,013 book difference has not been explained. To sow even more confusion, the Jewish Cultural Reconstruction, Inc. (JCR) later deposited Jewish-related books to the Library of Congress following their distribution agreement with OMGUS in 1949.

A confidential source within the Library of Congress states that someone in the Hebraic Section informed him that the Hebraic Section holds many pre-1500 A.D. books in Hebrew and Yiddish within a vault (actually a caged holding area) and that at least some hold an Offenbach Archival Depot Stamp. Asked why the Library of Congress has not publicized this matter, the employee noted that Section Chief Dr. Michael Grunberger wants to "protect the collection." Obviously, any pre-1500 books, because of their value, would be identifiable and therefore, restitutable. The vault needs to be inspected.

Grunberger has said that he has "seen a stamp from the OAD on some title pages of books"<sup>44</sup> in the Library's Hebraic division. However, he added "to the best of my knowledge there's no way of knowing"<sup>45</sup> how many of the books that the Library acquired through the Offenbach Depot were in Hebrew and, therefore, segregated into the Hebraic collection. As for the Library's later acquisition of books from Jewish Cultural Reconstruction, Inc. (JCR), Grunberger states that he did not "believe item level lists were prepared by the JCR and I haven't come across them here."<sup>46</sup>

In a recent interview with *Washington Post* reporter Michael Dobbs, former OAD Director Pomrenze states that it was "undeniable" that looted Jewish books made their way from Offenbach to the Library of Congress. Pomrenze remarked that if books received at Offenbach were marked, they were restituted to the country of origin. If not, they often were shipped to the U.S. He also claimed it was "logistically impossible" to examine every case of books

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<sup>43</sup>NARA/CP; RG 260; Entry: Ardelia Hall; Box 259; File: OAD Reports; May 1946, September 1946

Poste, p. 259

<sup>44</sup>E-Mail correspondence between Dr. Michael W. Grunberger, Hebraic Section Chief, Library of Congress and Greg Murphy, Senior Historian, President's Commission on Holocaust Assets; July 1, 1999

<sup>45</sup>E-Mail correspondence between Grunberger and Murphy; July 1, 1999

<sup>46</sup>E-Mail correspondence between Grunberger and Murphy; July 1, 1999

for evidence of looted Jewish books.<sup>47</sup>

Once the books were shipped from Offenbach to the LC Mission in Frankfurt, they were transported across the Atlantic by G-2 to Fort Ritchie, Maryland. From there, they made their way to the Library of Congress in Washington. Unfortunately, the Library broke up the collections by integrating the Hebrew/Yiddish portion within its Hebraic Section, while scattering the rest throughout its general collection holdings.

What is known, however, is that the eventual disposition of Jewish books was a thorny problem. There were about a half-million unidentifiable books that had been looted by the Nazis - their ownership could not be detected. Even with the half-million identifiable there were a myriad of problems: most of the owners were now dead. Also, OMGUS was growing weary of storing assets, including books that awaited a restitution policy.<sup>48</sup> In the wake of Zionist fever that swept through much of post-Holocaust world Jewry, Dr. Judah L. Magnes, President of Hebrew University, pressed hard for the looted Jewish materials to be sent to the school in Jerusalem, the historical capital of Judaism. Dr. Theodore Gaster, Chief of the LC's Hebraic Section had proposed in late 1945, the transfer of the Jewish books to come to the Library of Congress<sup>49</sup>, since so many Jews were now living in the United States and because the "Hebrew University Library, however it may choose to define itself, is not, in fact, the national library of the Jews, since there is no such thing as a Jewish state in Palestine. It is merely a Palestinian Jewish institution, no whit different from any corresponding institution here (e.g. the Jewish Theological Seminary, the Hebrew Union college,....etc.)"<sup>50</sup> Gaster, apparently at first, had an ally in Librarian of Congress Evans in obtaining for the LC the unidentifiable Jewish books held at Offenbach.<sup>51</sup> However, by June 3, 1946, two-and-a-half months after the first shipments to the LC from Offenbach, Evans informed the MFA&A's (and former Library of

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<sup>47</sup>Dobbs, Michael; "Epilogue to a Story of Nazi-Looted Books"; *The Washington Post*; January 5, 2000; p. C8.

<sup>48</sup>NARA/CP; RG 260; Entry: Property Division; Box 14; File: Restitution of Securities; Cable CC-2029; October 19, 1947

<sup>49</sup>LC; European Mission-LC; Box 34; File: Restitution of "Unrestituted Materials" (Jewish Books)

<sup>50</sup>LC; European Mission-LC; Box 34; File: Restitution of "Unrestituted Materials" (Jewish Books)

<sup>51</sup>LC; European Mission-LC; Box 34; File: Restitution of "Unrestituted Materials" (Jewish Books)

Congress Photograph Division Chief) Paul Vanderbilt that "the time is not right" for the LC "to interpose its services for the distribution of the 'unidentifiable residue' of this material because there is no possibility that the material may be evacuated before all the restitution has taken place."<sup>52</sup> As a result, the Library's Acquisitions Director, Verner Clapp, who had also earlier expressed an interest in obtaining non-identifiable Jewish books,<sup>53</sup> directed the LC Mission not to touch the Jewish books in Offenbach.<sup>54</sup> Therefore, it seems that it was Library of Congress policy to acquire looted Jewish books only if they were part of an official Nazi library collection, such as apparently occurred with the Institute for the Exploration of the Jewish Question, not if they were residue.

The Library of Congress did agree, upon a request from the State Department, to assist the Yiddish Scientific Institute [YIVO], formerly based in pre-war Lithuania, now located in New York, in transporting over 79,000 of what was considered to be their restitutable items (since the United States did not recognize the USSR annexation of Lithuania) from Offenbach in 1947.<sup>55</sup> It is interesting to note that much of YIVO's Lithuanian collection was sent during the war to the Erforschung der Judenfrage in Frankfurt,<sup>56</sup> the same institute from which the Library of Congress received many of their books through the Offenbach Depot.

The State Department was also interested in the portion of Rosenberg's collection still held at Offenbach. In an August 1948 Department of the Army telegram, it was stated that State was "very anxious obtain for exploitation in US books on Eastern Europe" from lists compiled by Russian emigre, Dr. Boris Nicolaevsky<sup>57</sup> of Columbia University. To its credit, the Army decided not to make a decision concerning these books until their restitution status was known.<sup>58</sup> No documentation has been found as to what their final disposition was. What is known, however, is that Nicolaevsky, seven months previously, was accused by OAD Director Joseph Horne of "removing Ex-Libris from certain Russian language materials which he was permitted (at the request of G-2) to examine."<sup>59</sup>

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<sup>52</sup>NARA/CP; RG 260; Entry: MFA&A Section Chief; Box 722; File: AJDC Loan

<sup>53</sup>LC; European Mission-LC; Box 27; File: Mission History

<sup>54</sup>NARA/CP; RG 260; Entry: MFA&A Section Chief; Box 721; File: Jewish Archives & Libraries - General

<sup>55</sup>LC; European Mission-LC; Box 34; File: Restitution of YIVO Library Materials

<sup>56</sup>NARA/CP; RG 226; M1499; Reel 81

<sup>57</sup>NARA/CP; RG 59; Lot File 78D441; Box 6

<sup>58</sup>NARA/CP; RG 59; Lot File 78D441; Box 6

<sup>59</sup>NARA/CP; RG 260; Entry: Ardelia Hall; Box 257

The day after Offenbach Archival Depot opened in March 1946, Professor Koppel S. Pinson of Queens College and the AJDC liaison to Offenbach, received 1,400 books of a planned 25,000 book loan from the OAD<sup>60</sup> for distribution to Jewish refugees in German Displaced Persons' camps. The AJDC, through Judge Simon Rifkind, an advisor to General Lucius Clay, had been pressing the U.S. Army since 1945 to borrow these books. However, they were frustrated by the military's Museum, Fine Arts & Archives personnel who feared the loan, which included identifiable books, would complicate restitution matters. Which is what, in fact happened after General Clay overruled his staff. Pinson's desire to select books of identifiable ownership led to OMGUS Technical Advisor Paul Vanderbilt's insistence that Captain S.J. Pomrenze supervise screening measures at Offenbach before distribution to AJDC,<sup>61</sup> a recommendation that General Clay honored.<sup>62</sup> AJDC's receipt of the books bound them "either to return the....items loaned to said organization upon the authority authorizing the loan or to reimburse any possible claimants against the Government of the United States from the funds available to the AJDC."<sup>63</sup> By the time of his departure from Germany in August 1946, Pinson had withdrawn 19,447 books from Offenbach.<sup>64</sup> Only a fraction of these were ever returned, however. It seems that among the missing items were "books of great value and known ownership."<sup>65</sup> (It is interesting to note that in recommending Pinson for a job, Pomrenze stated that the Professor Pinson was "very very interested in the fate of this unique conglomeration"<sup>66</sup> of Jewish books.) Dr. Ernst Grummach, a German-Jewish librarian working at the OAD, claimed that "books were sold and given away wholesale in the early days. Rabbi Newhaus is known to have at least 1,000 volumes."<sup>67</sup> Still, Rabbi Philip Bernstein, the Advisor on Jewish Affairs to Lucius Clay, pressed the general to release the 5,000 book balance another 25,000 books, claiming despite contractual obligations, "it was

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<sup>60</sup>NARA/CP; RG 260; Entry: Ardelia Hall; Box 259; File: OAD Reports; March 1946

<sup>61</sup>NARA/CP; RG 260; Entry: MFA&A Section Chief; Box 722

<sup>62</sup>NARA/CP; RG 242; Entry: AGAR-S Document Series compiled by Seymour Pomrenze (Pomrenze Collection); Box 1; Document #318

<sup>63</sup>NARA/CP; RG 260; Entry: MFA&A Section; Box 722

<sup>64</sup>NARA/CP; RG 260; MFA&A Section Chief; Box 722; File: AJDC Loan

<sup>65</sup>NARA/CP; RG 260; Entry: Ardelia Hall; Box 66; File: Offenbach Archival; Memo from Lt. Col. G.H. Garde to Lucy Schildkret (AJDC), "Loan of Books"; July 15, 1947

<sup>66</sup>NARA/CP; RG 242; AGAR-S Document Series compiled by Seymour Pomrenze (Pomrenze Collection); Box 1; Document #318

<sup>67</sup>NARA/CP; RG 242; AGAR-S Document Series compiled by Seymour Pomrenze (Pomrenze Collection); Box 1; Document #318

inevitable that many of these books would be lost, carried away, and worn out.”<sup>68</sup> Richard Howard, Chief of the Museum, Fine Arts & Archives Section of OMGUS, responded in an internal memo that the AJDC was “not only an unbusinesslike, but also a thoroughly unreliable organization which is incapable either of understanding or fulfilling its obligations.”<sup>69</sup> Fueled by the Adjutant General’s suspicions of illegal activities, Howard also called for an investigation of AJDC by the Inspector General. The 5,000 book balance instead was loaned to the newly-organized Board of Education and Culture for Liberated Jews of Germany.<sup>70</sup>

From August 1946 until February 1947, when Lucy Schildkret arrived as the representative at Offenbach, there was no AJDC official at the depot.<sup>71</sup> However, that situation did not deter a chaplain, Captain Herbert Friedman, a personal assistant to Rabbi Bernstein, from signing out, in Pinson’s name, 1,100 valuable, identifiable items from the Torah Room at OAD and sending them off to Hebrew University in Palestine in December 1946. The officer in charge of Offenbach at that time, Captain Isaac Bencowitz, Pomrenze’s successor, was rumored to be involved in black-market activities concerning cigarettes,<sup>72</sup> and previously accused of consorting with a suspicious character who carried an “extraordinarily bulky” briefcase and preferred to exit the premises at Offenbach by climbing the wall rather than going through the main gate.<sup>73</sup> Bencowitz, who had returned from Palestine three days earlier,<sup>74</sup> approved the Torah Room transaction.<sup>75</sup> The “illegal removal”<sup>76</sup> occurred on the same day that Bencowitz, Bernstein, and Friedman conferred on an “Inspection of the OAD.”<sup>77</sup> The Torah Room was not inspected again until January 21, 1947, ten days following Bencowitz’s departure for the U.S. when a “discrepancy in the inventory of the manuscripts” was noted.<sup>78</sup> When questioned about the matter, Chaplain

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<sup>68</sup>NARA/CP; RG 260; Entry: MFA&A Section Chief; Box 721; File: AJDC Loan

<sup>69</sup>NARA/CP; RG 260; Entry: MFA&A Section Chief; Box 721; File: AJDC Loan

<sup>70</sup>NARA/CP; RG 260; Entry: MFA&A Section Chief; Box 721; File: AJDC Loan

<sup>71</sup>NARA/CP; RG 260; Entry: MFA&A Section Chief; Box 722; File: AJDC Loan

<sup>72</sup>NARA/CP; RG 260; Entry: Ardelia Hall; Box 66

<sup>73</sup>NARA/CP; RG 260; Entry: Ardelia Hall; Box 250; File: Personnel (2 of 3)

<sup>74</sup>Poste, p. 284

<sup>75</sup>NARA/CP; RG 260; Entry: Ardelia Hall; Box 253; File: AJDC/OAD

<sup>76</sup>NARA/CP; RG 260; Entry: Economics Division; Box 116; File #007.2 - Fine Arts & Cultural Objects

<sup>77</sup>NARA/CP; RG 260; Entry: Ardelia Hall; Box 261; File: OAD Reports; December 1946

<sup>78</sup>NARA/CP; RG 260; Entry: Ardelia Hall; Box 261; File: OAD Reports; January 1947

Friedman at first denied the charge, then admitted he had signed the receipt in Pinson's name.<sup>79</sup> Upon discovery of the transfer, OMGUS, on May 2, 1947, ordered the university to return the books, which contained resitutable material of Russian, Latvian, Italian, Polish, Czech, German, and Austrian ownership.<sup>80</sup> Yet, within four days, OMGUS softened its stance and agreed "to leave the books and material at the University until their final disposition has been determined."<sup>81</sup> Subsequently, the pretense of a legal transaction was enacted when Dr. Joel, the Acting Librarian at Hebrew University, stated in writing that he had received the five cases from the American Consul General in Jerusalem and would return "any and all of them on first request from that office."<sup>82</sup> However, to OMGUS' credit, they did not completely forget about the items. They signed an agreement with Jewish Cultural Reconstruction [JCR] in May 1949, transferring legal custody of these objects to the JCR for disposal to the rightful owners.<sup>83</sup> It is not known at this time whether any of the resitutable works ever left Jerusalem.

An interesting footnote to the affair is that it was anonymously stated that Bencowitz disliked Dr. Sholem, the one who sorted the valuable materials in Offenbach's Torah Room, until the Captain returned from Palestine on December 27, remarking to his secretary, Miss Hirschfield, "that he had been very much mistaken" about Dr. Sholem.<sup>84</sup> Both Bencowitz and Friedman were admonished by the Inspector General of the Army.<sup>85</sup>

One of the motivating factors in the removal was the issue of security. Max Weinreich, YIVO's Research Director, wrote Professor Jerome Michael of the JCR on December 6, 1946, that with Bencowitz absent, "there is no American on the spot who is watching the materials. This is very bad since the restitution officers from Poland and Russia are around the place.... It would be a calamity beyond repair if the treasures collected at the Offenbach Depot by the Army with so much vision and effort were at this late hour to be pilfered or to fall into hands where

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<sup>79</sup>NARA/CP; RG 260; Entry: Ardelia Hall; Box 253; File: AJDC/OAD

<sup>80</sup>NARA/CP; RG 260; Entry: Ardelia Hall; Box 66; File: JCR; Despatch 132; July 24, 1947

<sup>81</sup>NARA/CP; RG 260; Entry: Ardelia Hall; Box 253; File: AJDC/OAD

<sup>82</sup>NARA/CP; RG 260; Entry: Ardelia Hall; Box 66; Despatch 132; July 24, 1947

<sup>83</sup>NARA/CP; RG 260; Entry: Ardelia Hall; File: JCR; draft letter to American Consul General; May 4, 1949

<sup>84</sup>NARA/CP; RG 260; Entry: Ardelia Hall; Box 253; File: AJDC/OAD

<sup>85</sup>NARA/CP; RG 159; Entry 335; Box 147

they by no means belong.”<sup>86</sup> Seymour Pomrenze had also been concerned about conditions at Offenbach security, complaining that a thousand Jewish Torahs “were miserably neglected.”<sup>87</sup> Then there was also the problem of “looting and destruction by Germans [very little]; US troops [some]; and DPs [more].”<sup>88</sup>

The Library of Congress Mission had its share of personnel problems. Although the the project existed only two years [1945-47], not one staff member was there from beginning to end. In September 1945, the Library dispatched Max Loeb, detailed from the Interdepartmental Committee for the Acquisition of Foreign Publications [IDC] - OSS Mission for Germany, to travel throughout Germany and Austria “to inspect libraries of Nazi Organizations, Government agencies and persons of high rank in the NSDAP.”<sup>89</sup> Loeb, a European immigrant to the United States and a book dealer by profession, was especially aggressive in his work for the Library. He targeted for acquisition by the Library of Congress not only Nazi materials, such as works from the Nazi library of Education, but private libraries filled with looted books, including material on Judaism, original Wagner musical scores, and the Library of the Office, Chief of Counsel for the Prosecution of Axis Criminality {Nuernberg} for shipment to the Library.<sup>90</sup> His investigatory trip also took him to the valuable collection of Hans Reich, a book dealer from Berlin. It was a collection that Loeb coveted so much that he sent an anonymous telegram to the U.S. Counter Intelligence Corps, falsely accusing Reich of being an SS man in hiding.<sup>91</sup> The OSS then ordered Loeb’s boss, Reuben Peiss, the Chief of the Library of Congress Mission, to confiscate Reich’s materials from his book store. Following Reich’s protests, Peiss discovered the scam, calling it “one of Loeb’s brainstorms.... This is thoroughly shoddy business.”<sup>92</sup> Peiss suggested to his superiors that they get a bill from Reich and pay him for the loss adding, “this whole deal was badly done and that the fault is ours.”<sup>93</sup> But, apparently, the bill was never paid. Reich attempted to collect “Occupation damages” in 1950, but needed proof of his dealings with Loeb.<sup>94</sup>

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<sup>86</sup>NARA/CP; RG 260; Entry: MFA&A Section Chief; Box 720; File: MFA&A Library - OAD

<sup>87</sup>NARA/CP; RG 242; AGAR-S Document Series compiled by Seymour Pomrenze (Pomrenze Collection); Box 1; Document #318

<sup>88</sup>NARA/CP; RG 242; AGAR-S Document Series compiled by Seymour Pomrenze (Pomrenze Collection); Box 1; Document #318

<sup>89</sup>LC; European Mission-LC; Box 9; File: Rosenberg, Alfred - Collection

<sup>90</sup>LC; European Mission-LC; Box 9; File: Rosenberg, Alfred - Collection

<sup>91</sup>Moore

<sup>92</sup>LC; European Mission-LC; Box 9; File: Reich, Hans - Library

<sup>93</sup>LC; European Mission-LC; Box 9; File: Reich, Hans - Library

The Library of Congress informed Reich that Loeb was now dead and that they were "unable to furnish you with the information you request."<sup>95</sup> Reich then pressed the Office of the United States High Commissioner for Germany [HICOG], who in turn queried the Library of Congress as to whether Reich's books were now at the Library. Chief Assistant Librarian, Verner W. Clapp replied that Lieutenant Loeb was detailed to the Library of Congress Mission staff from the Strategic Services Unit of the U.S. Army "during the period December 1, 1945 to May 1, 1946. The alleged negotiations with Mr. Reich - in September 1945 - would appear to antedate his service with the Library of Congress Mission."<sup>96</sup> This statement appears to be a falsehood as it is clear from the Library's own files that Loeb was working for it when he undertook his investigation in September 1945! It is interesting to note that in its annual report for 1946, the Library of Congress, already aware of Loeb's problems, also states that his service with the Library began on December 1, 1945.<sup>97</sup> Yet, Reuben Peiss writes that, beginning in September, "IDC very kindly enabled Lt. Loeb to devote the major part of his time to the Library of Congress Mission."<sup>98</sup> The documentation for September shows that Loeb reported directly to LCM Chief Peiss and no longer used the OSS designation in his correspondence. Also, Don Travis of the Library of Congress refers to Loeb's employment by the LC Mission during October 1945.<sup>99</sup> A possible explanation that Loeb was not paid directly by the Library of Congress until December 1945 does not hold water since Peiss refers to Loeb's transfer "from the OSS payroll to that of the Library of Congress" in September 1945.<sup>100</sup> The evidence is clear that Loeb began working for Peiss and the Mission in September of that year. This did not matter to the Library. A further Library of Congress investigation in 1953 stated that only 20 of the 70 items Reich listed was in the Library's general collection and that only one of those was procured by the LC Mission.<sup>101</sup>

The Reich matter was closed as far as the Library was concerned. But where did the books go? Probably to Loeb's

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<sup>94</sup>LC; European Mission-LC; Box 9; File: Reich, Hans - Library

<sup>95</sup>LC; European Mission-LC; Box 9; File: Reich, Hans - Library

<sup>96</sup>LC; European Mission-LC; Box 9; File: Reich, Hans - Library

<sup>97</sup>LC; Reference Section; LC Annual Report, 1946; Call #Z663.A2

<sup>98</sup>LC; European Mission-LC; Box 27; File: Mission History

<sup>99</sup>LC; European Mission-LC; Box 28; File: Acquiring of Material

<sup>100</sup>NARA/CP; RG 260; Entry: MFA&A Section Chief; Box 721; File: Library of Congress Mission

<sup>101</sup>LC; European Mission-LC; Box 9; File: Reich, Hans - Library

book store in New York. It turns out that Loeb had also authorized numerous shipments of books from Europe to his store on Madison Avenue. Loeb had purchased these books with U.S. Government money for the Library of Congress. This operation continued even upon Loeb's discharge in early 1946 another source of controversy. Loeb was turned down for a requested discharge in late 1945;<sup>102</sup> opened his bookstore in New York by March 1946; but was still accredited to the LC Mission until May 1, 1946.<sup>103</sup> Peiss discovered Loeb's transactions in June 1946, but allowed the cases of books to be shipped to the bookstore "without further inquiry as to what is in the packages," along with a warning "to a good friend" that such activities were specifically prohibited and "inexcusable."<sup>104</sup> Peiss' successor, Mortimer Taube, had no such qualms, personally stopping two cases of books from being diverted to New York.<sup>105</sup> Taube, wrote Loeb in New York, stating that "I understand that during your work for the Mission you sent several similar packages home and that some packages have already been mailed to you subsequent to your departure from Frankfurt. I have examined the material in the packages and the fact that they contain titles in multiple copies seems to indicate that they were intended for resale in the United States. The unlicensed resale in the United States of material purchased in Germany by an officer of the United States Government is manifestly illegal and the Library of Congress cannot become party to such an enterprise."<sup>106</sup> Taube also wrote Clapp, explaining his subsequent decision not to refer the matter to the Army Inspector General, stating that "the resulting publicity....might prove temporarily embarrassing to the Mission, although I do believe that the Mission's skirts are completely clean. Members of the Mission, as you know, have bought articles for themselves at advantageous prices, but Loeb is the only one who used his official position to further his own private business. My first thought in the matter was to take over the books, add them to our stock, and say no more about it, but this would have meant that the Library of Congress Mission would benefit by Loeb's shady transactions, and I do not want that to happen."<sup>107</sup> Someone must have changed their mind. The books were shipped to the Library of Congress, many within a month. None that were looked at by the author appeared

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<sup>102</sup>LC; European Mission-LC; Box 31; File: Loeb, Max, Lt.

