

U.S. CONTROL OF NON-GOLD FINANCIAL ASSETS IN THE
EUROPEAN THEATER

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INTRODUCTION

In the immediate post-war Europe, U.S. forces faced a daunting task of collecting, inventorying, accounting, safekeeping, and disposition of a vast amount of non-gold financial assets that came under their control. These included currencies, securities, jewelry, diamonds, precious metals such as silver, and other valuables. As early as October 1945, when only a partial inventory of the assets had been taken, Foreign Exchange Depository (FED) officials in Frankfurt estimated the total worth of the assets held there at over \$600 million.¹ This figure did not include foreign securities, foreign currencies, and other valuables as well as additional shipments of valuables that came into the FED after that date. At this stage of our research, it is safe to place the total the value of all the assets that came under control of the U.S. forces at well over \$1 billion. More challenging, however, is to estimate the worth of assets looted from victims of Nazi persecution for race, religious, or political reasons.

This report focuses on victims' non-gold financial assets that came under the control of the U.S. military forces in the European theater. More specifically, it attempts to assess the handling and disposition of these assets according to policy directives adopted by the U.S. government and its Allies (the formulation of which is addressed in a separate report). In the process, issues and questions will also be raised with respect to the role of other governments and institutions, such as relief organizations, which often served as the links and administrators between OMGUS, the keeper of the assets, and the individual owners and refugees, the intended beneficiaries in the restitution process.

¹ NARA, Record Group 260, Finance Division, Box 471, File 132.2 Currency Section, "Audit of Currency Section, Financial Branch; 18 October 1945.

Currencies, securities, jewelry, diamonds, and silver under the control of OMGUS originated from many different sources and was kept for safekeeping mostly in the FED facility—the Reichsbank building in Frankfurt. They originated from disparate locations such as mines, farms, government and military facilities, concentration camps as well as through the efforts of the U.S. military to seize foreign assets in Germany pursuant to specific policies Military Government Law 53. In some cases their provenance may have been legal—that is, acquired by the Nazi government through legitimate financial and commercial transactions. In a lot of cases, however, these assets represented loot from occupied countries and victims of Nazi persecution. The most challenging task is to identify and, where applicable, value assets that represented loot from victims.

Valuation of the assets is of a primary concern. FED officials were uneasy with their inability to provide a timely and accurate valuation of all the assets they held due to a lack of experts. Valuation, however, was not crucial in absolute terms. It was necessary only with respect to assets that were restituted to countries in the form of reparations and checked off against Germany's external accounts. Concerning restitution to victims, an accurate valuation of their assets held only relative importance. Most of