<sup>103</sup>LC; Reference Section; Call #Z663.A2; Annual Report, 1946

<sup>104</sup>LC; European Mission-LC; Box 27; File: Mission History

<sup>105</sup>LC; European Mission-LC; Box 34; File: Targets

<sup>106</sup>LC; European Mission-LC; Box 28; File: Policy - Acquiring of Material

<sup>107</sup>LC; European Mission-LC; Box 33; File: Taube, Mortimer

to be identifiable, although the Library has re-bound some of them.

It is also interesting to note that while Taube did not ask the Army Inspector General to investigate, Clapp did.<sup>108</sup> Apparently, however, not much became of the matter as the IG office merely acknowledged the note.

Before his nefarious activities were discovered by Taube in November 1946, Loeb even had enough chutzpah to try and sell some of the books back to the Library of Congress! He wrote Acquisitions Director Clapp a letter offering a list of books for sale to the Library. It is not known what action Clapp took, although he was certainly non-committal in his replies.<sup>109</sup>

Loeb also added to his stock by acquiring a large cache of books from Austria on credit sometime in 1946, shortly after resigning from the the Library and U.S. Army. The Austrians trusted him because of his previous business dealings while a member of the LC Mission.<sup>110</sup> He failed to pay this bill. The Austrians wrote to the Library of Congress, but Dan Lacy, Assistant Director of Acquisitions, said the Library was not involved in the dispute.<sup>111</sup>

Even among his LC Mission colleagues, Loeb carried a reputation as a cheat. This is shown, not only by Peiss' correspondence, but by a David Clift letter which dryly remarks after seeing one of expense reports, that "not all the items are defensible."<sup>112</sup> This particular report also contained a Loeb request that he paid in dollars, not the local currency, as was decreed by military regulations.

Taube had his hands full with arrogant Library of Congress Mission members, such as Janet Emerson, as well as Jacob Zuckerman and his wife, Elfride. These staff members, according to Taube, liked to take extended personal leave and yet expect their usual governmental per diems when engaged in personal business or travel! By Taube's account, Emerson, a secretary, wrote herself duty orders to spend ten days in Switzerland. Apparently she felt "entitled to the trip" because other members of the Mission such as Harriet Bing, David Clift, and the Zuckermans "got away with it."<sup>113</sup> The LC Mission Chief said Emerson "apparently thinks she's 'King (or

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<sup>108</sup>NARA/CP; RG 159; Entry 26; Box 806; File #333.9: Loeb, Max

<sup>109</sup>LC; European Mission-LC; Box 31; File: Loeb, Max, Lt.

<sup>110</sup>LC; European Mission-LC; Box 32; File: Loeb, Max

<sup>111</sup>Moore

<sup>112</sup>LC; European Mission-LC; Box 31; File: Reports, Progress - Clift, David

maybe Queen) Shit.... One might stand her bad manners if she were a good secretary which she certainly is not."<sup>114</sup> One of Emerson's failings as a secretary was that she did not change typewriter ribbons because she "thought it such a bother."<sup>115</sup> These travel junkets were done at War Department expense as the Mission fell under the aegis of the Army. The LC Mission Chief had feared the War Department "will wake up" and submit the Mission a bill for food, travel, and lodging. Taube also feared that he would be called upon to explain Mrs. Zuckerman's trip to Paris at War Department expense. "As I see it," he noted, "part of my job is to see to it that the question is never raised."<sup>116</sup> Meanwhile, her husband, a "smooth operator" asked to be paid his full per diem for personal trips to Paris and London and for "return of retirement deductions for himself and his wife."<sup>117</sup> Taube planned to "make him tell me what he and Mrs. Z did in Paris and London and if I don't like the story I'll call it annual leave.... "God damn it - he can screw the Army and Unesco or anybody else but he'll never boast about screwing LC."<sup>118</sup>

Taube also complained about the failure of the Mission to keep leave records: everybody put in their 40 hours each week whether they were vacationing or not!<sup>119</sup> This way, the staff members accrued their vacation time and asked to be paid in full when they left the project. Even Emerson complained of the egos involved!<sup>120</sup>

Taube, saved his greatest scorn for members of the Hoover Library of War and Peace personnel who were, in theory at least, working for the LC Mission. Taube's principal target was Louis P. Lochner. "Lochner's monkey business," according to Taube, involved the purchase of materials for Stanford University and he tried to have them shipped with LC items<sup>121</sup> and "although segregated, was not mentioned on the invoices, in effect," performing "a criminal act in exporting material purchased for Reichsmarks and the Library of Congress was to be used as the cover for the operation."<sup>122</sup> Taube also reported Lochner to G-2 for the "unauthorized removal of

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<sup>113</sup>LC; European Mission-LC; Box 33; File: Taube, Mortimer

<sup>114</sup>LC; European Mission-LC; Box 33; File: Taube, Mortimer

<sup>115</sup>LC; European Mission-LC; Box 33; File: Taube, Mortimer

<sup>116</sup>LC; European Mission-LC; Box 33; File: Taube, Mortimer

<sup>117</sup>LC; European Mission-LC; Box 33; File: Taube, Mortimer

<sup>118</sup>LC; European Mission-LC; Box 33; File: Taube, Mortimer

<sup>119</sup>LC; European Mission-LC; Box 33; File: Taube, Mortimer

<sup>120</sup>LC; European Mission-LC; Box 31; File: Emerson, Janet

<sup>121</sup>LC; European Mission-LC; Box 33; File: Taube, Mortimer

intelligence materials from the field.”<sup>123</sup> G-2, in turn, cabled the War Department which greeted Lochner on his return to the U.S.<sup>124</sup> The “intelligence materials” in question turned out to be documents of the former Lithuanian Legation in Berlin.<sup>125</sup> Lochner’s was that he had “thought it best to take these documents right with me to America....” and inform Army Intelligence “at once”<sup>126</sup> rather than hand them over to the Library of Congress Mission that he worked for.

In 1947, a consortium of American-based Jewish groups that included the World Jewish Congress, formed the Jewish Restitution Successor Organization [JRSO]. In June 1948, the JRSO was designated by OMGUS, under U.S. Military Government Law No. 59, to settle heirless and unclaimed property in the U.S. Zone. In February 1949, just before Offenbach closed, the Jewish Cultural Reconstruction, Inc. [JCR], an arm of the JRSO, was appointed the sole custodian for the books still housed at the Depot. JCR promised to publish a worldwide notice to find Jewish owners of the books still not restituted. Whether JCR made a strong effort is a matter of debate, since it took them two months to actually begin operations, opening an office in Nürnberg in August 1948, but they were hampered by Law No. 59’s deadline of December 31, 1948 for persons to file claims.<sup>127</sup> A three-month extension, however, would be granted.<sup>128</sup> The JCR began distributing the leftover books in March 1949<sup>129</sup> to such institutions as Hebrew University, the Library of Congress, and YIVO. One particular controversy was their decision to ship 29,000 identifiable Baltic items to the new state of Israel rather than restituting any Jews in the Soviet-occupied Baltic states. While this violated the February 15, 1949 agreement between OMGUS and JCR which specified that only “unidentifiable Jewish cultural property” be transferred to the JCR,<sup>130</sup> a February 25, 1949 agreement established the JCR as “a custodian” of “Partially Identifiable” books,

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<sup>122</sup>LC; European Mission-LC; Box 33; File: Taube, Mortimer

<sup>123</sup>LC; European Mission-LC; Box 31; File: Reports, Progress - Lochner, Louis P.

<sup>124</sup>LC; Central File:MacLeish-Evans; Box 401; File: Seized German Documents

<sup>125</sup>LC; Central File: MacLeish-Evans; Box 398; File: Seized German Documents

<sup>126</sup>LC; European Mission-LC; Box 31; File: Lochner, Louis

<sup>127</sup>Kagan, Saul and Ernest H. Weismann. Report on the Operations of the Jewish Restitution Successor Organization p. 6

<sup>128</sup>NARA/CP; RG 466; Entry: Property Office - Restitution; Box 6; File: #257.1 - JRSO

<sup>129</sup>Nicholas, Lynn H. The Rape of Europa: The Fate of Europe’s Treasures in the Third Reich and the Second World War 1994. New York: Alfred A. Knopf p. 434

<sup>130</sup>NARA/CP; RG 260; Entry: Ardelia Hall; Box 66; File: JCR; Memo from McJunkins to

subject to annual review and termination by OMGUS.<sup>131</sup> This was, of course, a farce as the Military Government was in the process of closing shop in Germany. The transfer of identifiable Jewish books from the newly-designated collecting point at Wiesbaden to the JCR began on May 30, 1949.<sup>132</sup> A July 22, 1949 Addendum to the February Agreement gave the JCR some wiggle room in locating owners of identifiable books. It called for the JCR "to exercise reasonable diligence" in their search and provided for a July 22, 1951 deadline for possible restitution before disposition could begin.<sup>133</sup> In all, over 250,000 books would be distributed by the JCR.<sup>134</sup>

Following the Offenbach Depot closure in 1949 and, in accordance to the agreement with the Jewish Reconstruction Committee, 77,603 books were shipped to the JCR in Hamburg and 12,428 books were transferred to the Wiesbaden Collection Point.<sup>135</sup> Supervision of Wiesbaden passed from the U.S. Army to the State Department under the U.S. High Commissioner for Germany [HICOG] where book restitution continued through August 1952. At that point, all remaining books at Wiesbaden were then shipped to the State Department in Washington.<sup>136</sup> In 1955, the nascent Federal Republic of Germany took over what remained of the restitution process.<sup>137</sup>

It is to be stressed that the Library of Congress received European books from sources other than Offenbach itself. Offenbach is important because much of its collection was about and/or owned by, Jews. But the Library also acquired books and periodicals from collection centers in Munich [although primarily an art collection center] and Stuttgart, as well as private book dealers.<sup>138</sup>

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Director, Office of Military Government, Hesse; February 15, 1949

<sup>131</sup>NARA/CP; RG 260; Entry: Ardelia Hall; Box 66; File: JCR; "Receipt and Agreement for Delivery of Partially Identifiable Jewish Cultural Objects"; February 25, 1949

<sup>132</sup>NARA/CP; RG 260; Entry: Ardelia Hall; Box 66; File: JCR; Memo to Reparations and Restitutions Branch; "Jewish Cultural Reconstruction Inc Receipts"; July 8, 1949

<sup>133</sup>NARA/CP; RG 260; Entry: Ardelia Hall; Box 66; File: JCR; "Addendum II to Memorandum of Agreement of 15 February 1949, Subject - Jewish Cultural Property"; July 22, 1949

<sup>134</sup>Kagan and Weismann, p. 31

<sup>135</sup>Poste, p. 296

<sup>136</sup>Poste, p. 297

<sup>137</sup>Poste, pp. 297-298

<sup>138</sup>LC; European Mission-LC; Box 1; File: Acquisitions - Clearances, Shipments

Overall, the Library of Congress received one million books secured from German Army and Nazi Party sources in 1946 alone!<sup>139</sup> By the time the Mission was terminated on September 11, 1947, an estimated 1,250,000 pieces of German military and Nazi Party materials were shipped to the Library of Congress.<sup>140</sup> Counting purchases, the Library acquired 2,500,470 items during this period. Many were duplicates and the Library started the Cooperative Acquisitions Project [CAP] which distributed copies, beginning in May 1946,<sup>141</sup> to leading libraries throughout the United States. 113 libraries initially participated in the program, but half dropped out before its termination in August 1948, citing disappointment in the quality and quantity of the publications. The Library of Congress kept approximately 485,000 of these books.<sup>142</sup> Surplus books were transferred to the United States Book Exchange,<sup>143</sup> an incorporated arm of the Library.

The Library of Congress needs to open their "vault" in the Hebraic Section and show the world what they have in their collections. Any and all books restitutable to private owners or their heirs must be returned. A strong case can be made for cultural restitution, i.e., the shipment of valuable artifacts to Israel, the Jewish homeland.

Obviously, it is not doing the LC any good to hide this ancient and valuable collection from the rest of the world. In fact, it is shameful.

The Library should also segregate the unidentifiable materials it received from Offenbach and the JCR into a special collection as a memorial to those who were victims of the greatest crime in the history of mankind. The decision to integrate these publications into its general collection hides a significant chapter in the Library's history, one where much good was accomplished in saving books from pulping, theft, and private sales and much bad done in taking priceless books and stashing them away.

#### Offenbach Inventory during Period of LCM Shipments

June 1946 OAD report:

*Unidentifiables:*

Books in Hebrew Language - 43.0% - 114,800

German language books, Jewish cultural and historical subjects - 16.0% - 42,000

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<sup>139</sup>LC; Reference Section; Annual Report, 1946; Call #Z663.A2

<sup>140</sup>LC; Reference Section; Annual Report, 1947; Call #Z663.A2

<sup>141</sup>LC; Reference Section; Annual Report, 1948; Call #Z663.A2

<sup>142</sup>LC; Reference Section; Annual Report, 1949; Call #Z663.A2

<sup>143</sup>LC; European Mission-LC; Box 27; File: Mission History

German language books, classical literature and scientific subjects - 8.0% - 22,600

French language - 6.4% - 17,500

Various other languages - 1.0% - 7,500

Brochures and Newspapers - 25.6% - 63,000

Total = 267,400 items

*Identifiables:*

Private Owners, outside France and Holland - 3,586 items

Jewish libraries (practically all in the Hebrew language) - 11,660 items

Identifiable Jewish libraries of various Eastern countries (practically all in Hebrew - 207,096 items

Total = 489,742 items

July 1946 OAD report:

*Unidentifiables:*

Books in the Hebrew language - 51.1% - 137,809 items

Jewish cultural and historical books in the German language - 15.0% - 49,000 items

Books in various other languages (about half on Jewish cultural and historical subjects) - 15.8% - 40,875 items

Total = 269,684

*Identifiables:*

Private owners, outside those of Netherlands and France - 11,416 items

Jewish libraries within Germany (practically all in the Hebrew language) - 34,500 items

Jewish libraries in Austria - 2,625 items

Jewish libraries of various Eastern countries (practically all in Hebrew) - 64,355 items

Baltic libraries - 21,000 items

German libraries - 2,108 items

Total = 406,913 items

August 31, 1946 OAD report:

*Unidentifiables:*

Hebrew language - 142,240 items

Jewish religious and historical in German language - 24,631 items

Other German Language Unidentifiable books - 27,088 items {NOTE: LC has most, but not all of these}

Jewish religious and historical in various languages - 24,987 items

General subjects - 75,111 items

Total = 266,969

*Identifiables:*

By Ex-Libris and Names - 11,416 items

Jewish Libraries within Austria - 4,228 items

Jewish libraries within Czechoslovakia - 4,163 items

Jewish libraries within Germany - 60,868 items

Jewish libraries within Poland - 4,350

Jewish libraries within Baltic States - 86,541 items

Loge B'nai B'rith of various countries - 2,812 items

Total = 174,378 items

September 30, 1946 OAD report:

*Unidentifiables:*

Hebrew language - 148,491 items

Jewish religious and historical in various languages - 50,721 items

General subjects - 71,809 items

Total = 271,021

*Identifiables:*

By Ex-Libris and names - 27,450 items

Jewish libraries within Austria - 6,426 items

Jewish libraries within Czechoslovakia - 4,168 items  
Jewish libraries within Germany - 60,868 items  
Jewish libraries within Poland - 4,350 items  
Jewish libraries within Estonia - 91 items  
Jewish libraries within Latvia - 4,439 items  
Jewish libraries within Border Cities - 23,856 items  
YIVO and associated libraries - 74,674 items  
Total = 209,746

October 1946 OAD report:

*Unidentifiables:*

Hebrew language - 167,741 items  
Jewish religious and historical in German language - 25,443 items  
Jewish religious and historical in various languages - 24,898 items  
General subjects - 74,180 items  
Total = 292,666

*Identifiables:*

By Ex-libris, Names, and unknown library markings - 41,893  
YIVO and associated libraries - 76,042 items  
Jewish libraries within Austria - 6,426 items  
Jewish libraries within Czechoslovakia - 4,781 items  
Jewish libraries within Baltic states - 13,129 items  
Total = 207,993

Countries that received restituted books from Offenbach Archival Depot<sup>144</sup>

Austria - 51,305  
Belgium - 5,332  
Czechoslovakia - 14,587  
France - 377,204  
Germany [British Zone] - 10,796  
Germany [U.S. Zone] - 1,380,552  
Great Britain - 5,443  
Greece - 8,511  
Holland - 334,241  
Hungary - 423  
Italy - 252,068  
Norway - 1,074  
Poland - 34,362  
Switzerland - 637  
USSR - 273,645  
Yugoslavia - 3,664

*Special thanks to David Moore, Astrid Eckert, Erin Rodgers, and Robert Waite for their assistance.*



NARA APPROVED

JES 7/28/08

July 21, 2000

Gene:

I'm leaving the PCHA to concentrate on other projects. Due to the time crunch the Commission's going through, I can stay for two more weeks, through August 7.

I'm leaving with mixed emotions. I very much appreciated the opportunity and the fascinating work involved, but I can't help but feel that this could have been run better. The disconnect between the downtown office, Ft. McNair, and the research staff is stunning.

I'm also a bit concerned about the final report. Your fax of July 20 talked about "research gaps" to be identified by a select team of PCHA staff. I must say that half the people listed are not competent to make such judgements. In fact, after reading a large portion of a Chapter 6 draft, I think writing gaps also need to be identified. I fear that some of the writers (though certainly not all) prefer the comfortable crutch of secondary sources rather than going through the primary source documents which the research staff has worked so hard to unearth. Hopefully, however, my fears will prove to be misguided and that you will produce a first-rate report.

Best Wishes,

Greg Murphy

---



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**Fragments of my fleece**

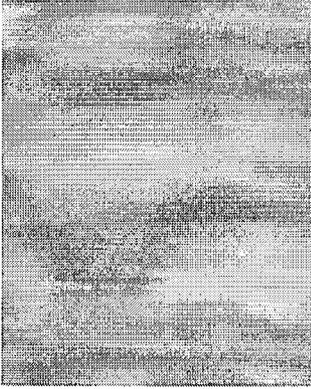
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Greg

## **Progress with FFC – Helene (Oct. 22)**

### **Guidelines from Helen:**

1. What are the legal aspects?
2. Look at summaries -- only in Germany
3. What did the census discover?
4. What was acquired during 34-39 (info exits in the summaries)
5. What motivated the freezing and defrosting

### **We need to find out:**

1. How much belonged to the victims
2. How much was defrosted which belonged to people and businesses -- the dead, the alive, and which residents in the US
3. Regarding defrosting: out of the entire pool, how much was freed up?
  - a. What belonged to individual owners?
  - b. What belonged to the government (US)
  - c. What stayed in the US and was not claimed? -- What happened to this money
4. Revisit the APC and vesting
5. Lucille will do the kind of questions the courts decided

**Abby – responsible for all Treasury records -- obtaining, researching etc**

**Helene – responsible for all Justice records – after Justice took over**

**Combine report to be written including all this information**

### **Accomplished so far:**

1. abstracted Census of Foreign own assets in the US
2. began marking Federal Reserve boxes in FFC records, need to copy
3. obtain chronologies of actions, rules, findings etc – need to synthesize

~~PAUSE~~  
GMB

Subj: Re: DP Restitution  
Date: 00-01-29 05:52:45 EST  
From: junz@hbj.sonnet.co.uk (Helen B. Junz)  
To: Gscmurphy@aol.com

Hi Greg: Thanks. Do we at least know who the originating agency was - etc.? The other parts or the whole file must be somewhere else, probably not called Restitution. Would one of the archivists know?

Also, I did not get any fax from you. Could you please try to get me at least the most important bits today - I am trying to finish this thing up and would not want to miss anything important. Thanks, Helen.

At 12:44 28/01/00 EST, you wrote:

>Helen:  
>  
>Re Section E: Displaced Persons, Restitution, part b in Box 84 - that's all  
>there was. It was by itself with no other sections in the file.  
>  
>Greg  
>  
>

</XMP>

----- Headers -----

Return-Path: <junz@hbj.sonnet.co.uk>  
Received: from rly-yd01.mx.aol.com (rly-yd01.mail.aol.com [172.18.150.1]) by air-yd01.mail.aol.com (v67\_b1.21) with ESMTP; Sat, 29 Jan 2000 05:52:45 -0500  
Received: from mail.sonnet.co.uk (mail.sonnet.co.uk [195.238.160.234]) by rly-yd01.mx.aol.com (v67\_b1.21) with ESMTP; Sat, 29 Jan 2000 05:52:34 -0500  
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 KAA00895  
for <Gscmurphy@aol.com>; Sat, 29 Jan 2000 10:52:32 GMT  
Message-Id: <3.0.1.32.20000129105350.007de100@gpo.sonnet.co.uk>  
X-Sender: hbj@gpo.sonnet.co.uk (Unverified)  
X-Mailer: Windows Eudora Light Version 3.0.1 (32)  
Date: Sat, 29 Jan 2000 10:53:50 +0000  
To: Gscmurphy@aol.com  
From: "Helen B. Junz" <junz@hbj.sonnet.co.uk>  
Subject: Re: DP Restitution  
In-Reply-To: <f.b468a7.25c32f98@aol.com>  
Mime-Version: 1.0  
Content-Type: text/plain; charset="us-ascii"





APPROVED/NARA

203 FEB 2000

Ona

Subj: Re: Austria II  
Date: 00-02-04 08:57:05 EST  
From: junz@hbj.sonnet.co.uk (Helen B. Junz)  
To: Gscmurphy@aol.com

Dear Greg;

Yes I did receive your note on Austria. Thanks. I have a couple of questions though, which it would be important to get an answer to to-day if at all possible.

First, your p.2 re Law 53 - as I understand it this concerned in OMGUs not confiscation of looted assets, but delivery of all foreign currency denominated assets - by everyone. A word is missing in last sentence of b). It was Law 52 that required registration of looted assets - and I am not sure that there was a value floor on that for Germany. Can you please sort this out and let me know exactly what you are referring to - perhaps let me have the actual wording?

→ MY MISTAKE  
HELENE JUNZ

On the same p. and throughout, I am confused by the various meanings of the word restitution: within Austria there are three meanings at least - restitution by Germany of assets taken from Austria, restitution to the United Nations of German assets residing in Austria - are all these considered external assets (see also your p.3,4)?, restitution by Austria to United Nations countries and then within all these the distinction - which you do not make sufficiently - between restitution of assets looted from occupied countries and restitution of assets looted from persecutees within Austria. Can you clarify some of this so that I can incorporate it in the paper that I now absolutely must e-mail on Monday - no more flexibility in deadlines. If necessary, get Helene to pull documents for you - I will send her an e-mail to the archives.

✓  
INTERNAL  
& EXTERNAL?

→ NOT BROUGHT INFO

On p.4, what do you mean Austria integrated many of these assets into the German economy? Why is that to their advantage?

→ YES IT'S OKAY

On securities, I do not understand what the difference was between Germany and Austria, if the securities found in Austria were shipped to the FED and handled from there? p.5 p5/6 There was no agreement among Allies re restitution of securities - do you mean to Austria? What if they were victims' or heirless assets? What does release to Gen. Clark mean - for him to decide what to do - rather than to the Austrian gov. How did that differ from release to USFA? You say "the securities" were shipped to USFA in 1947 - what were they, securities issued in Austria, securities found in Austria? Can you fax or abstract WX-89482 - who were they to be restituted to?

→ BOTH  
ALL AUSTRIAN  
& MOST OF WWII

ON the material we talked about, I did find the 50 page Hartzsch interview, but not the Dr. Ruth Klein document - please let me know what you are doing on that so I at least know what to expect. You were going to look at the latter document and tell me what it contained. It now is crucial that I know whether you can do that or not.

All for now, I better get back to the paper. regards, HelenAt 21:40  
02/02/00 EST, you wrote:

- >Helen:
- >
- >The file you should have received is an 8-page February 2, 2000 Progress
- >Report.
- >
- >Greg
- >
- >

APR 19 11 45 AM '00  
APR 19 11 45 AM '00  
APR 19 11 45 AM '00

Subj: Re: Austria II  
Date: 00-02-06 09:31:28 EST  
From: junz@hbj.sonnet.co.uk (Helen B. Junz)  
To: Gscmurphy@aol.com

Hi Greg: Thanks for what you sent. Unfortunately the first document was totally unreadable. I take it that was the Dr. Ruth Klein one? Can you abstract it for me - for all I know it may not be so great, but both Ellen and I remember it as being important.

Second, do you know what the Interdivisional Committee on Reparation, Restitution and Property Rights was? I have a copy of their final report, RG226, entry 27, Box 2. Sara's stamp no. 304080. It is subtitled: part:Two Recommendations with Respect to a final Settlement of German Reparations, dated May 31, 1944, reparation Memo 29. Was this a US Interdepartmental group, or was it Al;lied or what? A second question is, since this is part two. dealing with reparations, is there a part 1, or part 3, that focuses more specifically on Property Rights (part of the title)? I had told Helene that she is to help you - so if you need to pull more documents and/or get someone to talk to the archivists about what this Committee was, use her. But I do need whatever you have first thing Monday morning your time - which would be 2pm my time.

If I have time, I will e-mail you and Sebastian the draft for quick comment, but I would need an immediate tum-around - or you could call me. I would have called you with these questions, but do not have your home tel. no. at hand; perhaps you could let me have it in your next e-mail.

Thanks, Helen

At 15:01 05/02/00 EST, you wrote:

>Helen:

>

>It proves that I should have proofread this before sending it out. I knew  
>your deadline was very tight though.

>

>A) You're right re Law 53 - my mistake

>

>B) Austria, like Germany had both internal and external restitution. Unlike  
>Germany, however, much of their restitution was internal.

>

>C) Unfortunately, I have very little info re specific assets looted from  
>victims. My sense is that a quick way to get to that info is to take  
>another

>look at RG 84, rather than plowing through the disorganized USACA records in  
>RG 260. What's your time deadline on Monday? I can call or fax any more  
>info into you that morning.

>

>D) Integration of assets: a typo on my part - corrected.

>

>E) Securities: no agreement on restitution of securities anywhere. After  
>Oct. 1948, USFA empowered to restitute securities, although USFA inclined to  
>allow Austrians themselves to do the actual restituting. The U.S. was  
>gradually adopting a more supervisory role whereas the Austrians did the  
>day-to-day stuff.

>

>F) Securities found in Austria: don't know for sure, but presumably most  
>issued in Austria, since very little brought to U.S. Zone. Will double-check

>

>G) Will look for WX-89482 - only have summary at hand.

>

*Signature*

MAHA APPROVED



## PRESIDENT'S COMMISSION ON HOLOCAUST ASSETS

### SECURITIES CHRONOLOGY

#### September 1999

1944 - Bretton Woods Resolution VI requests that neutral countries "take immediate measures to prevent any disposition or transfer within territories subject to their jurisdiction of any... securities... as well as to uncover, segregate and hold at the disposition of the post-liberation authorities in the appropriate country any such assets within territory subject to their jurisdiction." (RG 260; External Assets; Box 649; File: GEPC Policy [1945-46]; The Safehaven Program)

1945 - 13 suitcases and boxes of securities and jewelry found at Reichsbank, Regensburg which were "said to have been delivered there from the Staatlichen Vermögensamt, Prague by the Gestapo. (RG 260; Finance Division; Box 50; File: Gold and Silver [Hungarian Restitution])

1945 - A box of foreign currency and securities found buried on a hill, just across the Austrian border in the neighborhood of Oberbichl, Germany. (RG 260; Finance Division; Box 50; File: Gold and Silver [Hungarian Restitution])

1945 - 2 bags of currency and securities found on a farm near Erlangen. Hidden by German civilian who had been entrusted with funds by Seyss-Inquart. Said he believed they had belonged to Dutch Government or might be requisitioned Jewish property in Holland. (RG 260; Finance Division; Box 50; File: Gold and Silver [Hungarian Restitution])

1945 - One box of foreign currency and securities found in POW camp in Hartmannsdorf which had been evacuated by German Army. Believed to be money taken from Allied POW's. (RG 260; Finance Division; Box 50; File: Gold and Silver [Hungarian Restitution])

1945 - 10 packages of foreign securities found. Believed to be property of NSDAP. (RG 260; Finance Division; Box 50; File: Gold and Silver [Hungarian Restitution])

September 11, 1945 - In Denmark, financial assets, including securities and gold ingots, impounded following the surrender, are being dealt with by the CA Finance Staff of the British Mission (RG 260; External Assets; Box 650; File: Policy-German External Assets; CALA Financial Memo No. 1: Problems in Winding Up Currency Sections)

October 1945 - Order No. 3 of the Allied Military Kommandatura of the City of Berlin stated that "all institutions, organizations, corporations and persons within Greater Berlin in possession, custody or control of securities" issued outside of Germany, shall deliver it to a branch of the Berlin Stadt-Kontor-Bank. (RG 260; External Assets; Box 650; File: Policy-German External Assets; Order No. 3 of the Allied Military Kommandatura)

October 11, 1945 - OMGUS Division of Investigation of Cartels and External Assets states that the American purchase of shares in a German brewery 7 weeks after the German surrender appears to be an illegal transaction, subject to Law 52 or Law 53 (RG 260; External Assets; Box 649; File: GEPC Misc.; Sale of Berlin Brewery to Americans after Occupation)

March 28, 1946 - War Department has requested that no action be taken to transfer securities of the former Wertpapiersammelbank to Austria pending establishment of a restitutions policy now under State Department consideration. (RG 260; Property Division; Box 6; File: External Assets)

May 5, 1946 - Tentative view of State Department that Law 5 not applicable to Wertpapiersammelbank securities (RG 260; Property Division; Box 6; File: External Assets)

June 3, 1946 - OMGUS states that securities of former Wertpapiersammelbank "are urgently needed in Austria to establish and clarify ownership rights. Distribution to owners not contemplated at this time." As these "clearly Austrian" securities are "only accidentally present in Germany... they do not come under normal restitution procedures." (RG 260; Property Division; Box 6; File: External Assets)

February 13, 1947 - State Department believes restitution of looted securities from Baltic States should be deferred pending a decision re the disposition of other property from these areas. (RG 260; AG Decimal File; Box 316)

April 9, 1947 - Hungarian Orphans Court deposits said to include two envelopes of securities. (RG 260; AG Decimal File; Box 632)

~~April 11, 1947 - Hungarian property in FED~~ includes British, French, Swiss, and Czech securities of "a relatively unimportant amount." OMGUS has "denied all previous applications for restitution" of securities on grounds that quadripartite policy this matter under discussion. (RG 260; AG Decimal File; Box 510)

November 21, 1947 - Memo re Jewish securities which reverted to the Reich on the basis of discriminating legislation - can be found at Reich Finance Ministry Document Center (RG 260; Box 13; File: Jewish DP Property; "Records of Former Jewish Property")

September 15, 1948 - Restitution of securities claimed by Emil and Annie Benedict as "inventoried property confiscated by the Germans from racial and political persecutees" shipped to Czechoslovakia. (RG 260; Property Division; Box 24; File: Benedict Czech Securities)

*NOTED*  
April 25, 1949 - Austrian security claims due to no evidence that "the securities were removed by force" from that country. (RG 260; Property Division; Box 12)

February 15, 1950 - Supplemental list of foreign securities (RG 260; Finance Division; Box 463)

✓ August 7, 1950 - HICOG's Currency and Credit Branch informs French citizen that French Government has filed a competing claim for restitution of securities "on the grounds they were looted, or removed under duress, from that country by Germany during the period of occupation." The branch granted the individual a period of 60 days to file "proof of ownership with this office in conflict with the above claim. To receive consideration, such proof must be in documentary form reflecting the source from which the securities were acquired, the date, also the amount if purchased." The Currency and Credit Branch further stated that "generally speaking, little weight can be given to such counterclaims unless it is clearly demonstrated that the securities in question were located in Germany and were owned" by the individual "or another person in Germany on the date on which the claimant country has occupied or on which they were issued." (RG 260; Economics Division; Box 348)

✓ August 16, 1950 - Securities brought to Germany under duress from Austria will be restituted under the Austrian Phase I claim. (RG 260; Economics Division; Box 362)

September 27, 1950 - External Claims Branch holds "as a matter of restitution law that the mere fact of possibly wrongful acquisition of the original shares does not, by projection, qualify the later acquisition of newly-issued stock to have been a removal by force or under duress or in the course of a transaction not essentially commercial in character within the meaning and interpretation of external restitution rules." (RG 260; Economics Division; Box 362)

September 30, 1950 - HICOG's External Claims Branch denies Belgian Mission restitution claim as securities in question were lawfully acquired by the Gutchoffnungshuette in 1935. "However, the certificates of stock, being of Belgian issue, will be delivered" to the Belgian Mission "as part of the general program of turning over non-German issued securities to the countries of issue in pursuance of the Potsdam Agreement and the Final Act of the Paris Conference on Reparations." (RG 260; Economics Division; Box 362)

October 2, 1950 - Belgian restitution claim denied when German company purchased shares of Belgian company in 1941 and 1942. The External Claims Branch stated that in "view of the fact that this purchase took place prior to the London Declaration.... which gave constructive notice of the intent of the Allied Governments to defeat the methods of economic spoliation practiced by the Axis Governments in occupied territories, we hold that, in the absence of any proof to the contrary, the above purchase is presumed to have been a transaction essentially commercial in character... However, since these securities are of Belgian issue, they will be delivered" to the Belgian Mission "as part of the general program of turning over non-German issued securities to the countries of issue in

pursuance of the Potsdam Agreement and the Final Act of the Paris Conference on Reparations.” (RG 260; Economics Division; Box 361)

October 2, 1950 - Belgian claim for securities rejected because they were removed from Luxembourg. (RG 260; Economics Division; Box 362)

October 18, 1950 - External Claims Branch denies restitution claim of French Government due to “essentially commercial” character of particular security transactions involved. However, the transactions involved a French firm facing financial difficulties in 1941 selling most of its assets to a Frankfurt bank; and the purchase of Dutch securities shortly before the end of the war - some time after the London Declaration. (RG 260; Economics Division; Box 348)

October 23, 1950 - External Claims Branch considers all Volksbank removals of securities as removals under duress and therefore subject to Government restitution. (RG 260; Economics Division; Box 348)

November 9, 1950 - Completion of French restitution of securities deposited with the Landeszentralbank von Hessen in Frankfurt/Main. (RG 260; Economics Division; Box 348)

November 20, 1950 - External Claims Branch states that the London Declaration of 1943, “as implemented by the decisions of the Allied Control Authority... entitles the Governments of formerly German-occupied countries to the return of all property, including securities, removed from occupied territory by force, under duress or otherwise” is subject to external restitution. In developing a set of restitution rules, the term “otherwise” has been interpreted restrictively to include only such property which was acquired in a transaction not essentially commercial in character, i.e., a transaction which, in fair application of all factors, would not be likely to have been entered into by the parties if it had not been for the special conditions created by the occupation. The fact that payment was made and that the parties, as far as they are concerned, may have acted in good faith, is immaterial.” (RG 260; Economics Division; Box 348)

March 29, 1951 - External Claims Branch reiterates obligation of the U.S. Government to dispose of German-owned foreign securities as representing German external assets. The securities will therefore remain on deposit with the Land Central Bank under Law 53 awaiting final disposition. (RG 260; Economics Division; Box 362)

April 19, 1951 - External Claims Branch informs Austrian Consulate, Frankfurt that the claim concerning 3 “items of Dr. Reichsanleihe of 1938 expressed in Reichsmarks have been excluded as not falling within the present restitution program of non-German securities or German securities expressed in a non-German currency. (RG 260; Economics Division; Box 362)

July 21, 1952 - External Claims Branch states that "unless owned as of October 30, 1945 by a non-German national or a person falling under the Allied High Commission Press Release of March 16, 1950" [Mitteilung der Bank deutscher Laender No. 6011/50], the referenced Austrian securities "would constitute German external assets subject to disposition in accordance with Control Council Law No. 5. (RG 260; Economics Division; Box 362)

# PRESIDENT'S COMMISSION ON HOLOCAUST ASSETS

August 1999

## Chronology: Diamonds

✓ December 9, 1939 - Reich Economics Ministry issues decree concerning confiscation of Jewish diamonds and precious stones. (RG 260; FED; Box 167)

*Post.* March 10, 1940 - Auswanderungsfonds, Prague [Emigration Fund] established by German Reich Protector of Bohemia and Moravia to collect, administer, and liquidate assets owned by Jews who emigrated from Czechoslovakia "or who have been disposed of. The fund was supervised by Commander of Security Police attached to Reich Protector." (RG 260; Decimal File: Box 511)

✓ June 20, 1940 - Ernest Cremer states that "the sole activity" of Diamont-Kontor is "the dealing in diamonds and precious stones from Jewish" jewelry. (RG 260; FED; Box 167)

n.d. - Cremer says "there are no private economic interests in D.K., for any possible profits, if such profit should occur would, as it is obvious, be turned over" to the Reich Economics Ministry. (RG 260; FED; Box 167)

n.d. - A Diamont-Kontor associate to Cremer writes that "we regret being unable at present to make any offer in cut diamonds. As you know, the stones recut by us are the property of the Reich and therefore we cannot dispose of them. Furthermore, they are sold only in whole consignments and must be paid in real foreign currencies, i.e., in U.S. dollars or Swiss francs." (RG 260; FED; Box 167)

1942 - Dutch claim 12,941.17 carats of diamonds removed by Nazis. (RG 260; Decimal File; Box 511)

June 1944 - Official representatives of German precious stone and diamond industry picked up jewelry in original settings at Auswanderungsfonds in Prague and took it to Germany to remove stones from settings and recut some of them. Diamonds at FED have been identified as originating from this jewelry. Present location of settings unknown. (RG 260; Decimal File; Box 511)

November 13, 1945 - OMGUS accuses Ernest Cremer of inducing "the Nazi Government to organize a combine of diamond merchants within Germany to exploit the diamonds and other precious stones taken by the Reich from the Jewish owners within Germany.... It is reasonable to assume from facts already reported that the diamonds now held in the name of Ernest Cremer or "Diamont-Kontor" either are properties looted from persecuted persons within Germany" and "taken under duress or through financial machinations in German-occupied territories. In either of these events it would be inappropriate for

~~Cremer or the firm to be allowed further possession or control of these stones. Present blocking of the account is mandatory under the terms of MG Law 52 by reason of the fact that Ernest Cremer has been taken into custody.~~ Also blocked are large lots of stones held by Cremer or Diamant-Kantor.... and the Dresdner Bank, Bad Nauheim. The facts relating to the precious stones in Berlin are being brought to the attention of the Finance Officer of the Berlin District, in order that the Kommandatura can take such action as the circumstances require." (RG 260; FED; Box 167)

November 13, 1945 - Unverified report has Ernest Cremer claiming that there are legitimate purchases of diamonds being blocked by SHAEF. He also allegedly states that there are 100 carats of cut diamonds in the "Doucherbank" near the Imperial Palace in Berlin. The Foreign Exchange and Blocking Control Branch could not locate such a bank. (RG 260; FED; Box 167)

May 1946 - The Custodian reported that among the assets of the Z.L.G. [Zentral Lager Gemeinschaft] were 9,000 carats of diamonds. (RG 260; Decimal File; Box 511)

July 1, 1946 - 150,000 carats of industrial diamonds held in FED. (RG 260; External Assets; Box 649; File: Gold and other Metals)

December 9, 1947 - Re Czech-claimed diamonds, U.S. tried to ascertain whether or not the diamonds were processed [and to what extent] in Czechoslovakia, in order to know whether it would be "possible for the former owners of these diamonds to identify them in their present state." (RG 260; FED; Box 418)

December 18, 1947 - Re Czech-claimed diamonds: all stones were removed from original settings and "the settings themselves have not come to light; and practically all of the more valuable stones were modernized by re-cutting. (RG 260; FED; Box 418)

December 18, 1947 - FED believes Auswanderungsfonds diamonds are restitutable to Czechs for the following reasons: a) evidence clearly indicates Czechoslovakia as the country of origin and there are no indications that property was removed from other than Czech nationals; b) Czechs have complete data as to original description and value of jewelry - accordingly proven claims of original owners can be satisfied by pro-rata share of recovered assets or proceeds thereof; c) present case not comparable with Polish general claim. (RG 260; FED; Box 418)

~~1947 - During the year, 23,000 carats of diamonds were restituted to Holland. (RG 260, Decimal File; Box 511.)~~

January 7, 1948 - Bender and Kagan recommend release of Czech-claimed diamonds to IRO. (RG 260; FED; Box 418) *File # 940.4*

March 19, 1948 - Approximately 1,000 carats diamonds held at the FED which originated from Auswanderungsfonds, Prague [Emigration Fund]. Czechs have filed restitution claim

giving complete data as to original description and value of jewelry confiscated by Germans through Auswanderungsfonds, but not showing names of original owners. Therefore, diamonds are unidentifiable in terms of individual owners, but identifiable in terms of national origin. Czechs are fully informed concerning transfer of jewelry to Germany and of fact that diamonds in question are in our possession. Pursuant to quadripartitely agreed policy, subject property is restitutable to Czechs on basis of determined national origin, according to Hays of OMGUS. "In view of fact, however, that Auswanderungsfonds was liquidation office for property seized from Nazi victims who were forced to emigrate from Czechoslovakia or otherwise disposed of, and probability that most of these victims are no longer residing in Czechoslovakia," Hays requests guidance from Department of Army. (RG 260; Decimal File; Box 511)

May 28, 1948 - Reference that Z.L.G. [Zentral Lager Gemeinschaft] has been declared wholly Jewish property by the American military authorities, and taken into protective custody. (RG 260; Decimal File; Box 511)

May 28, 1948 - Karl Joel, an American citizen who claims his mail-order businesses in Berlin and Nuremberg were seized by Josef Neckerman [founder of Z.L.G.] "states that the records of Z.L.G. show the diamonds were actually bought and paid for and therefore cannot be classified as looted property," and during the 2 years the American Military Government has been in the possession of the diamonds, "no claim whatsoever has been made by the Dutch or any other persons." (RG 260; Decimal File; Box 511)

June 18, 1948 - 9,097.83 carats of diamonds, found in the possession of Z.L.G. [Zentral Lager Gemeinschaft], restituted to Holland so far. (RG 260; Decimal File; Box 511)

June 18, 1948 - General Lucius Clay writes that the "recourse available to Mr. Joel is for him to file a claim under U.S. Military Government Law No. 59, requesting the return of his property and any additional compensation to which he feels he is entitled. Inasmuch as Z.L.G. held many properties besides Mr. Joel's, which were also in the category of Jewish duress properties, Mr. Joel would have no claim against any specific property held by Z.L.G. but would be in the class of a general creditor against the remaining assets of Z.L.G." (RG 260; Decimal File; Box 511)

July 13, 1948 - Department of Army authorization given to effect restitution to Czechoslovakia of approximately 1,000 karats of diamonds claimed by that nation. (RG 260; FED; Box 418)

July 15, 1948 - Collection of diamonds and jewelry confiscated at time of arrest from one Erich Viehmann, German national, not found subject to external restitution and will be released to Amtsgericht-Hinterlegungsstelle, Frankfurt for disposition. (RG 260; FED; Box 418)

~~July 15, 1948 - About 1,000 carats of diamonds originating from Auswanderungsfonds, Prague will be restituted to Czechoslovakia, according to EUCOM instructions. (RG 260; Decimal File; Box 511)~~

July 15, 1948 - 150,000 carats of industrial diamonds, which OMGUS does not consider part of precious stone inventory, not yet investigated and therefore without present plans for disposition. (RG 260; Decimal File; Box 511)



APPROVED/NARA  
JZ/2/99

## DIAMONDS ADDENDUM

### *Dutch Claims*

Holland filed a claim in 1947 for diamonds "removed under duress" from a bank in Arnheim. This was a particularly easy restitution case for OMGUS, as U.S. forces had discovered these valuables in the Friedrichshall Salt Mine in May 1945 bearing individual Dutch names and addresses.<sup>183</sup> In May 1948, the United States also tentatively decided to restitute to the Dutch an estimated 7500 diamonds of over 336 carats<sup>184</sup> "found in Madrid in German hands."<sup>185</sup> The majority of the diamonds were purchased from Jewish sellers at "ridiculously low" prices, as they were sales under duress, and subsequently, even these minimal proceeds would later be confiscated!<sup>186</sup> By November 1948, Dutch diamond restitution from the U.S. Zone in Germany was estimated to be worth RM 7.5 million (computed to 1938 RM value).<sup>187</sup>

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<sup>183</sup>NARA/CP; RG 56; Accession 69A-4707; Box 82; File: Germany - Looted Property; Cable CC-1318 from OMGUS (Keating) to AGWAR; "restitution Netherlands diamonds"; August 19, 1947

<sup>184</sup> NARA/CP; RG 84; Entry 2108 - Brussels Embassy; Box 132; File #711.3; Telegram #2151 from Marshall (Secretary of State) to American 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

<sup>185</sup>NARA/CP; RG 84; Entry 2453A; Box 18; File #711.3; Memo from U.S. Embassy, Madrid Spain; December 11, 1947

<sup>186</sup>NARA/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

<sup>187</sup>NARA/CP; RG 260; Entry: Property Division; Box 28; File: Semi-Monthly Reports; Letter from deKeyserlingk to Collison; November 23, 1948



**COPY**

Preserved at the National Archives

For Greg Murphy from Ein (I finally found this)

## Library of Congress Acquisitions in Post-War Germany\*

During the U.S. military occupation of Germany, the Library of Congress (LOC) acquired tens of thousands of volumes from Germany. Most of these were Nazi materials seized by the Allied occupation authorities. Others had been looted by the Nazis from their Jewish owners and later captured by the Allies. At a meeting of U.S. Government officials in December 1996, an allegation was made that during the U.S. occupation, the LOC Mission in Germany may have improperly taken some looted Jewish books from a U.S.-controlled archive in Germany, before they could be restituted.

In 1997, the Office of Special Investigations (OSI) of the Department of Justice, concerned that this allegation might have merit,<sup>1</sup> began a comprehensive study of the records of the U.S. military government in Germany and of the LOC to determine if the Library had improperly acquired Holocaust-era looted books. During this investigation, no evidence was found suggesting that the LOC had acted improperly in acquiring books or other materials in Germany. The 55-page OSI report of this investigation (September 1999) concludes that the LOC acted both legally and ethically in these acquisitions. The staff of the President's Commission on Holocaust-Era Assets in the United States (PCHA) concurs in this conclusion.<sup>2</sup> All parties agree, however, that the LOC collection includes books – most notably some 5700 acquired through the agency of Jewish Cultural Reconstruction, Inc – looted by the Nazis from Jews, which could not be restituted because there was no evidence of rightful ownership. Discussions continue between the PCHA and the LOC on how to acknowledge these holdings.<sup>3</sup> The introductory and concluding sections of the OSI report are reproduced, below.<sup>4</sup>

At a meeting of the Interagency Working Group on Nazi Assets in December 1996, the fate of books looted by the Nazis from their Jewish owners and captured by American armed forces late in the war was raised. Soldiers from the Monuments, Fine Arts, and Archives Section of the First U.S. Army controlled these materials and routed them to a collection center near Frankfurt, the Offenbach Archival Depot, for processing. According to an agreement among the victorious Allied nations, these cultural items were to be returned to the country of origin and subsequently to their rightful owners. At the December [1996] meeting, it was suggested that Lester Born, an archivist serving in the U.S. Army and connected to the Offenbach Archival Depot, had in the late 1940s written a memorandum on activities of representatives of the Library of Congress (LOC). He had allegedly maintained that some members of the LOC Mission examined the books held in Offenbach and removed for its collection items before the materials could be restituted. Following the end of the Second World War a delegation from the Library of Congress was based in Germany where its main function was the purchase of books and periodicals.

To determine if the LOC Mission had in fact taken manuscripts, rare and valuable books, or any other publications before the possible restitution of them a search of the records of the Monuments, Fine Arts and Archives Section of the U.S. military government in Germany (OMGUS) at the National Archives and the records of the Library of Congress Mission at the Library of Congress was undertaken.<sup>5</sup>

This investigation had the following objectives: (1) describe the procedure by which the books looted by the Nazis from their Jewish owners were handled by the American military government in Germany, (2) determine the procedure adopted for the restoration of the materials to their country of

2/24/02  
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From: Eui

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This investigation had the following objectives: (1) describe the procedure by which the books looted by the Nazis from their Jewish owners were handled by the American military government in Germany, (2) determine the procedure adopted for the restoration of the materials to their country of

origin and ultimately to the proper owners, (3) ascertain if the Library of Congress Mission had in fact identified and removed for its collections books looted by the Nazis before they could be properly restituted, (4) locate any memorandum prepared by Major Lester Born relevant to this issue, and (5) identify other organizations that expressed interest in the unrestituted books, particularly material whose owners could not be identified, the so-called heirless property. As the research progressed additional objectives were added, including: (6) describe how the issue of the heirless books was resolved, (7) discuss the procedure for distributing the heirless books and the organizations that participated, and (8) identify those institutions that received these materials....

**Conclusion:** By 1951 the efforts to find the owners of Jewish cultural and religious materials looted by the Nazis and the restitution of these items had largely been completed in Europe. The remaining books were turned over to the Jewish Cultural Reconstruction Commission for distribution to libraries and institutions where they would continue to benefit Jewish communities.<sup>6</sup> Judging from the available documentation in the National Archives and in the archives of the Library of Congress, the restitution of books to their proper owners was handled with diligence, care, and respect, and characterized by close attention to existing regulations.

Throughout, the Library of Congress and its Mission in Germany was called upon to play an important role. It had long represented American libraries in Europe and following the war gained new responsibilities. The cables, letters and memoranda produced by the Mission and Luther Evans, the Librarian of Congress, reveal the care with which his organization approached the matter of looted books and Jewish cultural items seized by the Nazis. In particular, Evans stated repeatedly that the Library of Congress would not accept any such books. The materials received from the Offenbach Archival Depot in the Spring of 1946, books from the working library of the [Nazi] Institute for Research on the Jewish Question, came only after clearance from the [office of] General Lucius Clay, the Deputy Military Governor, and after a thorough review. The Library of Congress Mission in Germany was more interested in obtaining materials generated by the Nazis, materials that were not to be left in Germany on orders of the occupation government and which otherwise [would have been] destroyed.

During the course of research for this report, no documentation was located in the records of the MFA&A at the National Archives or of the Library of Congress Mission at the Library of Congress that suggested or stated that agents or representatives of the Library of Congress had acted inappropriately in securing books and other materials before they could be restituted to their proper owners.

The disposition of the books that could not be restituted, the heirless or unidentifiable materials, came after long negotiations and serious thought by the responsible military authorities and interested civilian institutions. The transfer of the remaining books to the Jewish Cultural Reconstruction, Inc. was a fair and thoughtful resolution, one that ensured that the texts and cultural items stolen by the Nazis from Jewish libraries and collections throughout occupied Europe, centers of Judaism that had been wiped out by the Nazis, would continue to serve their intended purpose. Of the more than 150,000 items distributed in the United States by the JCR, the Library of Congress received 5,708. The new centers of Jewish life and learning in the United States and Israel, the communities they served, and a couple [of] dozen Jewish libraries were the benefactors of this operation.

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\*Prepared by Stuart D. Goldman, Specialist in Russian Affairs, Foreign Affairs, Defense, and Trade

Division.

<sup>1</sup>Conversation with Dr. Robert G. Waite, Senior Historian and principal OSI investigator in this matter, November 18, 1999.

<sup>2</sup>Conversation with Kenneth Klothen, Executive Director, PCHA, November 18, 1999.

<sup>3</sup>Discussions with PCHA and LOC officials, November 1999.

<sup>4</sup>The Handling of Looted Books in the American Zone of Occupation, 1944-1951: A Draft Report Prepared by the Office of Special Investigations, U.S. Department of Justice, September 1999, p. 1-2, 53-55, reproduced with permission of the author, Robert G. Waite.

<sup>5</sup>The records of the Monuments, Fine Arts & Archives Section are part of Record Group 260 of the collections of the National Archives, Washington, DC, and the materials from the Mission are held as the "European Mission and Cooperative Acquisitions Project," Library of Congress, Manuscript Division, Washington, D.C.

<sup>6</sup>On the end of these operations, see "Subject: Liquidation of Property Division," Office of the U.S. High Commissioner for Germany, June 27, 1951, NA RG 260, Box 66.

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**NARA APPROVED**

5/19/00

March 2, 2000

To: Gene Sofer

From H.B. Junz

Following my meeting with you and Ken yesterday, I want to clarify the status of Jonathan's MacMurray's "Second Comprehensive Draft" of the paper on U.S. Control of Non-Gold Financial Assets in Europe, dated February 11, 2000. As it was the treatment of this paper that triggered our discussion, I would like to be sure that I am clear about the follow-up.

As you well know, Sebastian Saviano and Greg Murphy had put together a first basic "what do we know" paper, which all of us agreed provided only the raw material for an eventual paper on this topic. You assigned Jonathan MacMurray to do the necessary in that respect. At that stage I believed that Jonathan would do so under my supervision and as part of the team. Accordingly, we had a meeting at NARA in which the team as it then existed, plus John Bendix, who we thought would join the team part-time and Bob Grathwol participated. I had suggested a new outline to which everybody agreed and an initial deadline of January 17 was set. Around that date Jonathan informed me that the work involved would not allow him to meet that deadline, in particular as he wanted to include additional material drawn from pre-occupation documents. I suggested to him that he first proceed with the material at hand, filling gaps in that as needed, as I did not believe that the earlier documents would add much value and time was fleeting. I also asked him to provide with his new outline as soon as possible so that I could give him comments/guidance. I never heard from him again.

I finally received his draft, which as I noted was dated February 11, on February 16 through your good offices. While the paper hewed to the general outline we had agreed, I found it sloppy in detail, lacking in analysis and assertive in its general description. Most disturbing, it made no connection to the victims' assets, the assessment of the handling of which after all is our mandate. In short, even with correction of the errors of fact, I did not believe it was ready to be sent out. I did tell you so, saying in fact that I found it unacceptable, on the 24th after my arrival here and I thought we agreed that I would talk to Jonathan – in relatively gentle terms – about rewriting the paper after the Commission meeting of the 29th. In the meantime I also found that the paper had not been seen by either Sebastian or Greg, so that there was no review by anyone thoroughly familiar with the base material. Thus I was rather startled to hear at the Commission meeting that the draft had been circulated to the Commission members on the Financial Assets Advisory Committee. It would only be logical to think that these members would believe the paper had, if not been developed under my guidance, at least been commented on by me. Needless to say, that given my assessment of its quality, this is profoundly embarrassing to me.

As you know, I shared with you and Ken as early as last September my feeling that the production of quality material in an efficient manner could not really be achieved with part-time supervision, even under the best of circumstances. And you, indeed, agreed with me. Obviously, the situation becomes even more difficult when the line of communication breaks down. We now

agreed that I would concentrate on a number of specific topics until they are ready to be given to the writing team and basically act as advisor.

However, that leaves open the question of what should now happen to the Financial Assets paper. Your guidance would be much appreciated. Would you also please let me know who now are the members of the Financial Assets Advisory Committee – there were a number of people who first signed up for several Committees and subsequently chose the one they wanted to stay with. I never saw a final list. I know Neil Wolin chairs and Lerman and Roman Kent were on it. Is that all? Also, was the paper sent to anyone else, e.g. my expert group? I would appreciate seeing comments when they come in.

*Greg P/B*

Subj: Re: update  
Date: 00-03-21 09:18:05 EST  
From: M.Raber@12move.nl (Marion Raber)  
To: Gscmurphy@aol.com

Dear Greg: Thanks. I sent Gene two e-mails as follows:

Dear Gene: Greg tells me you would like to see the Austria draft. Of course that is your choice, but it is a first draft and I have only just read it. I think it is only fair, as in all other cases, to wait until the draft is in a more finished, though not yet final form. I think it best to wait for the next version, probably in ten days as I expect people to be working flat out on the financial assets paper - that is if they get Laura's help. I will tell Greg. Best regards, Helen  
Dear Gene

I promised I would send you an e-mail re what I thought had been agreed on the workplan.

First, we agreed that I together with Sebastian, Greg and Laura would redo the paper on Financial Assets in Europe. As you know, your preferred timeschedule is very tight and we only have hope of meeting it, if, indeed, everything works as planned.

We do need at least one more week of research on the topic, that week needing to be upfront; and it can be done only if we can get the help of Laura for that week. You told me that would be o.k.

I, therefore, expect to get the necessary input by the end of this week and we then will see how fast we can proceed.

After that we will return to the work on to the Foreign Funds Control issues as well as the Alien Property Custodian/Office. as we had agreed. I therefore was surprised to hear that Bendix had been assigned the FCC chapter and was asking for input. I imagine he had not been advised as yet. I did talk to Powers - he will never set fire to anything - unless by accident - but I suppose we do not need that. He expected to start on Monday (today) and I suppose he is on board. I had told him that I wanted him to start on the FCC material that we still have to pull at NARA and arranged for him to get Abby's background material. He should be pulling this under Greg's tutelage. However, if you have decided that you want Bendix to do the FCC rather than us - please let me know and I will back off.

Greg reports from your Thursday meeting that Marc complained that I was preventing him from working on coins - frankly, I could not care less who does it as long as it gets done - and I definitely told him so. I told him also that Sebastian and Greg had done some work on the issue, but that I would be happy to have them hand it over. So I do not know what he is about on this issue.

I will be back in London by Wednesday morning - so you can reach me at the above address through tomorrow. I have been, as agreed, searching through the Dutch financial attache's files for FCC documentation and, in fact, am finding quite a lot of illuminating stuff - I intend to return to finish this off on my way back to Washington in the third week of April.

Best regards, Helen

I think these are self-explanatory. Re Weiss: he is Michael Weiss, a Hungarian and there is a thick file in the OAP boxes that had been called out by Lucille and that I looked at also - the outside of the box shows that one of the files is called Weiss/Vince. I thought I gave you these

designations before - I need the full reference for citation as well as a copy of the part that says what happened to the \$492,000 City Bank deposit in the end.

Please also let me know whether this guy Dan Powers ( I think that is his name) showed up. He is supposed to have reported on Monday and to start work looking at the State Dept. FCC and other remaining FCC files - but of course not if Bendix takes this over. Please do not do any work for Bendix - let me know if there is a request and please pass this on to Abby and Sebastian as well. If it comes from Gene, you cannot deny him, but please let me know immediately. Thanks. Regards, Helen

— Original Message —

From: <Gscmurphy@aol.com>

To: <M.Raber@12move.nl>

Sent: Friday, March 17, 2000 2:14 PM

Subject: update

> Helen:

>

> Milt Gustafson tells me that an Austrian journalist told him that Sy Rubin recently told her that George Weis was a Czech Jew who worked in Nuremburg.

> That's all I know so far.

>

> I'm tired of those all-day meetings. Sebastian went in the morning; me in the p.m. A word of caution: Marc loudly complained to Gene - something about you not letting him do research on Coins. I didn't know what he was talking about. Also, Gene had this impression that we didn't cover FED dispositions. I didn't answer at first because I didn't think he was serious. Then I told him we touched upon it in our Draft, but that we'd revisit the issue next week for any further info.

>

> No word on Laura assisting us next week.

>

> Gene wants the draft on Austria. Should I give it to him or do you want me

> to rework it some more?

>

> WJC/Cincinnati: Do you want to lobby for a Financial Assets team representative to go?

>

> Laura gave me some material she found on Italian assets in RG 56.

>

> Bendix is going to write the chapter involving FFC. I gave him a copy of Abby's Fall '99 paper.

>

> Best Regards,

>

> Greg

>

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Headers

Return-Path: <M.Raber@12move.nl>

Received: from rly-yh03.mx.aol.com (rly-yh03.mail.aol.com [172.18.147.35]) by air-yh04.mail.aol.com (v70.19) with ESMTP; Tue, 21 Mar 2000 09:18:05 -0500

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PRESIDENTIAL  
ADVISORY COMMISSION  
ON HOLOCAUST ASSETS  
IN THE UNITED STATES

## PRESIDENTIAL ADVISORY COMMISSION ON HOLOCAUST ASSETS IN THE UNITED STATES

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Edgar M. Bronfman  
Chairman

Kenneth L. Klothen  
Executive Director

April 6, 2000

Summer Senior Scholars Project  
Attn: Ms. Penny Asay  
Office of Dean of Undergraduate Studies  
2130 Mitchell Building  
University of Maryland  
College Park, MD 20742

Dear Ms. Asay:

As Daniella Doron's supervisor at the President's Commission, I can say that I am very impressed with her abilities as an intern and as a person. She cheerfully accepts assignments and carries them out well. Although she was originally hired to perform such basic chores as data entry and copying, it was soon obvious to me that she could handle more responsible tasks as abstracting documents and doing actual research and analysis. I have the utmost confidence in her abilities.

Daniella also possesses the gift of getting along with everybody on the staff very well, a notable characteristic on this Commission, due to the diverse personalities and backgrounds of the various members.

I strongly believe Daniella would be a valuable asset to any organization or project she joins. She has truly been a pleasure to work with and is a credit to the University of Maryland, something for which, as an alumnus, I am proud.

Sincerely,

Gregory J. Murphy  
Senior Historian



APPROVED



policy emerged it subordinated, again for very good practical reasons, making good to individuals - who throughout the Hitler years had been stripped not only of their assets, and too often their lives, but also of their individuality - to making good to the community of victims. The choice of what was practical in favor of what were the rights of individuals is the thread that runs through the formulation and implementation of post-war restitution during the entire twenty year period from its inception through the early sixties, when it was thought the chapter could be closed, at least as far as the US Government's involvement was concerned.

2. Early policy development In the early days of the war the first concern with regard to looted assets was to prevent the Axis from using them in support of their war effort. This is what motivated the Allies and their associates eventually to issue a formal warning to any would-be buyer that they would not recognize the transfer of title of looted assets. □ This warning, issued on January 5, 1943 and known as the London Declaration, formed the basis on which post-war seizure of looted assets and restitution policy came to rest. It provided that: "the Governments making this Declaration and the French National Committee reserve all their rights to declare invalid any transfers of, or dealings with, property, rights and interests of any description whatsoever which are, or have been, situated in the territories which have come under the occupation or control, direct or indirect, of the Governments with which they are at war, or which belong, or have belonged, to persons (including juridical persons) resident in such territories. This warning applies whether such transfers or dealings have taken the form of open looting or plunder, or of transactions apparently legal in form, even when they purport to be voluntarily effected." Amid the haggling among government departments within the United States and between the Allies regarding the locus and the sharing of core responsibilities, the question of restitution remained in the background. Thus, the first formal policy guidance for the establishment of military government in Germany, contained in a pre-surrender directive (CCS 551 sent to Gen. Eisenhower April 28, 1944), confined itself to establishing that "all property in the German territory belonging to the German Reich or to any country with which any of the United Nations are at war will be controlled directly or indirectly pending further instructions". □ Though planning for the post-surrender period had progressed, controversies over the principles upon which further directives and draft laws shaping the flow of policy from military government to civilian administration of occupied Germany continued to delay final decisions. Disagreement centered primarily on post-war treatment of Germany: did democratization and stability of a new Germany rest upon economic rehabilitation or did pacification of Germany require destruction of its industrial potential (the Morgenthau Plan). This also prevented the final approval of the Handbook for Military Government, developed in a joint British-U.S. endeavor during the first half of 1944. It contained, inter alia, proclamations, ordinances and laws, including those dealing with the aftermath of National Socialism. Among these, what was to become Military Government (MG) Law 52, while harking back to the London Declaration, broke new ground by including specific language regarding assets eventually to be restituted to victims of National Socialism. The first version of MG Law 52, dealing with blocking and control of property, was promulgated September 18, 1944 during the advance of the Allied Armies through France toward Germany. It specified in para.1 what property was to come under the control of the Military Government and went on in para.2: "Property which has been the subject of

duress, wrongful acts of confiscation, dispossession or spoliation from territories outside GERMANY, whether pursuant to legislation or by procedures purporting to follow forms of law or otherwise, is hereby declared to be equally subject to seizure of possession or title, direction, management, supervision or otherwise being taken into control by Military Government.”

This language, thus, was confined to what later came to be called “external restitution”, that is the return of assets found in Germany to the countries or territories from which they had been looted. Effective July 14, 1945 an amendment of para.2 dropped the phrase “from territories outside GERMANY” opening the way for “internal restitution”, i.e. the return of assets looted within Germany. □ MG Law 52, though it did not specify restitution principles, in essence became the granddaddy of restitution law generally.

While differences about occupation policy delayed decisions within the U.S. Government and between the Allies, the possibility of an early surrender, that would leave much of Germany’s economic and administrative capability intact, was receding rapidly. This motivated Gen. Eisenhower to ask for more articulated direction than contained in CCS 551. Within a month a “Directive to SCAEF (Supreme Commander Allied Expeditionary Forces) Regarding the Military Government of Germany in the Period Immediately Following the Cessation of Organized Resistance”, later to be known as JCS 1067, was readied for approval by the Joint Chiefs of Staff. Being yet again an interim directive, it was able to satisfy both Treasury and State Department, though it appeared to lean toward the harsh policy stance advocated by Treasury. However, JCS 1067 was a U.S., not an Allied Forces document. Accordingly, it was not formally issued until April 28, 1945 and then to Gen. Eisenhower as the Commanding General of the US Forces of Occupation and ordered him in para.48:“ Subject to any agreed policies of the Control Council, ... 1) You will impound or block all gold, silver, currencies securities, accounts in financial institutions, credits, valuable papers and all other assets falling within the following categories; ..... 2) Property which has been subject of transfer under duress or wrongful acts of confiscation, disposition or spoliation, whether pursuant to legislation or by procedure purporting to follow forms of laws or otherwise. 3) Works of art or cultural material of value or importance, regardless of the ownership thereof... In the case of property blocked under 2) above, you will institute measures for prompt restitution, in conformity with the objectives stated in paragraphs 4 and 5 and subject to appropriate safeguards to prevent the cloaking of Nazi and militaristic influence.” □ JCS 1067 thus reiterated the intent and largely the language of both the London Declaration and MG Law 52, but for the first time added language regarding restitution. The Department of State released JCS 1067 to the press on October 17, 1945, adding an introductory statement that explained that in those cases where policy statements in the Directive differed from those in the Potsdam Agreement of August 2, 1945, the latter would rule.

The Potsdam Agreement itself, in reaching compromises to bridge the hard vs the softer policy options regarding Germany’s economic structure, carried internal contradictions. As a consequence, it provided room for a more fluid interpretation. Thus, by December 12, 1945, the State Department issued its statement of economic policy toward Germany for the guidance of the U.S. occupation authorities. While reiterating that the fundamental policy was contained in the Potsdam Agreement, it interpreted the language regarding economic provisions to mean that, following the limited period of reparation removals (to be completed by February 2, 1948), Germany should have regained a standard of living

that would approximate that of the period 1930-38. Removal of industrial plant for reparation purposes should not be such as to impair Germany's ability to produce a sufficiency of exports to pay for essential imports. The regaining of control over its economy would be subject to residual limitations as the occupying powers might impose. These, however, should be "designed solely to prevent rearmament and not to restrict or reduce the German standard of living". □ The view that political stability and democratization in Germany required in turn economic stability and renaissance and, therefore, set limits to the reparations potential soon would lead also to constraints on full and prompt restitution of assets to victims of Nazism.<sup>3</sup> What was meant by "Restitution" and who was a "Victim"? a) "Restitution" in terms of the mandate of the Commission means the return to their owners, or heirs, of property taken from Nazi victims through, in the words of the London Declaration, "open looting or plunder or by transactions apparently legal in form even when they purport to be voluntarily effected." However "restitution" in this sense came into play only once the amendment to MG Law 52 cited above opened the way to "internal" restitution and then only a limited form. That is, it applied overwhelmingly to real property and to some extent to the ownership of still existing businesses within Germany. In all other respects, "restitution" meant the return to the relevant governments of property taken from countries or territories outside Germany. And here again, the return of property to its location of origin was limited. The Allies' commitment to restoring ownership rights already early on came into conflict with the expressed need to reserve Axis assets for reparation claims. The latter meant ensuring that, while dismantling war-making potential, Germany retained sufficient capacity to allow economic rehabilitation to reach a level of self-sufficiency. On this there was a meshing of interest of Great Britain and the United States, the two Allies for whom restitution was a moot point. Britain, left impoverished by the war wished to be assured of a certain level of reparation and the United States was concerned that the bill for any shortfall from German economic self-sufficiency would in the end fall upon its taxpayers.

This view was expressed repeatedly and forcefully in Allied policy discussions and was reflected tellingly in a letter on U.S. policy in Germany from General Clay to Maj. Gen. Echols, □ dated July 19, 1946, in which he relegated restitution to the section on reparations and dealt with it as follows: "The United States is prepared to support restitution measures for identifiable items brought into Germany by force from the occupied areas during their occupation. It is not prepared to consent to the replacement of such items which cannot be located now at the expense of reparations or at the expense of a minimum German economy ...". □ It was further sharpened when the advent of the Cold War made it clear that Germany for the foreseeable future would not function as one economic unit, thus requiring an upward revision in the Western Zones of the levels of industrial capacity agreed upon for Germany as a whole at Potsdam. Thus, with formerly occupied countries seeking to restore their productive capacity as fast and as much as possible through restitution from Germany, with Britain seeking to garner a goodly share of Germany's external assets as reparations so as to shore up its virtually non-existent capability to pay for necessary imports, and with the United States looking to contain its expenditures in Germany, it was not surprising that little explicit attention was given to restoring their property rights to the multitude of individuals against whom the Nazis had waged a separate war. This does not mean, however, that no thought had

been given to the subject or that the extent of and the difficulties attaching to the issues involved were not known. First, as early as 1943, with the liberation of North Africa, the French National Committee of Liberation and the administrative authorities in Algeria, Morocco and Tunisia were faced with the problems of undoing the anti-Jewish measures imposed by Vichy and/or the Germans. While a decree promulgated by General Giraud, as head of both the French military and civil administration in North Africa, nullified all anti-Jewish laws and regulations adopted after June 22, 1940, actual re-instatement of employment and ownership rights raised a multitude of questions. Most of these were resolved pragmatically and, as such, mainly at the cost of the original owner. Thus far we have found no evidence that would indicate that the experience gained in North Africa concerning restitution as applied to Nazi victims entered in any way into the preparations for the ultimate defeat of the Axis, or indeed into any discussion of these matters after the occupation of Germany and Austria. Second, in 1944, the World Jewish Congress published a study by Nehemiah Robinson, that put the level of dispossession of the Jewish population in Nazi-dominated countries at roughly \$ 6 to \$ 8.6 billion. □ While one might quarrel from today's vantage point with this result or the method used to obtain it, it proved a valuable indicator of the magnitudes that were involved. In the same year, on May 31, 1944, the Interdivisional Committee on Reparation, Restitution and Property Rights (Greg to check membership) issued its Final Report. On individual rights to restitution it enunciated the principle that "individual claimants should look for satisfaction of their claims solely to their national governments". □ The Committee expressed its conviction that the governments of liberated countries "will undoubtedly take the necessary steps for invalidating transfers made under duress." Similarly, it stated that with respect to looted property removed to neutral countries "Every effort must be made to prevent the neutral States from defeating the restitution program by permitting their territory to be used, in effect, as a refuge for stolen goods". All these points were subsequently incorporated in the international agreements and U.S. practices governing restitution. With regard to Nazi victims who were or had been German nationals, and to stateless persons resident in Germany on or before September 1, 1939, the Committee foresaw no reinstatement of ownership right: Germany was to make payments in aid of resettlement of Nazi victims and an indemnity, up to some moderate maximum per person, in lieu of restitution. This maximum "should be identical for all claimants regardless of the amount of loss" and would apply to "people dispossessed of their property since the inception of the Nazi regime through discriminatory measures relating to racial and religious minorities". Despite the largely known extent of dispossession there thus was no thought of actual reinstatement through internal restitution. Restitution for those not able to claim through their own governments at that time was considered only in terms of aid for resettlement purposes. And that remained a focal point through the early months of the occupation period. b) Who was a "Victim" of the Nazi regime? As long as no explicit recognition was given to the need to allocate resources – either their own through restitution and/or internationally mandated funds – for the support of Nazi victims, the question of who was covered by the term was dealt with pragmatically. Thus we find a first definition this sort in the January 14, 1946 Final Act of the Paris Conference on Reparation. Art. 8 of the Act, which allocates "a Reparation Share to Non-repatriable Victims of German Action", stipulates that benefits "shall be restricted to true victims of

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Nazi persecution and their immediate families and dependents". □ Concern about the difficulty of limiting support to actual Nazi victims was not surprising in view of the staggering number of people who the war had turned into flotsam. When hostilities ended, the Allied Forces were faced with more than 7 million displaced persons (DPs) in Germany, Austria and Italy. □ By end-September 1945 they had repatriated over 6 million, a logistic miracle. At that time, there remained about 1.5 million DPs of which only 7.5 percent, or around 113,000, were Jews. However, the DP population was continually being swelled by a stream of refugees from the East, whose only common denominator was that they wished to come West. Given the mixed motives for flight, it is understandable that at the Paris Conference, the U.S. originated proposal to set aside funds to support non-repatriable Nazi victims met with considerable hostilities from some quarters. The Czech and Yugoslav participants held that DPs from their countries were not non-repatriable, on the contrary, they "were traitors, whom they were anxious to have back to hang them". Vetting the background of Dps, however, was not an option and a clear definition of what was meant by "true victims" remained lacking, though the implication, at least with respect to nationals of formerly occupied countries, was that this designation was confined to persons "who were victims of Nazi concentration camps established by regimes under Nazi influence but not including persons who had been confined only in prisoners of war camps". With respect to refugees from Germany or Austria or their nationals still resident in these countries no definition was given. This was left for the Inter-Allied Reparation Agency (IARA), established by the Paris Conference to implement the reparation agreement. IARA formulated a clearer and quite restrictive definition as part of its rules for accounting for German external assets held on the territories of signatory countries. □ This definition specified that ex-belligerent enemy victims were those who met the following five conditions: - they had suffered deprivation of liberty under discriminatory legislation; they had not enjoyed full rights of citizenship since September 1, 1939; they had emigrated or proposed to emigrate; they did not act against the Allied cause during the war; their case merited favorable consideration. □ Again, it was deprivation of physical liberty that was part of ruling evidence. Application of the rules explicitly excluded those who had been in hiding and/or managed to survive undetected in other ways as well as dependents of those who had perished in concentration camps. While this definition was applied by the British in releasing assets taken into control under their Trading with the Enemy provisions, U.S. criteria were more liberal. Public Law 761, dated August 1946, provided for the release of assets of Nazi victims held by the Alien Property Custodian. For this purpose, victims were defined as persons whose civil liberties had been denied through discriminatory measures imposed by the Nazis. But this definition did not carry through to other areas of restitution policy. Thus it was only later that the phrase "victims of the Nazi regime" came to mean broadly those whose civil liberties and property rights had been curtailed by discriminatory laws and regulations imposed by the regimes in Nazi-dominated countries. It is this definition that is being employed for purposes of research conducted on behalf of the Commission. The consequences of the use of more restrictive definitions that at various times governed the taking into control and release of various classes of assets is the subject of subsequent research papers and may well be an element in the consideration of the recommendations the Commission may wish to formulate. 4. Post-war policies .

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D. P. ...  
Because  
not  
committed

By the time the Conference on Reparation from Germany was convened in Paris – November 9 – December 21, 1945 – a large amount of assets looted from occupied countries and from persecutees within Germany and Austria had been uncovered and taken control of by the Allies. Including gold looted from Central Banks, the U.S. Military authorities alone held “the largest single collection of wealth in the world with the possible exception of that held at Ft. Knox, KY. The gold holdings alone are second only to those of Ft. Knox.”□. But a clear restitution policy still had not emerged. The Paris Conference relegated to an Annex a resolution on the subject of restitution, which, in turn, dealt only with restitution of assets looted from occupied countries. It codified that restitution should be “...confined to identifiable goods, which existed at the time of occupation ...and were removed with or without payment” or “...were produced during the occupation and removed by an act of force.”□ An exception was made for objects of artistic, historical, scientific, educational or religious character which, if not restored, were to be replaced by equivalent objects. Again, there was no word regarding assets looted from persecutees. The presumption was that any private property among the assets returned to occupied countries would be restituted by the governments concerned. This, however, left out all those victims who still remained in Germany and Austria, inside and outside DP camps, and those, who had been able to escape earlier, but had been dispossed. As noted above, the Paris Conference, in Art.8, made some provision for non-repatriable victims of Nazi action. But this formed part of the agreement on reparation and, indeed, did not concern itself with restitution. This was recognized in the final paragraph of Art.8, which stipulated that nothing in the Article should prejudice the claims individual refugees might have against a future German Government. Funds to be made available were for the rehabilitation and resettlement of those Nazi victims ineligible to receive assistance from any government claiming reparation from Germany. For this purpose all the non-monetary gold held by the Allies in Germany was to be set aside as well as a portion, not to exceed \$25 million, of the proceeds of German assets held in neutral countries, which were available for reparation payments. Furthermore, governments in neutral countries “shall be requested to make available (in addition to the \$25 million) assets in such countries of victims of Nazi action, who have since died and left no heirs”. Thus, except for the \$25 million share in potential reparation assets, it was victims’ own assets that were allocated for rehabilitation purposes. This was acknowledged by participants who reckoned that the non-monetary gold portion consisted largely of items seized from Jews.□ It was further confirmed in the agreements reached on June 14, 1946 by the United States, France, Great Britain Czechoslovakia and Yugoslavia, who had been mandated by the Paris Conference to agree implementing measures. They decided inter alia that 95 percent of the heirless assets that were to be mobilized in support of non-repatriable victims should flow through the American Jewish Joint Distribution Committee and the Jewish Agency for Palestine and instructed the Intergovernmental Committee on Refugees, the holder of all the funds, to that effect. By this action the Conference established the principle that heirless would be restituted to designated international and/or successor agencies. □ G-3 Brief, 18 Sept. 1941, as cited by Earl F. Ziemke, *The U.S. Army in the Occupation of Germany, 1944-1946*, Center of Military History, United States Army, Washington, D.C., 1975, p.5. In the United States, Col. Irwin L. Hunt in his 1920 report on American Military Government of

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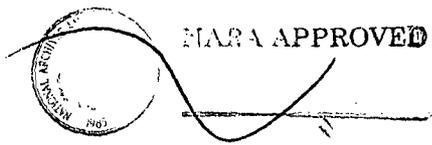
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Occupied Germany, 1918-1920, stated that the U.S. occupation forces "lacked both training and organization to guide the destinies of nearly one million civilians..." But little was done until the publication of two field manuals, FM 27-10, The Rules of Land Warfare and FM 27-5, Military Government in 1939 and 1940, resp. Still, this fell far short of the kind of civil affairs training that would shortly be needed. □ See for example Ziemke, op.cit. □ Signatories were, in addition to the United States, Great Britain, the USSR and the French National Committee, the Union of South Africa, Australia, Belgium, Canada, China, the Czechoslovak Republic, Greece, India, Luxemburg, The Netherlands, New Zealand, Norway, Poland and Yugoslavia, collectively known as the United Nations. □ Combined Chief of Staffs (CCS) Directive 551, April 17, 1944, Directive for Military Government in Germany prior to defeat or surrender, NACP, RG 218, Entry 2-Geographic Files, File CCS 383.21 Germany, Box 68. □ Military Government Gazette, United States Zone, Issue A, 1 June 1946, published by Office of Military Government for Germany (US), pp. 24-27. □ Department of State, Bulletin, Vol. XIII (1945), pp. 596-607. Paras. 4 and 5 contained, in part, the following: para.4 d. "Other Allied objectives are to enforce the program of reparations and restitution, to provide relief for the benefit of countries devastated by Nazi aggression, and to ensure that prisoners of war and displaced persons of the United nations are cared for and repatriated." Para. 5 a. states in part: "...you will be guided by the principle that controls upon the German economy may be imposed to the hat such controls may be necessary t extent that o achieve the objectives enumerated in para.4 above, ...." □ Department of State, Bulletin, Vol. XIII (1945), pp. 960-965. □ will be guided by the principle that controls upon the German economy may be imposed to the extent that that such controls may be necessary to achieve the objectives enumerated in para.4 above, ...." □ Chief Civil Affairs Division, War department, a close friend of Clay's. □ The Papers of General Lucius D. Clay, edited by Jean Edward Smith, Indiana University Press, Bloomington, 1974, p.236. □ Nehemiah Robinson, Indemnification and Reparations, Institute of Jewish Affairs of the American Jewish Congress and World Jewish Congress, New York, 1944, p.83. □ NACP, RG 226, Entry 27, Box 2, Final Report of the Interdivisional Committee on Reparation, Restitution and Property Rights, Reparation Memo 29, May 31, 1944. □ Department of State, Bulletin, Vol. XIV (1946), January 27, 1946. □ This excludes, by definition, German nationals and ethnic Germans. The numbers obviously can only be rough estimates. They are drawn from Leonard Dinnerstein, America and the Survivors of the Holocaust, Columbia University press, New York, 1982 and the Reports of The Displaced Persons Commission, 1949 to 1952, U.S. Government Printing Office, Washington, D.C. □ Participating countries were: Albania, United States, Australia, Belgium, Canada, Denmark, Egypt, France, United Kingdom, Greece, India, Luxembourg, Norway, New Zealand, Netherlands, Czechoslovakia, South Africa and Yugoslavia. Note that the Soviet Union did not participate. Only five countries signed on January 14, however these were sufficient to bring the agreement into effect. They were: United States, France, United Kingdom, Netherlands, Belgium, Yugoslavia and Luxembourg. □ IARA Accounting Rules approved November 21, 1947 as cited in British policy towards enemy property during and after the Second World War, History Notes No. 13, Foreign and Commonwealth Office, London, April, 1998. □ NACP, RG 260 FED B 394, 24 January 1946, Capt. McCarroll to Executive Officer, Finance Division. "In the main vault,

through the wire netting which divides it into compartments, may be seen rooms filled with gold bars stacked three deep from wall to wall. Bars average a weight of about 25 pounds, and their value is about \$12,500 each. In one cage is a nugget approximately the size of a grapefruit and said to be the largest nugget in the world. In another is the gold of the German Foreign Office, called the Ribbentrop gold. In another is virtually the entire Hungarian gold reserve. Still another compartment houses boxes of diamonds of all sizes and specially processed metals... There are also some 600 pounds of gold tooth-fillings said to have been extracted from the mouths of murder camp victims.... Department of State, Bulletin, Vol. XIV (1946). Nazi Gold: Information from the British Archives: Part II History Notes No. 12, Foreign and Commonwealth Office, London, May 1997, p.35. PAGE PAGE 12 DATE \@ "dd/MM/yy" 07/02/00 TIME \@ "HH:mm"

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CRB

April 27, 2000

To: Gene Sofer

From Helen B. Junz

Re: History Associates' Research Plan

Please find below my comments on HAI's research proposal, dated today. They are divided into two parts, a) comments on the annotated topics and b) a modest additional request. The latter is motivated by the fact that I did not have an earlier opportunity to provide input – I hope that will not necessarily put that request, if you chose to include it, at the end of their action program.

a) Annotated task proposals.

**Task 1.** I am in full agreement with the need to research this topic generally. However, I have some concern about the phrasing. We need to go beyond "international agreements" or "diplomatic agreement" on restitution of assets to individuals. We know that there was US concern that governments might not necessarily pass restituted assets on to their rightful owners. Accordingly, they sought to obviate this concern in various ways running from treaty obligations to simple understandings; however, I do not believe they ever achieved "international agreements" as both the Soviets and the French were reluctant to sign on. Thus, what we seek is evidence, in addition to the documentation we already have, that undertakings to retribute to in rightful owners were exacted and, most important, evidence of any follow-up: while, as noted, we have some evidence on the former, we have found nothing so far on the latter.

If it is understood that the more restrictive language of the proposal actually includes these somewhat broader aspects, please ignore this comment.

**Task 2.** We have in possession, stamped and all, all the documents of a number of the Jewish adviser to General Clay (the Jewish adviser was attached to the General, not to OMGUS) currently held in the Jacob Rader Marcus Center of the American Jewish Archives in Cincinnati. Of course, we cannot be sure that this is a full collection of their reports. I suspect that any missing pieces may be found in the AJDC archives. A further search at NARA may prove quite time consuming (i.e. expensive) as we are reasonably sure, having looked ourselves and engaged all the even remotely relevant archivist of NARA in the search. What we had found, and what made us initiate a fuller search, were a couple of copies in the boxes of apparent recipient entities. A distinct collection may, given the efforts already made, be hard to find. Therefore, I suggest this be put toward the bottom of the priority list, not only awaiting a further search at the AJDC, but also because the material we have may well be sufficient in the first instance.

**Task 3.** Only one comment: I would urge the emphasis be on finding the base material that would allow us to assess the relative importance – or otherwise – of assets, by asset class, entering the US in circumvention of the import and licensing requirements. Preferably, of course, also with indications of whether these were likely victim-owned. This, in turn, would help us in determining how much unclaimed property there may have been outside the Federal purview. The extent of misappropriation by military personnel would be of lesser importance in the scheme of things, especially as it would be hard to identify victims' assets among misappropriations. However, the annotations imply that the search very much will concentrate on fraud by military personnel. At a minimum I would suggest that priority be

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HOLOCAUST ASSETS Commission

FINANCIAL ASSETS

given to examining Customs and Fed files, court cases on smuggling of financial assets, art, and precious stones, etc. and that the Court martials, etc. be given a lower ranking urgency.

**Task 4.** I thought we already determined that the IRO material we seek is not in the UN Archives – is it worthwhile to try and confirm that?

**Task 5.** Great – but could HAI discuss these leads with us before engaging on this tremendous task?

**Task 6.** We have a relatively extensive account of the facts of restitution policy in Austria – so the emphasis of any further research should be on implementation.

**Task 7.** No comment.

**Task 8.** No comment.

b) Additional tasking .

We have done little, actually virtually no, research into Allied Control Council and associated entities' documents on the topics of interest to us. US positions within these entities, against the background of those held by the other Allies, could yield additional valuable insights.

cc. K. Klothen

L. Mounts

M. Masurovsky

C. Akinsha

2/10/09  
7 Look at War Claims Funds - Sec.

6/02 - Look for OAP/Boeing in NARA

Call Sarah & Sarahes  
for  
book

- throw related HAI work into Helen  
& Gene

- FT: Finance Ministry Archives  
Humanaid Archives

- Book - on CITAVE Bistio  
Cimano, et al  
BIOGRAPHY

→ Allison - working on  
stuff sent back to Germany

→ Joe/Jonathan Paper 75 in Drafts "S" DRIVE

→ Colin - RESTITUTION Chronology

→ Tom - Drafts/PROGINS

→ Charles - material on Kurt Section

Comments



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**Presidential Advisory Commission on Holocaust Assets  
Draft Outline  
Final Historical Report**

**I. Introduction**

**A. Mandate and Mission**

1. Global effort/national commissions
2. Impetus and mandate for the Presidential Commission

**B. Methodology of the commission**

**C. The statute and questions of policy**

1. Dates covered
2. Definition of United States control (in U. S. and in Europe)
3. Definition of victim
4. Delineation of assets
5. Definition of restitution

**D. What others have done**

**II. Background and context**

**A. The general environment that conditioned U. S. attitudes**

1. Nazism in Germany (1933-40s)
  - a) Nuremberg Laws
  - b) Aryanization
  - c) Nazi policies of extermination
2. Public tenor in the United States
  - a) U. S. domestic atmosphere
    - i. Depression
    - ii. Isolationism and Roosevelt
    - iii. Attitudes towards refugees from Nazism
  - b) The course of foreign political events
    - i. Molotov-Ribbentrop Pact
    - ii. Nazi attack on Russia and Anglo-American support of the Soviet Union
    - iii. Primacy of maintaining the alliance to defeat Nazism
  - c) Europe and Germany from Invasion to 1955
    - i. Nature and extent of destruction and dislocation
    - ii. Refugees in Europe, esp. U.S. Zones in Germany and Austria
      - 1) Numbers and movement of peoples
      - 2) Jews and other inmates of Nazi concentration camps
      - 3) International relief organizations
      - 4) The refugee population and its internal organizations
      - 5) Problems of supply and support

- d) Occupation governments in Germany and Austria
  - i. Sequence and structure
  - ii. Priorities
  - iii. Differences between Germany and Austria
- e) Postwar attitudes in the U.S. towards Germany and Europe
- B. The agencies that took control of victim assets for the United States Government
  - 1. Before the war
  - 2. During and after the war in Europe
- C. Policy for the controlling agencies: where it originated and how it developed
  - 1. Under Roosevelt
  - 2. Under Truman
  - 3. Competition among bureaucracies and other influences

**III. The universe of assets subject to U. S. control** [The Sec 10]

- A. Assets under U.S. control
  - 1. Art and other cultural property
  - 2. Axis monetary gold, stashes, and the Tripartite Gold Commission
  - 3. Financial assets in Europe
  - 4. Financial assets in the United States
- B. Estimates of victim's assets looted by the Nazis and received by the United States
  - 1. What others have said
  - 2. What we have learned
- C. Estimated percentage of victim wealth passing into or through U. S. hands

**IV. How the assets came under U. S. control**

- A. Assets in the United States
  - 1. Secretary of the Treasury and his office
  - 2. Foreign Funds Control
  - 3. Alien Property Custodian and Office
  - 4. Customs Service and Post Office
  - 5. Roberts Commission
  - 6. Federal Reserve Banks
  - 7. Navy and Coast Guard
- B. Assets in Europe: Armed Forces
  - 1. Tactical troops
  - 2. G-5 divisions/sections
  - 3. Museums, Fine Arts & Arts divisions/sections and other special agencies
  - 4. Office of Military Government, United States (OMGUS) (Berlin)
  - 5. OMGUS in the three *Länder* (Bavaria, Greater Hesse, Wurttemberg-Baden)
  - 6. Theater commands

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- 7. Intelligence agencies – military and civilian
  - 8. Target Forces and other special units
  - 9. Civilian missions during the occupation
  - C. High Commission for Germany (HICOG) and the U. S. State Department
- V. Organizing the assets**
- A. Central collecting points
  - B. Inventory and property control
  - C. Lack of control (theft)
  - D. Foreign Exchange Depository
  - E. Real property (Military Government Law 59)
- VI. Restitution: heirs and survivors**
- A. Restitution policy
  - B. Restitution in the United States: defrosting assets
  - C. Restitution in Europe
    - 1. Gold – Military Government Law 59
    - 2. Financial assets
    - 3. Art and other cultural property
- VII. Restitution: heirless assets** — *Colin*
- A. Restitution policy on heirless assets
  - B. Tripartite Gold Commission
  - C. Jewish successor organizations
  - D. International organizations (e.g., United Nations Relief and Rehabilitation Organization, International Refugee Organization)
  - E. U. S. legislation on heirless assets
- VIII. Deviations, misappropriations, diversions and theft**
- A. Misappropriations
    - 1. Gold
    - 2. Art and other cultural property
    - 3. Financial assets
  - B. Baltic States
  - C. Ustashi gold
  - D. Yugoslavia
  - E. Hungarian gold train
  - F. Austrian property control warehouse
- IX. What remains to be done**
- A. Additional historical research
  - B. Unanswered questions and gaps in the documentation

**Appendices**

- A. Other commissions
- B. Other resources

- C. Chronology of major events, decisions, and actions
- D. Glossary of terms
- E. Biographical profiles
- F. Sources/bibliography



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April 6, 2000

**PREVIOUS STORY**      **NEXT STORY**

## Report to 'tell all' about U.S. role in Holocaust

### Commission to study possible seizure of assets during WWII

By Kathleen Kenna  
 Toronto Star Washington Bureau

WASHINGTON - America's duplicity in ignoring the Holocaust and later robbing Nazi victims will be dissected in a "tell-all" report this fall, its chief author vows.

"We will not mince words or censor ourselves," Edgar Bronfman Sr. said at a public hearing yesterday on legacies of the Holocaust.

"The truth about the Holocaust was not always told to the American people," he added.

"We cannot afford not to tell the truth about the American government's actions regarding Holocaust assets."

Canadian-born Bronfman, president of Seagram Co. and the New York-based World Jewish Congress, was appointed in 1998 by President Bill Clinton to chair an advisory commission on Holocaust assets in the U.S.

Bronfman said his report will recommend ways of pursuing justice for elderly Holocaust survivors and their families.

It will probe America's role in controlling, freezing and grabbing assets from victims, including bank accounts, books, art, domestic silver, religious artifacts, jewelry and other treasure.

Yesterday, Bronfman was among six prominent men - including Nobel peace laureate Elie Wiesel - briefing the U.S. Senate foreign relations committee on the post-Holocaust era.

Some speakers warned of a worldwide increase in racism and anti-Semitism.

Others reported on the global hunt for the art, gold and other stolen property of Holocaust victims, estimated to be worth billions.

Bronfman especially singled out America, his adopted land, for hypocrisy about the Holocaust.

Among the 18 nations that have Holocaust asset commissions, the U.S. bears special responsibility for explaining its World War II role, Bronfman told the committee.

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"From before the day in late 1940 when President (Franklin) Roosevelt declared the United States the 'Arsenal of Democracy' against the threat of Nazi aggression, the United States had assumed a singular status among the parties involved in Europe because we held ourselves to a different standard - the standard of the truth," Bronfman said.

Yet historians have proved that U.S. leaders initially hid the truth about the Holocaust, he said.

Roosevelt and other U.S. leaders were warned by the World Jewish Congress in Geneva in August, 1942, that Hitler intended to deport Jews, force them into concentration camps and ordered that they "be exterminated at one blow to resolve once and for all the Jewish question in Europe," Bronfman said.

"Not one of them chose to speak publicly about this issue, and there is no evidence that any of them acted on it," he charged. "How many lives could have been saved had we responded to this clear warning earlier and with more vigour? And what was the cost of hiding the truth from the American people and the world?"

Aides said later that Bronfman's report also will examine looting of Nazi sites by American soldiers during the liberation of Europe.

The U.S. commission holds a public hearing in New York next Wednesday on the role of American museums and art dealers in securing Nazi loot.

A chief study expected at that hearing will reveal whether any of the two million works at the Metropolitan Museum of Art in New York can be traced to Nazi theft.

Glen Lowry, former Art Gallery of Ontario chief and now director of New York's Museum of Modern Art, is also due to divulge any of the New York museum's works that were plundered by the Nazis.



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that would assist the Commission in analyzing the disposition of the assets of Holocaust victims.

(4) **ADVISORY PANELS**- The Chairperson of the Commission may, in the discretion of the Chairperson, establish advisory panels to the Commission, including State or local officials, representatives of organizations having an interest in the work of the Commission, or others having expertise that is relevant to the purposes of the Commission.

Deadline.

(5) **DATE**- The appointments of the members of the Commission shall be made not later than 90 days after the date of enactment of this Act.

President.

(c) **CHAIRPERSON**- The Chairperson of the Commission shall be selected by the President from among the members of the Commission appointed under subparagraph (A) or (B) of subsection (b)(2).

(d) **PERIOD OF APPOINTMENT**- Members of the Commission shall be appointed for the life of the Commission.

(e) **VACANCIES**- Any vacancy in the membership of the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(f) **MEETINGS**- The Commission shall meet at the call of the Chairperson at any time after the date of appointment of the Chairperson.

(g) **QUORUM**- 11 members of the Commission shall constitute a quorum, but a lesser number of members may hold meetings.

22 USC 1621  
note.

### SEC. 3. DUTIES OF THE COMMISSION.

#### (a) ORIGINAL RESEARCH-

(1) **IN GENERAL**- Except as otherwise provided in paragraph (3), the Commission shall conduct a thorough study and develop a historical record of the collection and disposition of the assets described in paragraph (2), if such assets came into the possession or control of the Federal Government, including the Board of Governors of the Federal Reserve System and any Federal reserve bank, at any time after January 30, 1933--

(A) after having been obtained from victims of the Holocaust by, on behalf of, or under authority of a government referred to in subsection (c);

(B) because such assets were left unclaimed as the result of actions taken by, on behalf of, or under authority of a government referred to in subsection (c); or

(C) in the case of assets consisting of gold bullion, monetary gold, or similar assets, after such assets had been obtained by the Nazi government of Germany from governmental institutions in any area occupied by the military forces of the Nazi government of Germany.

(2) **TYPES OF ASSETS**- Assets described in this paragraph include--

(A) gold, including gold bullion, monetary gold, or similar assets in the possession of or under the control of the Board of Governors of the Federal Reserve System or any Federal reserve bank;

(B) gems, jewelry, and nongold precious metals;

(C) accounts in banks in the United States;

(D) domestic financial instruments purchased before May 8, 1945, by individual victims of the Holocaust,

June 23, 1998

HOLOCAUST ASSETS ACT, 1998

P.L. 105-186

whether recorded in the name of the victim or in the name of a nominee;

(E) insurance policies and proceeds thereof;

(F) real estate situated in the United States;

(G) works of art; and

(H) books, manuscripts, and religious objects.

(3) **COORDINATION OF ACTIVITIES**- In carrying out its duties under paragraph (1), the Commission shall, to the maximum extent practicable, coordinate its activities with, and not duplicate similar activities already being undertaken by, private individuals, private entities, or government entities, whether domestic or foreign.

(4) **INSURANCE POLICIES**-

(A) **IN GENERAL**- In carrying out its duties under this Act, the Commission shall take note of the work of the National Association of Insurance Commissioners with regard to Holocaust-era insurance issues and shall encourage the National Association of Insurance Commissioners to prepare a report on the Holocaust-related claims practices of all insurance companies, both domestic and foreign, doing business in the United States at any time after January 30, 1933, that issued any individual life, health, or property-casualty insurance policy to any individual on any list of Holocaust victims, including the following lists:

Reports.

(i) The list maintained by the United States Holocaust Memorial Museum in Washington, D.C., of Jewish Holocaust survivors.

(ii) The list maintained by the Yad Vashem Holocaust Memorial Authority in its Hall of Names of individuals who died in the Holocaust.

(B) **INFORMATION TO BE INCLUDED**- The report on insurance companies prepared pursuant to subparagraph (A) should include the following, to the degree the information is available:

(i) The number of policies issued by each company to individuals described in such subparagraph.

(ii) The value of each policy at the time of issue.

(iii) The total number of policies, and the dollar amount, that have been paid out.

(iv) The total present-day value of assets in the United States of each company.

(C) **COORDINATION**- The Commission shall coordinate its work on insurance issues with that of the international Washington Conference on Holocaust-Era Assets, to be convened by the Department of State and the United States Holocaust Memorial Council.

(b) **COMPREHENSIVE REVIEW OF OTHER RESEARCH**- Upon receiving permission from any relevant individuals or entities, the Commission shall review comprehensively any research by private individuals, private entities, and non-Federal government entities, whether domestic or foreign, into the collection and disposition of the assets described in subsection (a)(2), to the extent that such research focuses on assets that came into the possession or control of private individuals, private entities, or non-Federal government entities within the United States at any time after January 30, 1933, either--

(1) after having been obtained from victims of the Holocaust by, on behalf of, or under authority of a government referred to in subsection (c); or

(2) because such assets were left unclaimed as the result of actions taken by, on behalf of, or under authority of a government referred to in subsection (c).

(c) **GOVERNMENTS INCLUDED-** A government referred to in this subsection includes, as in existence during the period beginning on March 23, 1933, and ending on May 8, 1945--

(1) the Nazi government of Germany;

(2) any government in any area occupied by the military forces of the Nazi government of Germany;

(3) any government established with the assistance or cooperation of the Nazi government of Germany; and

(4) any government which was an ally of the Nazi government of Germany.

(d) **REPORTS-**

(1) **SUBMISSION TO THE PRESIDENT-** Not later than December 31, 1999, the Commission shall submit a final report to the President that shall contain any recommendations for such legislative, administrative, or other action as it deems necessary or appropriate. The Commission may submit interim reports to the President as it deems appropriate.

(2) **SUBMISSION TO THE CONGRESS-** After receipt of the final report under paragraph (1), the President shall submit to the Congress any recommendations for legislative, administrative, or other action that the President considers necessary or appropriate.

22 USC 1621  
note.

#### SEC. 4. POWERS OF THE COMMISSION.

(a) **HEARINGS-** The Commission may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Commission considers advisable to carry out this Act.

(b) **INFORMATION FROM FEDERAL AGENCIES-** The Commission may secure directly from any Federal department or agency such information as the Commission considers necessary to carry out this Act. Upon request of the Chairperson of the Commission, the head of any such department or agency shall furnish such information to the Commission as expeditiously as possible.

(c) **POSTAL SERVICES-** The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

(d) **GIFTS-** The Commission may accept, use, and dispose of gifts or donations of services or property.

(e) **ADMINISTRATIVE SERVICES-** For the purposes of obtaining administrative services necessary to carry out the purposes of this Act, including the leasing of real property for use by the Commission as an office, the Commission shall have the power to--

(1) enter into contracts and modify, or consent to the modification of, any contract or agreement to which the Commission is a party; and

(2) acquire, hold, lease, maintain, or dispose of real and personal property.

**From:** Violet White  
**To:** Vernon Smith  
**Date:** 3/29/00 3:34PM  
**Subject:** New user accounts

Accounts have been created for the following people. GroupWise has no password. All NetWare accounts will use the same password which can be changed by user: initial. Each email address is as follows:

firstname.lastname@arch2.nara.gov (i.e. vernon.smith@arch2.nara.gov)

- Konstantin Akinsha: kakinsha
- Paul B. Brown: pbrown
- Robert Skwirot: rskwirot
- Sebastian Saviano: ssaviano
- Dan Powers: dpowers
- Greg Murphy: grmurphy
- Charlie Fenyvesi: cfenyves
- Lisa Yavnai: lyavnai
- Allison Shannon: ashannon
- Erin Rodgers: erodgers
- Laura Offen: loffn
- Marc Masurosky: mmasurov
- Joel Davidson: jdaviso



**COPY**

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Bernard Bernstein

Taman Library

Holocaust Museum  
(Disorientation)

NAZI GOLD FILE, 1945-1988

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Box 2



New York State--Proposed Legislation to Create Unclaimed Foreign Deposits Fund to Compensate Victims of Nazi Aggression, 1947

"Reparations, Restitution, and Indemnification for Losses Suffered by the Jewish People" [speech by Colonel Bernard Bernstein to the American Jewish Conference, February 19, 1946]

Allied Control Council--Plan for Reparations and the Postwar German Economy,

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American Jewish Conference--Hungarian Peace Treaty: Correspondence, Memoranda, and Clippings

American Jewish Conference--Letter to Governor Thomas E. Dewey of New York, January 22, 1947, on Nazi Gold Issue

- American Jewish Conference--Memoranda, Notes, Newspaper Clippings, and Press Releases, 1946

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- American Jewish Conference--Minutes of Meeting of the Interim Committee, November 10, 1948

- American Jewish Conference--Paris Peace Conference

- American Jewish Conference--Report of the Interim Committee, February 17, 1946

- American Jewish Conference--Report on UN General Assembly Session [by Col. Bernard Bernstein]

- American Jewish Conference--Treaty with Austria

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Austrian Peace Treaty--Memoranda and Correspondence [concerning American Jewish Conference and other Jewish organizations, 1946-49]

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- Brandeis, Justice Louis--Memorandum of Conversation on Palestine, March 26, 1941
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- DuBois, Josiah E., Jr.--Draft of 1973 Oral History Interview with the Harry S. Truman Library, and Correspondence with Bernstein
- DuBois, Josiah E., Jr.--Testimony Before U.S. Civil Service Commission International Organizations Employees Loyalty Board in the matter of William Henry Taylor, October 19, 1955, and Correspondence with Bernstein

- Foreign Funds Control, 1945-48 [foreign-owned assets in U.S., Swiss assets, etc.]
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- Germany--*Financial and Property Control Technical Manual, Military Government*, 1944
- Germany--*Handbook for Military Government in Germany Prior to Defeat or Surrender*, December, 1944
- Germany--*Handbook Governing Policy and Procedure for the Military Occupation of Germany*, December, 1944

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- Hungary, Treaty of Peace with Intergovernmental Committee on Refugees--Correspondence with Joel Fisher, 1946-47
- Jewish Organizations--Comments and Proposals Respecting the Treaty with Austria, Etc., 1946-47
- Jewish Organizations--Comments and Proposals Respecting the Treaty with Germany, 1947
- Jewish Organizations--Statements Submitted to the Paris Conference, 1946

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- McCloy, John J.--Correspondence with Bernstein, 1952
- Military Government, Division A--Finance Section [lists of personnel, etc., 1943-45]
- Military Government, Germany--*Financial and Property Control Technical Manual*, 1944
- Military Government, Germany--*Handbook for Military Government in Germany Prior to Defeat or Surrender*, December, 1944

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- Personal--Clippings, Correspondence, Etc. Regarding Dondero Attack [concerning loyalty charges leveled against Bernstein by Rep. George Dondero of Michigan, 1947]

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- Supreme Headquarters, Allied Expeditionary Force--*Civil Affairs and You*, May, 1944
- Supreme Headquarters, Allied Expeditionary Force--*Greetings From SHAEF G-5 to the Motion Picture Executives of the United States of America*, July 5, 1945
- Supreme Headquarters, Allied Expeditionary Force--*Standard Policy and Procedure for Combined Civil Affairs Operations in North West Europe*, May 1, 1944
- Supreme Headquarters, Allied Expeditionary Force--Telephone Directory, Country Units, June 1, 1944
- Supreme Headquarters, Allied Expeditionary Force--Telephone Directory, March 14, 1945

No 331

- Post-Hostilities

- ACC

T-Force - ~~com~~ ~~mission~~  
FIAT - Technical Product Targets  
RG 331

RECORDS OF ALLIED OPERATIONAL AND OCCUPATION HQ  
WW II (SHAEP)

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GTV LOOK AT?

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RECORDS OF ALLIED OPERATIONAL AND OCCUPATION HQ  
WW II (SHAEF)

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General Staff Divisions  
G-2 Intelligence Target ("T") Sub-Division  
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11/15  
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328 920 -  
921  
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Prologue

Apr 199 31, 1

single cable, Patton said if the cable snapped "promotions in the United States Army would be considerably stimulated." General Eisenhower said "OK George, that's enough. No more cracks until we are above ground again."<sup>41</sup>



The SS loot at Merkers consisted in part of jewelry from concentration camp victims, much like this box of rings found in a cave near Buchenwald.

The generals entered Room No. 8 and looked around in awe at the captured gold. They then inspected the SS loot. Eisenhower was moved by the experience. "Crammed into suitcases and trunks and other containers was a great amount of gold and silver plate and ornament obviously looted from private dwellings throughout Europe" he wrote. "All the articles," he noted, "had been flattened by hammer blows, obviously to save storage space, and then merely thrown into the receptacle, apparently pending an opportunity to melt them down into gold or silver bars." Later Patton would write that he saw "a number of suitcases filled with jewelry, such as silver and gold cigarette cases, wrist-watch cases, spoons, forks, vases, gold-filled teeth, false teeth, etc." acquired by "bandit methods." Eisenhower was very interested in learning what was in the mine. Bernstein informed the generals that some of the treasure had come from victims in the concentration camps; how the treasure had come to be shipped there; and

estimates as to its value. He also told them he was planning to take an inventory of everything and to move the treasures to Frankfurt. Eisenhower and the other generals concurred with Bernstein's plans.<sup>45</sup>

Bernstein also showed the generals the art treasures, plates the Reichsbank used for the printing of the Reichsmark currency, and the currency itself. While they were looking at the latter, a German official said that they were the last reserves in Germany and were badly needed to pay the German army. "I doubt," Bradley interjected, "the German Army will be meeting payrolls much longer." Near the end of the inspection, Bradley said to Patton, "If these were the old free-booting days when a soldier kept his loot you'd be the richest man in the world." Patton just grinned. With that said, the one-hour inspection concluded, and the party, which had included newspapermen and Signal Corps photographers taking numerous photos of the inspection, returned to the surface.<sup>46</sup>

Later that evening Bradley, Eisenhower, and Patton dined together. Among the things they discussed was that when word first reached Patton about the gold discovery, he had ordered a censorship stop on the discovery. "But why keep it a secret, George," Bradley asked, "What would you do with all that money?" Patton said that his soldiers were of two minds. One view was that the gold be cut into medallions, "one for every sonuvabitch in Third Army." The other view was that the Third Army hide the loot until peacetime when military appropriations were tight and then dig it up to buy new weapons. Eisenhower, looking at Bradley and laughing, said "He's always got an answer." The evening did not end on a happy note. Just about midnight the three learned that President Roosevelt had died.<sup>47</sup>

The tour completed, Bernstein interviewed Albert Thoms, who explained how and why the gold, currency, and other items got to the mine. He also gave some estimated values for the gold and said "the gold and silver was not stolen." "The silver and gold articles in cases," he said, came from the economic department of the SS." He said that there were no records at Merkers relating to the gold. Later that afternoon, and during the course of the next several

days, Bernstein and his men interviewed a dozen bank, mine, and other officials. During these interviews they learned about the German policy of storing files and treasures and goods of all kinds and descriptions in mines and tunnels. They also learned the names of various mines.<sup>48</sup>

*Moving the Treasure*

While the tour was being conducted, Morris was hard at work facilitating the coordination of the move. He arrived at the Third Army advanced headquarters during midmorning and met with the deputy chief of engineers to obtain the service of engineers for supervising German operators at critical points throughout the mine installation during the forthcoming operation. He also met with Colonel Perry, the transportation officer, to discuss the transportation requirements and with the Third Army provost marshal to discuss security measures.<sup>49</sup>

On the twelfth, MFAA Officer Stout talked to Rave at the Ransbach mine, who explained that the forty-five cases of art there could not be inspected as the mine elevator was not working. Stout returned to Merkers and made a spot-check of some of the boxes and crates of artwork. He found that, in addition to the crated items, some four hundred paintings were lying loose. He had seen enough to know that he needed proper packing materials and that the art constituted great wealth. The next afternoon he returned to Ransbach to prepare the items there for the move. Upon his return to Merkers, Bernstein told him that the art convoy would leave on the sixteenth.<sup>50</sup>

At 1:30 P.M. on April 12, Fisher, Claiborne, St. Germain, Dunn, Moore with his staff arrived from Frankfurt at the mine. Bernstein assigned Moore the responsibility for marking the money containers in the mine, preparing inventories at the time of the removal of the money from the mine, and with technical advice from Claiborne, making arrangements for the transfer of the currency and gold. Fisher was assigned the responsibility for preparing inventories of all other mines in the immediate vicinity and to analyze all the testimony developed

in interrogations to date with a view toward finding further gold and currency deposits as well as gathering financial and property control intelligence information.<sup>51</sup>

That afternoon St. Germain, with the assistance of Barrett, inspected the mine and made an estimate of the situation and after consulting with Mason, outlined a plan for operations. During the day, under the direction of Moore, four teams were organized to make an inventory of the contents of the mine based on the information shown on the tags. Two teams worked on the gold bullion and coins, and two worked on the other loot. While the contents of the mine were being inventoried and prepared for the move, army engineers began preparing the area for the move. Also that day thirty-two ten-ton trucks from the 3628th and 4263d Quartermaster Truck Companies were made available for the move. Morris visited Mainz and arranged with the Truck Company commanders to report at the mine property at Merkers early the following morning.<sup>52</sup>

At 7:30 A.M. on April 14 the thirty-two trucks plus wreckers arrived at Merkers. Also arriving that day was Col. Walker, commanding officer of the 474th Infantry Regiment, who inspected the mine and the areas surrounding the mine for the purpose of organizing his security guard to take control of the convoy upon its exit from the mine property.<sup>53</sup>

The move began at 9 A.M. Jeeps and quarter-ton trailers were lowered into the mine, as well as ten officers of the 357th Infantry Regiment, Bernstein's people, and scores of soldiers, medics, tank crew members, and other support personnel, to not only move the treasure from the vault to a shaft to the trucks but also to record in great detail at each step what was being moved and loaded on the trucks. The treasure was taken out of the vault and loaded onto the trailers by two crews of fifty men each in alternating shifts. The gold on trailers attached to the Jeeps were then driven to Shaft No. 2, where the trailer was detached and sent to the surface by the elevator. Shaft No. 1 was used for loading currency bags and miscellaneous objects. Here the material was unloaded from the trailers into mine carts and sent up the elevator.

The treasure, stored in over eleven thousand containers, was inventoried again upon reaching the surface. It included, among other things, 3,682 bags and cartons of Germany currency, 80 bags of foreign currency, 4,173 bags containing 8,307 gold bars, 55 boxes of gold bullion, 3,326 bags of gold coins, 63 bags of silver, 1 bag of platinum bars, 8 bags of gold rings, and 207 bags and containers of SS loot. Once the inventory was completed, the treasure was loaded onto the trucks. Working nonstop, the job was completed at 6 A.M. the next morning. During the evening of the fourteenth a continuous air patrol was begun over the area, and it would continue until the move was completed.<sup>54</sup>

At some point on April 14 Bernstein met with Stout, Dunn, and Bartlett to discuss the arrangements for the movement of approximately four hundred tons of art stored in different parts of the Merkers mine. It was agreed that loading would begin at noon on April 16. But the loading would actually begin earlier, for at midnight on the fourteenth, Bernstein ordered Stout to prepare three truckloads of art, which were to be mixed in with the gold to make the loads lighter. Stout, between 2 and 4:30 A.M. complied with Bernstein's order, complete with an inventory.<sup>55</sup>

Also on the fourteenth, Morris flew to Frankfurt to confer with transportation officers about procuring trucks to be used for the shipment of the art to Frankfurt. Morris made arrangements on April 15 with the Third Army provost marshal to obtain one hundred POWs to be used in loading the art treasure the next morning. The following morning, Morris flew back to Merkers to assist in the move.<sup>56</sup>

On April 14, Bernstein found time to write Gay, proposing an operational plan to search for other Nazi gold and foreign exchange assets after the move of the treasure from Merkers. The Merkers treasure discovery, he observed, "confirms previous intelligence reports and censorship intercepts indicating that the Germans were planning to use these foreign exchange assets, including works of art, as a means of perpetuating the Nazism and Nazi influence both in Germany and abroad." "In order to prevent further transfer or movements of Ger-

many's foreign exchange assets and works of art to more secure places in southern Germany or in neutral countries such as Switzerland and Sweden," Bernstein wrote "it is essential to locate and protect these assets."<sup>57</sup>

At 6 A.M. on April 15, just as the loading of the trucks had been almost completed, Colonel Walker and Lieutenant Colonel Whitney with elements of their 474th Infantry Regiment arrived at the mine to assume command of the convoy as it cleared the property area. The trucks were completely loaded—actually overloaded by approximately 10 percent—by 7:45 A.M. By 8 A.M. one truck had broken down in the mine's factory area and was placed under strong guard until it was repaired.<sup>58</sup>

The convoy, code-named TASK FORCE WHITNEY, set off for Frankfurt at about 8:30 A.M., escorted by five platoons from the 474th Infantry Regiment, elements of the 785th and 503d Military Police Battalions, two machine-gun platoons, an anti-aircraft platoon with ten mobile anti-aircraft guns, four wreckers, one ambulance, and an air cover of observation planes and P-51 Mustang fighters. While Bernstein accompanied the convoy, Claiborne and St. Germain traveled to Frankfurt by car to make arrangements for receiving and storing the gold and currency within the Reichsbank. Morris flew to Frankfurt to arrange for additional personnel to assist in the unloading. The convoy arrived at Frankfurt around 2 P.M., and the unloading commenced at 3:45 P.M. Two infantry companies cordoned off the Reichsbank while each item was unloaded and moved into the vaults of the bank. The operation was completed at 1 P.M. the next day, April 16, and Bernstein returned to Merkers to supervise the movement of the artworks.<sup>59</sup>

At 8 A.M. on April 15, a platoon of the First Battalion, 357th Infantry Regiment, under the direction of Stout, assisted by Dunn, started moving the four hundred unpacked pictures. Once the pictures were above-ground, they were placed in an adjacent mine-owned building and wrapped in long German army sheepskin coats Stout had found in a neighboring mine. They now awaited arrival of the trucks the next day.<sup>60</sup>

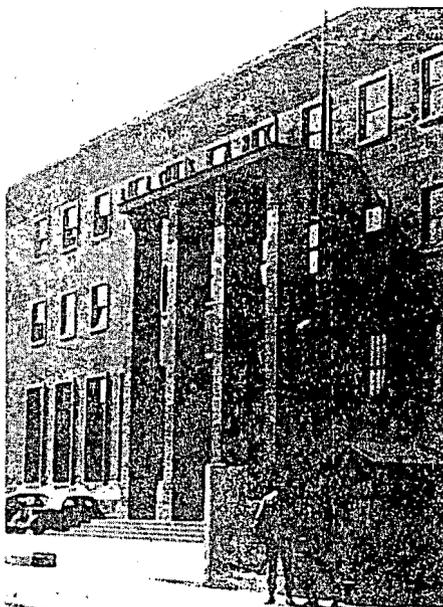
On April 16 at 7 A.M. the convoy arrived.

The move commenced once again, under the watchful eye of Morris, who arrived back at Merkers around 9:30 A.M. The move was accomplished by 357th Infantry Regiment personnel, assisted by the one hundred POWs who arrived with an escort of guards later in the day. The move went quickly, in part because some of the art had been moved to the surface the previous day. Besides the Merkers treasures, a few art objects in forty-five cases were removed from the Ransbach mine and added to the convoy. The move was completed at about 8:30 P.M. With this phase of the operation completed, the 357th Infantry Regiment's Third Battalion took leave of Merkers and rejoined their Ninetieth Infantry Division comrades. The First Battalion would remain at Merkers, under Corps Control, until the treasure's disposition had taken place.<sup>61</sup>

On April 17, at 8:30 A.M. the art treasure convoy, named TASK FORCE HANSEN, moved out from Merkers, having approximately the same strength security guard as the gold convoy with the exception that fewer aircraft were used. The convoy consisted of twenty-six ten-ton trucks loaded with art, two loaded with POWs, and two empty for use in the event that a transfer of loads became necessary. The art convoy arrived at Frankfurt at 2:45 P.M., and an hour later the unloading and storing of the artwork began, supervised by Stout, assisted by the newly promoted Captain Dunn. The unloading was completed at 10:30 P.M., and at 11 P.M. Colonel Walker and the Ninety-ninth Battalion 457th Infantry Regiment departed and the POWs were sent on another assignment.<sup>62</sup>

### *Disposition of the Treasure*

That afternoon, as the loading was taking place, McSherry visited the Reichsbank and directed that a tentative inventory be prepared of the gold, silver, and currency. This inventory was completed at 10 P.M. and handed to McSherry. The next day, April 18, Eisenhower cabled the War Department with a rough estimate of the Merkers find. Two days later, Eisenhower's chief of staff sent the Combined Chiefs of Staff a preliminary inventory of the Merkers treasure. It indicated that the value of the gold, silver,



*The Reichsbank Building in Frankfurt was used to hold captured Nazi assets and housed the Foreign Exchange Depository, which investigated claims to those monetary and non-monetary assets.*

and currency was over \$520 million. In his cover letter he pointed out that a large quantity of the loot appeared to have been taken by the SS from victims and suggested that proper agencies be contacted to send representatives to review the loot in terms of being evidence in war crimes proceedings.<sup>63</sup>

Sometime after noon on April 17 or 18, Bernstein, now back at Frankfurt, learned that his colleagues had uncovered in the Merkers find a series of account books belonging to Thoms's Precious Metals Department, which Thoms had earlier informed Bernstein had been sent back to Berlin. In interrogating Thoms on April 18, Bernstein asked him to explain the books. Thoms indicated that the books were a running inventory of the gold bars and gold and silver coins held by the Reichsbank for its own account and the account of others. The books also provided specific information about each bar held at either Merkers or Berlin. Bernstein believed the books should be useful as a checklist against which the discovery of the Reichsbank gold could be controlled and might assist in the location of all of the Reichsbank gold.<sup>64</sup>

On April 18, Bernstein sent McSherry a detailed report of the activities that had

taken place during the preceding two weeks. He concluded by observing that "the Germans hid their assets in mines and other secret places in Germany, presumably with the intent of maintaining a source of financing of pro-Nazi activity." "Many of these caches," he continued, "have not yet been uncovered and should be ferreted out as soon as operations permit." He observed that it was "necessary that some procedure be established for analyzing and utilizing the property and records found in the Merkers area and those uncovered in the future." "Intelligence reports," he wrote, "indicate that just as the Germans secreted assets and valuable property within Germany, they also made elaborate arrangements for secreting assets in neutral and other nations of the world." "Every step should be taken," he urged, "in Germany to obtain information of the assets secreted both inside and outside Germany so that these assets cannot be used to perpetuate Nazism or contribute to the rebuilding of Nazi influence."<sup>65</sup>

Beginning on April 14, Bernstein attempted to get someone to support his plan for a full-scale reconnaissance of Germany for other caches of loot. He contacted senior officers at XII Corps and Third Army for assistance, but no real help was forthcoming. Despite the lack of assistance, Bernstein, with a small reconnaissance party in Jeeps, left Frankfurt on April 19 in search of more loot. During the next two weeks his teams covered nineteen hundred miles checking Reichsbanks all over American-occupied Germany and following up every lead regarding the whereabouts of gold. Of all the places visited by the reconnaissance parties, only three actually yielded recoveries of the so-called Reichsbank gold in the amount of \$3 million. During May and June American soldiers found Reichsbank gold valued at about \$11 million. Altogether the Americans had recovered 98.6 percent of the \$255.96 million worth of gold shown on the closing balances of the Precious Metals Department of the Berlin Reichsbank.<sup>66</sup>

In mid-August experts from the United States Treasury Department and the Bank of England completed the job of weighing and appraising the gold, gold coin, and silver

bars that had been captured. The total value of the gold found in Germany was placed at \$262,213,000. Also weighed and appraised was \$270,469 worth of silver, as well as a ton of platinum. Eight bags of rare gold coins had not been appraised, nor had the SS loot.<sup>67</sup>

During the summer of 1945, Allied currencies found at Merkers and elsewhere by the Americans were returned to various countries, and the process of restituting the artworks found at Merkers and elsewhere in the former German Reich began.<sup>68</sup> The gold found at Merkers was in early 1946 turned over to the Inter-Allied Reparation Agency and eventually turned over to the Tripartite Commission for the Restitution of Monetary Gold (TGC) for distribution to countries whose central-bank gold had been stolen by the Nazis. The TGC began the process of getting the gold returned to most countries as quickly as possible. However, cold war factors resulted in some of the gold not being restituted until 1996.

During the summer, efforts were made to ascertain the value of the SS loot found at Merkers, and discussions begun about its disposition. Within several years non-monetary gold, including that taken from victims of Nazi persecution, was given to the Preparatory Commission of the International Restitution Organization. Bernstein turned over the reports about the SS loot

that he and his colleagues had produced as well as information contained in the records of the Precious Metals Department to war crimes prosecutors for use in connection with their preparations for the trials at Nuremberg. One of the counts on which Walter Funk was found guilty related to his dealings with the property taken from concentration camp victims by the SS and deposited in the Reichsbank.<sup>69</sup>

### Conclusion

The accomplishments of recovering, moving, and managing the Merkers treasure by Colonels Bernstein, Barrett, Morris, Moore, Mason, and their colleagues may or may not have shortened the war. But they did block the Nazi leaders from further use of their looted gold and property of victims of their persecution. Their actions also ensured that the central banks of Europe would receive back at least some of the gold the Nazis had seized and that some funds would be available for restitution to individuals.<sup>70</sup>

The story of the Merkers treasure still continues. During the summer of 1948, most of the records of the Reichsbank's Precious Metals Department were micro-filmed by the U.S. Army and, interestingly enough, all of the original records were turned over to Albert Thoms, who was

working for the successor bank to the Reichsbank. These records have subsequently disappeared in Germany, and there has been a search for them the past two years in the belief they would shed light on how much non-monetary gold (e.g., dental gold) was melted down and mixed with the monetary gold (i.e., central bank gold) and thus indicate how much restitution still should be made to victims of Nazi persecution and their heirs.<sup>71</sup>

At an international Nazi Gold conference held in London in December 1997, several countries agreed to relinquish their claims to their share of the remaining 5.5 metric tons (worth about sixty million dollars) still held by the Tripartite Gold Commission (TGC) and donate it to a Nazi Persecution Relief Fund to help survivors of the Holocaust. Almost all of the claimant nations similarly agreed to such a policy during the course of 1998. Early in September 1998, in a ceremony held in Paris, the TGC announced its task was completed and went out of business. Thus, the Merkers story ends on a noble, selfless, just, and moral note, as upwards of fifteen countries were willing to forego receiving gold stolen from their nations by the Nazis and allow it to be used as compensation for victims of Nazi persecution. ♦

### Notes

<sup>1</sup> File 390-INFANTRY(358)-0.3 "A/A Report-358th Infantry Regiment Mar-May 45," World War II Operations Reports, Records of the Adjutant General's Office, 1917-, Record Group 407, National Archives at College Park, MD (hereinafter cited as RG \_\_\_, NACP).

<sup>2</sup> Col. B. Bernstein to Brig. Gen. F. J. McSherry, Report of developments in removal of Treasure from Kaiseroda at Merkers, Germany, Apr. 18, 1945 (hereinafter cited as "Bernstein Report"), file SHAEF/G-5/1/13, Financial-Germany-Discoveries of Gold and Other Valuables, Numeric File, August 1943-July 1945, Secretariat, G-5 Division, General Staff, SHAEF, Records of Supreme Headquarters Allied Expeditionary Force (SHAEF), Records of Allied Operational and Occupation Headquarters, World War II, RG 331, NACP; "G-4 Functions in ETOUSA Operations—Merkers-Herringen-Frankfurt Areas in Germany 9 April to 22 April 1945" File 105, Special Report on Discovery and Disposition of German Gold, Numeric-Subject Operations File 1943-July 1945, Historical Section, Information Branch, General Staff, G-5 Division, SHAEF, Records of Allied Operational and Occupation Headquarters, World War II, RG 331, NACP.

<sup>3</sup> "Bernstein Report" and "G-4 Functions in ETOUSA Operations," RG 331, NACP.

<sup>4</sup> "Bernstein Report" and "G-4 Functions in ETOUSA Operations," RG 331, NACP; Earl F. Ziemke, *The U.S. Army in the Occupation of Germany 1944-1946*, Army Historical Series (1975), p. 228; Ian Sayer and Douglas Botting, *Nazi Gold: The Story of the World's Greatest Rob-*

*bery-and Its Aftermath* (1984), pp. 11-12; John A. Busterud, "The Treasure in the Salt Mine," *Army* 47 (March 1997): 48.

<sup>5</sup> File 390-0.3 "A/A Report—90th Infantry Division April 45," file 390-INFANTRY (357)-0.3 "A/A Rpt—357th Infantry Regiment Jan-May 45," and file 390-INFANTRY (357)-0.7 "Journal—357th Infantry Regiment Apr 45," World War II Operations Reports, RG 407; "Bernstein Report" and "G-4 Functions in ETOUSA Operations," RG 331, NACP.

<sup>6</sup> Col. Bernard Bernstein, memorandum, Apr. 12, 1945, file 940.401 Shipment No. 1, Central Files of Foreign Exchange Depository Group, 1945-1950, Finance Advisor Records of Subordinate Agencies, Office of the Finance Division and Finance Advisor, Office of Military Government for Germany (U.S.) (OMGUS), RG 260, NACP; George S. Patton, Jr., *War As I Knew It*, annotated by Col. Paul D. Harkins (1989), p. 271.

<sup>7</sup> William Z. Slany, *U.S. and Allied Efforts To Recover and Restore Gold and Other Assets Stolen or Hidden by Germany During World War II: Preliminary Study*, Department of State Publication 10468, May 1997; Sidney Zabludoff, *Movements of Nazi Gold: Uncovering the Trail*, World Jewish Congress Policy Study No. 10, 1997; Foreign & Commonwealth Office, *Nazi Gold: Information from the British Archives*, History Notes No. 11, 2d ed., January 1997.

<sup>8</sup> "Bernstein Report," RG 331; interrogation of Walter Funk by Maj. Hiram Gans, June 4, 1945, "Interrogation of Dr. Walter Funk & Other Nazi Big Wigs," Interrogations and Reports Pertaining to German

During the restitution of \$83.5 million to France in 1946, German workmen roll bars of gold from the Foreign Exchange Depository in Frankfurt. Restitution efforts continued, in part, until 1996.



<sup>39</sup> File 390.INFANTRY (357)-0.3 "A/A Rpt-357th Infantry Regiment Jan-May 45" World War II Operations Reports, RG 407, NACP; Bernstein, Oral History Interview, pp. 115-117, Truman Library.

<sup>40</sup> "Bernstein Report" and "G-4 Functions in ETOUSA Operations," RG 331, NACP; Lynn H. Nicholas, *The Rape of Europa: The Fate of Europe's Treasures in the Third Reich and the Second World War* (1995), p. 333.

<sup>41</sup> "G-4 Functions in ETOUSA Operations" and "Bernstein Report," RG 331, NACP; file 390.INFANTRY (357)-0.3 "A/A Rpt-357th Infantry Regiment Jan-May 45" World War II Operations Reports, RG 407, NACP; Bernstein, Oral History Interview, p. 118, Truman Library.

<sup>42</sup> "Bernstein Report," RG 331, NACP; St. Germain had worked with Colonels Barrett and Claiborne at Guaranty Trust Company before the war. Bernstein, Oral History Interview, pp. 121-122, Truman Library.

<sup>43</sup> "Bernstein Report," RG 331, NACP; file 390.INFANTRY (357)-0.3 "A/A Rpt-357th Infantry Regiment Jan-May 45" and file 390.INFANTRY (357)-0.7 "Journal-357th Infantry Regiment Apr 45," World War II Operations Reports, RG 407, NACP; Bernstein, Oral History Interview, p. 118, Truman Library; "G-4 Functions in ETOUSA Operations," RG 331, NACP; Busterud, "The Treasure in the Salt Mine," p. 49; Patton, *War As I Knew It*, p. 276; Omar N. Bradley, *A Soldier's Story* (1951), p. 540.

<sup>44</sup> Bernstein, Oral History Interview, p. 119, Truman Library; Charles R. Codman, *Drive* (1957) p. 281.

<sup>45</sup> Bernstein, Oral History Interview, pp. 119-120, Truman Library; "G-4 Functions in ETOUSA Operations," RG 331, NACP; Eisenhower, *Crusade in Europe*, p. 407; Patton, *War As I Knew It*, p. 276.

<sup>46</sup> Bernstein, Oral History Interview, pp. 119-121, Truman Library; "G-4 Functions in ETOUSA Operations," RG 331, NACP; Bradley, *A Soldier's Story*, p. 540.

<sup>47</sup> Bradley, *A Soldier's Story*, p. 541.

<sup>48</sup> "Thomas Statement, April 12, 1945," RG 260; "Bernstein Report," RG 331; Col. Bernard Bernstein, memorandum, Apr. 12, 1945, file 940.401 Shipments No. 1, Central Files of Foreign Exchange Depository Group, OMGUS, RG 260, NACP.

<sup>49</sup> "G-4 Functions in ETOUSA Operations," RG 331, NACP.

<sup>50</sup> "Bernstein Report," RG 331, NACP; Nicholas, *The Rape of Europa*, pp. 334-335.

<sup>51</sup> "Bernstein Report" and "G-4 Functions in ETOUSA Operations," RG 331, NACP.

<sup>52</sup> File 390.INFANTRY (357)-0.3 "A/A Rpt-357th Infantry Regiment Jan-May 45" and file 390.INFANTRY (357)-0.7 "Journal-357th Infantry Regiment Apr 45," World War II Operations Reports, RG 407; "G-4 Functions in ETOUSA Operations" and "Bernstein Report," RG 331, NACP.

<sup>53</sup> "G-4 Functions in ETOUSA Operations," RG 331, NACP.

<sup>54</sup> File 390.INFANTRY (357)-0.3 "A/A Rpt-357th Infantry Regiment Jan-May 45," file 390.INFANTRY (357)-0.7 "Journal-357th Infantry Regiment Apr 45," and memorandum, Lt. Col. John H. Mason to Col. Bernstein, Apr. 13, 1945; "Removal of Gold, Currency, and Art Treasures from Merkers Salt Mine Procedure," File 390.INFANTRY (357)-3.22 "Memorandum-357th Infantry Regiment," World War II Operations Reports, RG 407; "Bernstein Report" and "G-4 Functions in ETOUSA Operations," RG 331; "Exhibit A Register of Shipments Received at Reichsbank Building Frankfurt A/M Germany," an attachment to Edwin P. Keller to Lt. Gabell, "Accounting Records," July 16, 1946, File 940.40 Shipments, General, Central Files of Foreign Exchange Depository Group, OMGUS, RG 260, NACP.

<sup>55</sup> "G-4 Functions in ETOUSA Operations," RG 331, NACP; Nicholas, *The Rape of Europa*, p. 335.

<sup>56</sup> "G-4 Functions in ETOUSA Operations," RG 331, NACP.

<sup>57</sup> Col. Bernstein to Chief of Staff, Third U.S. Army, "Discovery of German Hidden Assets," Apr. 14, 1945, "Bernstein Report," RG 331, NACP.

<sup>58</sup> "G-4 Functions in ETOUSA Operations," RG 331, NACP; file 390.INFANTRY (357)-0.7 "Journal-357th Infantry Regiment Apr 45," World War II Operations Reports, RG 407, NACP.

<sup>59</sup> "Bernstein Report," RG 331, NACP; Ziemke, *The U.S. Army Occupation of Germany*, p. 230; "G-4 Functions in ETOUSA Operations," RG 331, NACP; unsigned memorandum, Apr. 16, 1945, File 940.401 "Cage Sheets," Central Files of Foreign Exchange Depository Group, OMGUS, RG 260, NACP; Bernstein, Oral History Interview, p. 124, Truman Library.

<sup>60</sup> File 390.INFANTRY (357)-0.3 "A/A Rpt 357th Infantry Regiment Jan-May 45" and file 390.INFANTRY (357)-0.7 "Journal-357th Infantry

Regiment Apr 45," World War II Operations Reports, RG 407; "Bernstein Report," RG 331, NACP; Nicholas, *The Rape of Europa*, p. 335.

<sup>61</sup> File 390.INFANTRY (357)-0.3 "A/A Rpt 357th Infantry Regiment Jan-May 45"; file 390.INFANTRY (357)-0.7 "Journal-357th Infantry Regiment Apr 45"; memorandum, "Loading Plan for Art Objects," 1st Lt. W.A. Dunn to Col. Bernstein, Apr. 14, 1945, file 390.INFANTRY (357)-3.22 "Memorandum-357th Infantry Regiment"; and file 390.03 "A/A Report-90th Infantry Division April 45," World War II Operations Reports, RG 407. "G-4

Functions in ETOUSA Operations" and "Bernstein Report," RG 331, NACP.

<sup>62</sup> File INRG-474-INF1-0.1 Command, Organization and Mission-Task Force Hansen, 474th Infantry Regiment, April 45, World War II Operations Reports, RG 407; "G-4 Functions in ETOUSA Operations" and "Bernstein Report," RG 331, NACP.

<sup>63</sup> "G-4 Functions in ETOUSA Operations," RG 331; cable, Eisenhower to Somervell, Apr. 18, 1945, "Captured Gold Bullion and Art Treasures," RG 338; Lt. Gen. W. B. Smith to the Secretaries, Combined Chiefs of Staff Committee, Apr. 20, 1945, "Gold bullion, currency, and other property discovered by the Third Army near Merkers," File CCC-Germany-123, "Disposition of Bullion and Other Property Discovered by Third Army," Geographic File 1942-1945, Records of the U.S. Joint Chiefs of Staff, RG 218, NACP.

<sup>64</sup> "Bernstein Report," RG 331, NACP.

<sup>65</sup> *Ibid.*

<sup>66</sup> Col. B. Bernstein to Brig. Gen. McSherry, "Report of Contents of Mines in Merkers Area," Apr. 18, 1945, File SHAEF/G-5/1/13, Financial-Germany-Discoveries of Gold and Other Valuables, Numeric File, August 1943-July 1945, Secretariat, G-5 Division, General Staff, SHAEF, Records of SHAEF, Records of Allied Operational and Occupation Headquarters, World War II, RG 331; "Bernstein Report," RG 331; R.A. Nixon to Col. B. Bernstein, "Report on Recovery of Reichsbank Precious Metals," Sept. 6, 1945, "Captured Gold Bullion and Art Treasures," RG 338, NACP.

<sup>67</sup> Col. B. Bernstein to Lt. Gen. Lucius D. Clay, "Value of Gold and Silver Bullion and Coin Held by Commanding General USFET at the Reichsbank Building in Frankfurt," Aug. 19, 1945, "Value of Gold and Silver Bullion and Coin Held by Commanding General USFET at the Reichsbank Building in Frankfurt, Volume I-Report" Foreign (Occupied) Area Reports 1945-1954, Records of the Operations Branch, Records of the Administrative Services Division, RG 407, NACP.

<sup>68</sup> Brig. Gen. R. B. Lovett to Commanding General, Western Military District, "Return of Looted Works of Art to Owner-Nations" Sept. 15, 1945, "Captured Gold Bullion and Art Treasures," RG 338, NACP; Lucius D. Clay, *Decision in Germany* (1950), pp. 308, 309.

<sup>69</sup> Brig. Gen. C. L. Adcock to Chief of Staff, "Gold coins from the Frankfurt Reichsbank" and "Estimated value of the SS collection of gold, precious stones, etc.," Aug. 13, 1945; Brig. Gen. C. L. Adcock to Chief of Staff, "Evaluation of captured looted materials held in Reichsbank by Finance Division, G-5 USFET," Aug. 24, 1945; and Brig. Gen. C. L. Adcock to Chief of Staff, "Proposed Use of Property of SS Troops," Sept. 7, 1945, "Captured Gold Bullion and Art Treasures," RG 338, NACP; Clay, *Decision in Germany*, p. 309; Bernstein, Oral History Interview, p. 132, Truman Library.

<sup>70</sup> When Bernstein left military service in 1945 he was awarded the Legion of Merit. His citation, in part, reads: "Colonel Bernstein's wise and energetic action in organizing control of vast sums of bullion and currency hidden by the Germans, and in instituting an examination of seized enemy financial records, was a material contribution to the success of the Supreme Commander's mission in Germany." Bernstein, Oral History Interview, p. 176, Truman Library.

<sup>71</sup> The records that were microfilmed, contained on some seventy reels, are available at the National Archives at College Park, Maryland. For information about what was and was not microfilmed, when the unmicrofilmed records may have disappeared, and related information, please see *The Whereabouts of the Records of the Deutsche Reichsbank (in particular the Precious Metals Department, the Foreign Exchange Department, and the Securities Department) after the collapse of the Reich (1945) and after the conclusion of the liquidation of the Reichsbank (1976). A Research Report compiled by the Bundesarchiv with the assistance of the Deutsche Bundesbank*. August 1998. A copy of this report is located in the library at the National Archives at College Park, Maryland.

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## Report to 'tell all' about U.S. role in Holocaust

### Commission to study possible seizure of assets during WWII

By Kathleen Kenna  
Toronto Star Washington Bureau

WASHINGTON - America's duplicity in ignoring the Holocaust and later robbing Nazi victims will be dissected in a "tell-all" report this fall, its chief author vows.

"We will not mince words or censor ourselves," Edgar Bronfman Sr. said at a public hearing yesterday on legacies of the Holocaust.

"The truth about the Holocaust was not always told to the American people," he added.

"We cannot afford not to tell the truth about the American government's actions regarding Holocaust assets."

Canadian-born Bronfman, president of Seagram Co. and the New York-based World Jewish Congress, was appointed in 1998 by President Bill Clinton to chair an advisory commission on Holocaust assets in the U.S.

Bronfman said his report will recommend ways of pursuing justice for elderly Holocaust survivors and their families.

It will probe America's role in controlling, freezing and grabbing assets from victims, including bank accounts, books, art, domestic silver, religious artifacts, jewelry and other treasure.

Yesterday, Bronfman was among six prominent men - including Nobel peace laureate Elie Wiesel - briefing the U.S. Senate foreign relations committee on the post-Holocaust era.

Some speakers warned of a worldwide increase in racism and anti-Semitism.

Others reported on the global hunt for the art, gold and other stolen property of Holocaust victims, estimated to be worth billions.

Bronfman especially singled out America, his adopted land, for hypocrisy about the Holocaust.

Among the 18 nations that have Holocaust asset commissions, the U.S. bears special responsibility for explaining its World War II role, Bronfman told the committee.

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"From before the day in late 1940 when President (Franklin) Roosevelt declared the United States the 'Arsenal of Democracy' against the threat of Nazi aggression, the United States had assumed a singular status among the parties involved in Europe because we held ourselves to a different standard - the standard of the truth," Bronfman said.

Yet historians have proved that U.S. leaders initially hid the truth about the Holocaust, he said.

Roosevelt and other U.S. leaders were warned by the World Jewish Congress in Geneva in August, 1942, that Hitler intended to deport Jews, force them into concentration camps and ordered that they "be exterminated at one blow to resolve once and for all the Jewish question in Europe," Bronfman said.

"Not one of them chose to speak publicly about this issue, and there is no evidence that any of them acted on it," he charged. "How many lives could have been saved had we responded to this clear warning earlier and with more vigour? And what was the cost of hiding the truth from the American people and the world?"

Aides said later that Bronfman's report also will examine looting of Nazi sites by American soldiers during the liberation of Europe.

The U.S. commission holds a public hearing in New York next Wednesday on the role of American museums and art dealers in securing Nazi loot.

A chief study expected at that hearing will reveal whether any of the two million works at the Metropolitan Museum of Art in New York can be traced to Nazi theft.

Glen Lowry, former Art Gallery of Ontario chief and now director of New York's Museum of Modern Art, is also due to divulge any of the New York museum's works that were plundered by the Nazis.

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ART TEAM  
LISA

**Colonel Seymour J. Pomrenze**  
FIRST DIRECTOR, OFFENBACH ARCHIVAL DEPOT  
UNITED STATES

**Personal Reminiscences of the Offenbach  
Archival Depot, 1946-49:  
Fulfilling International and Moral Obligations**

Break-out Session on Nazi-Confiscated Art Issues: Identification of  
Art, Archives and Databases

INTRODUCTION

In late February 1946, my colleague First Lieutenant Leslie I. Poste, a Library and Archives specialist, drove me through a blinding snowstorm to Offenbach. En route, Lt. Poste briefed me on the Offenbach Collection Point's origins, his role in selecting a building within the I.G. Farben complex on the Main River, and his concern that ~~restitution operations~~ be expedited in accordance with military regulations. ~~Since its establishment in July 1945, the operation had yet to reconstitute any materials.~~

Lt. Poste also reviewed the operations of Hitler's Einsatzstab Reichsleiter Rosenberg (ERR) and its educational branch the Institut zur Erforschung der Judenfrage (Institute to Research the Jewish Question). The ERR, backed by German military forces, had traced Jewish, Masonic, Socialist, and other anti-Nazi cultural objects throughout Germany and Nazi-occupied Europe and had deposited them in many places, especially in Frankfurt am Main in the Rothschild Library, Hungen and Hirzenhain in Hesse, and all over Bavaria. The ERR targets ranged from occupied Ukraine to the French-Spanish border and from Greece to the British Isle of Man. The ERR even raided Italy, an axis power. After Kristallnacht, the ERR collected items to save and use them for Nazism.

Lt. Poste also described the U.S. combat and occupation operations to protect and reconstitute the looted collections. He and other Museums Fine Arts and Archives personnel felt the collections at the Rothschild Library and other places should be moved to a single large, secure facility. The I.G. Farben building at Offenbach was their site of choice.

### FIRST IMPRESSIONS OF OFFENBACH

My first impressions of the Offenbach Collecting Point were overwhelming and amazing at once. As I stood before a seemingly endless sea of crates and books, I thought what a horrible mess! What could I do with all these materials? How could I carry out my assignment successfully? Beyond the mess, however, was an even larger mission. Indeed, the only action possible was to return the items to their owners as quickly as possible.

~~The Offenbach Collecting Point was housed in a well-guarded~~  
five-story concrete building suitable for use as a warehouse following repairs. Inside, however, there were only six or seven Germans, headed by an U.S. civilian with displaced person status, who did very little. Many crates, packages, stacks, and loose piles covered several floors. Clearly, the operation was not being run effectively. My mission was to revive this organization in order to accomplish my mission successfully. Hence I launched the following actions.

### THE OFFENBACH ARCHIVAL DEPOT

The Offenbach Archival Depot was officially established under military directive, in conjunction with Monuments, Fine Arts and Archives Wiesbaden, on March 2, 1946. As Director of the Offenbach Archival Depot (OAD), I received extensive authority and broad mission responsibilities within Greater Hesse. The operation's new designation indicated my function as archivist. Archival principles, such as restoration of the original order, were crucial at this stage. As part of the directive, an organization chart served as a blueprint for action by three branch chiefs responsible for administrative, operations, and liaisons, respectively.

The OAD needed many hardworking personnel, and requested about 50 people a week throughout March 1946 from the local German employment office. By March 28, the OAD had nearly 180 employees. Good working conditions were essential. Heat, light, clean floors, repaired windows, and heavy-duty shelves were provided. U.S. sources requisitioned and supplied enough coal and gasoline. And the large OAD maintenance staff - about 30 - did an excellent job of ensuring a pleasant working environment in the depot.

The I.G. Farben complex had security staff on site, as did the OAD. Together, security watched employees for theft items, particularly small books that were easy to hide. ~~Some thefts did occur -- some were detected, others were not.~~ Spot checks of OAD employees were also conducted. Some staff members were even strip-searched. Moreover, internal telephones on each floor were activated through an OAD switchboard.

#### SORTING, IDENTIFYING, PRESERVING

The OAD received tons of materials from Frankfurt, Hirzenhain, Hungen, and many other German locations. ~~By March 25, 1946, the OAD had processed -- received and/or shipped -- over 1.8 million items -- contained in 2,351 crates, stacks, packages, and piles.~~

~~Crates, stacks, packages, and piles bearing some indication of the country of origin were spot-checked and set inside pending restitution claims. Following some classification by country and by language, the semi-identifiable piles awaited further processing. The unidentifiable books and other materials were left alone until an opportunity arose for careful study by competent persons.~~ professionals like Professor Pinson, Chaplain Isaiah Rackovsky, Rabbi Maurice Liber, Dr. Gershom Scholem, Lucy Dawidowicz, and knowledgeable displaced person volunteers. Much thought was given to improving and expediting the identification process. My successor, Captain Isaac Bencowitz, who began to intern at Offenbach in April 1946, designed a somewhat unique system, which I called the "Bencowitz sorting system," identifying books from ex libris bookplates or stamps found inside book jackets.

Many books and documents required care and preservation as a result of mishandling, damage during transit, water, mold, and neglect. The OAD did not possess any equipment or materials for care and preservation. Luckily, I learned that one of the employees - a former monk - had worked with documents at a religious order. I assigned him

to devise homemade care and preservation techniques. One method he used for drying wet books and documents involved hanging them from clothespins and applying extra heat. The technique worked very well.

### RESTITUTION

What did the OAD accomplish? As of August 1947 some 2,000,000 books and other identifiable materials had been restituted and distributed. I am proud - at this late state - to relate to you that the United States restituted well over 93 percent of the Nazi-looted materials. Five countries - Germany (Berlin), the Netherlands, France, the USSR, and Italy received the following quantities of materials: Germany (Berlin), 700,000; The Netherlands, 329,000; France, 328,000; the USSR, 232,000; and Italy, 225,000.

In addition to items restituted to governments, the YIVO Institute for Jewish Research with worldwide headquarters in New York received 92,000 items. Under direction of the U.S. State Department, I supervised the return of these materials to the United States in June 1947. The American Jewish Joint Distribution Committee distributed, on loan, of 24,000 books to the Displaced Persons; and the ~~Library of Congress~~ ~~Mission~~ received some 20,000 books. German institutions other than the Preussisches Staatsbibliothek received 50,000 items; Poland 25,000; and Belgium, Czechoslovakia, United Kingdom, Greece, Hungary, and Yugoslavia each received less than 10,000 items.

### OAD HISTORY

Both Isaac Bencowitz and I understood Offenbach's importance and the need for an historical record of its activities. We wrote detailed, factual monthly reports. We prepared pictorial albums - I did the first one, and Bencowitz did three others. We saved correspondence relating to OAD operations, including liaison relationships. These items are on deposit in over 20 archival boxes in the U.S. National Archives in Washington, D.C. as well as deposited with Yad Vashem in Israel.

Bencowitz also recorded his experiences in his diary, from which I share an eloquent entry describing the signification of Offenbach's history:

*I would walk into the loose document room to take a look at the things there and find it impossible to tear myself away from the fascinating piles of letters, folders, and little personal bundles. Not that what you held in your hand was so engrossing, but rather what the next intriguing item might be. Or, in the sorting room, I would come upon a box of books which the sorters had brought together, like scattered sheep into one fold - books from a library which once had been in some distant town in Poland, or an extinct Yeshiva. There was something sad and mournful about these volumes ... as if they were whispering a tale of yearning and hope since obliterated... I would find myself straightening out these books and arranging them in the boxes with a personal sense of tenderness as if they had belonged to someone dear to me, someone recently deceased*

#### AFTER OFFENBACH

I returned to Offenbach in 1947 on assignment for the Library of Congress Mission to arrange the transfer to New York of the vast YIVO archives. Later, I briefly participated in restituting the Collegio Rabbinico de Firenze's historic library, including the incunabula, to Italy. I have remained involved in restitution efforts throughout most of my military service, primarily as the U.S. Department of Defense Representative to the U.S. Interagency Committee on Captured ("Seized") Records and other restitution-related assignments. I worked with German representatives of Konrad Adenauer to return German military records. I also participated briefly in the transfer of the U.S. Army Berlin Documents Center to the State Department, which have been turned over to the German government.

In retrospect, Offenbach proved to be a most unusual and challenging assignment - a high point in my 35 years of military and civilian service. Offenbach was a very unusual part of what I call the "cultural Holocaust." Participating at Offenbach on the greatest book restitution in history now seems truly providential. I share Lt. Poste's sentiments that,

*Facts and figures on the Offenbach Archival Depot fail to reveal the intensely moving story of this phase of*

*restitution activity. Through the depot passed the remnants of age-old cultures, and particularly of a culture which survived despite the vicissitudes of interminable persecutions and periodic massacres. These books and objects were what was left of the hundreds of Jewish institutions of learning, of Jewish communities, wiped out by the Holocaust. Few can fathom the depth of the Jewish tragedy of which remnants stood as a sad memorial.*

### CONCLUSION AND OUTLOOK

In closing, I am inspired by actions of the international community to convene at the Washington Conference on Holocaust-Era Assets to resolve lingering issues of restitution and archival access. To this end, I support and encourage efforts to identify items improperly restituted, and to negotiate with rightful owners for redistribution of such materials. In addition, I recommend governments and institutions -examine and report the fate of restituted materials as well as prepare inventories and provide access to archival materials restituted vis-à-vis Offenbach.

It is at this exciting moment in history, that silent archives where facts have gathered dust and awaited the avenging moment of their revelation may at long last find voice.

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Authority ~~TOP SECRET~~ NND 31946  
By TJ NARA Date 10-28-99

RG

Entry

131

File

EFC Subj Files 42-10

Box

Vol XIII

405

1944-September 29, 1945. Microfilm copy of the Military Governor's reports, July-September 1945 (combined with Military Governor's reports, October-December 1945, 2 rolls). Records of the meetings and activities of the Combined Deputy Military Governors, 1945. Planning records, 1944-45, including records concerning immediate actions to be taken in the event of a German surrender (Project *Eclipse*); records dealing with the occupation role to be played by the British; and staff studies on demilitarization, disarmament, and paramilitary organizations. Policy records, including files of JCS and Combined Chiefs of Staff (CCS) issuances concerning Germany, 1944-45; and a digest of military government policies set forth in JCS and European Advisory Commission (EAC; SEE 260.2.2) directives ("Policy Book"), 1945.

**Microfilm Publications:** M1075.

POTSDAM

### 260.2.2 Records in USGCC custody relating to the European Advisory Commission (EAC)

**History:** EAC established, with seat in London, by a secret protocol signed by U.S., United Kingdom, and USSR representatives at the Tripartite Conference in Moscow, November 1, 1943, with responsibility for making recommendations to the three Allied governments on questions connected with the termination of the war in Europe. Provisional Government of the French Republic accepted into membership, November 27, 1944. EAC's 12 recommended formal agreements, all of which were eventually accepted by all member governments, concerned surrender terms for, and postwar administration of, Germany and Austria; and armistice terms for Bulgaria. EAC abolished, September 10, 1945, pursuant to Section I of the Protocol of the Proceedings of the Berlin Conference (also known as the Potsdam Conference), August 1, 1945. By Sections I and II of same protocol, responsibility for drawing up peace treaties with the former European Axis powers vested in a Council of Foreign Ministers of China, France, United Kingdom, United States, and USSR; and responsibility for administering occupied Germany vested in Control Council.

**Textual Records:** Decimal correspondence and a subject file, 1943-45, of Brig. Gens. Cornelius W. Wickersham and Vincent Meyer, successive military advisers to John G. Winant, U.S. Ambassador to the United Kingdom, in his capacity as U.S. member of EAC. Minutes of EAC meetings, 1944-45. File of draft EAC directives, with related memorandums and opinions, maintained by Ambassador Robert D. Murphy, political adviser attached to SHAEF, 1944-45. Subject file concerning EAC directives, maintained by the Legal Advice Branch, 1944-45.

### 260.3 RECORDS OF THE EXECUTIVE OFFICE OF THE OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.) [OMGUS] 1943-49 (bulk 1945-49) 631 lin. ft. and 112 rolls of microfilm

**History:** For a history of OMGUS predecessor, the U.S. Group Control Council, Germany (USGCC), SEE 260.2. OMGUS estab-

lished, effective October 1, 1945, by General Order 283, HQ USFET, October 8, 1945, implementing USFET letter AG 014.1 GEC-AGO, September 26, 1945. Responsible for administering U.S. zone of occupation and U.S. sector of Berlin, and for functioning as U.S. element of organizations comprising the Allied Control Authority, the name given to the four-power occupation control system. OMGUS functioned, October 1, 1945-September 1, 1949, as the agent of the following successive Military Governors: Gen. Dwight D. Eisenhower (concurrently Commanding General USFET), October 1-November 10, 1945; Gen. George S. Patton, Jr. (acting; concurrently acting Commanding General USFET), November 11-25, 1945; Gen. Joseph T. McNarney (concurrently Commanding General USFET), November 26, 1945-January 5, 1947; Gen. Lucius D. Clay (concurrently Commanding General USFET, January 6-March 14, 1947; and Commanding General European Command [EUCOM], successor to USFET, from March 15, 1947), January 6, 1947-May 14, 1949; and Lt. Gen. Clarence R. Huebner (acting; concurrently acting Commanding General EUCOM), May 15-September 1, 1949. Transition from military to civilian occupation administration initiated by Presidential appointment of John J. McCloy as U.S. High Commissioner for Germany (USHCG), announced May 18, 1949, and establishment in the Department of State of that position by EO 10062, June 6, 1949. McCloy assumed duties, September 2, 1949. OMGUS organizations progressively abolished, with functions transferred to USHCG organizations, June-September 1949. Transition completed by September 21, 1949, date of the establishment of the Federal Republic of Germany. OMGUS formally abolished, effective December 5, 1949, by General Order 108, Headquarters EUCOM, December 1, 1949.

**Related Records:** SEE Related Records UNDER 260.2 for papers and oral history interviews of Gen. Lucius D. Clay. Records of the U.S. High Commissioner for Germany, RG 466.

#### 260.3.1 Records of the Office of the Chief of Staff

**Textual Records:** Subject file, 1945-49. Official files, 1945-47, of Maj. Gen. Frank Keating, Assistant Deputy Military Governor (1946-47). Official files, 1944-48, of Brig. Gen. Charles K. Gailley, Jr., Chief of Staff (1946-49). Files of miscellaneous records concerning occupation policies and problems, 1947-49. Minutes and memorandums, 1949, of the Interdivisional Reorientation Committee, established, 1948, to plan and implement a U.S.-German cultural exchange program.

#### 260.3.2 Correspondence maintained by the Adjutant General's Office

**Textual Records:** Formerly security-classified and unclassified decimal correspondence, 1945-49, with partial microfilm copy (97 rolls). Formerly security-classified incoming messages, 1946-49, and outgoing messages, 1946-48. Microfilm copies of summaries of telephone conferences ("Telecons") between the staff of the Military Governor and various officials in Washington, DC, 1947-49 (10 rolls).

Gross

O'Connell Financial Assets Draft

MAY 2000

Helen:

Although I felt she raised some good points, I found it incomplete and with some factual errors.

I'll go through the paper in its order, not order of importance:

- "USMG"? I've never seen it called that before. OMGUS and/or USACA or just MG would suffice
- misrepresentation of Internal Restitution
- stresses "pragmatic concerns" - good point, but also should point out international custom
- good point re Jewish survivors having no agent for restitution
- definition "Identifiable" property is more flexible than she portrays
- good point re French concerns - British as well
- questionable use of "intermingling"
- erroneous portrayal of securities re property of camp victims
- need citation for "disposal of U.S. property to a relief agency" - Great Quote!
- FED started after Merkers discovery, not before
- Cite # 9 slightly misrepresents my Austria paper - most property was tracked down and returned.
- re "Unprocessed" boxes sent to Merkers mine: Merkers was a hiding place from air raids, it was not a permanent fixture in Nazi looting operations
- She's a bit confused re Dachau. I'll add more on this when I e-mail you next week in London
- The \$808,000 to the IRO figure is open to question - many different valuations.

Have a safe trip back to Europe,

Greg

Greg Fite

Specialized at the National Archives  
**COPY**

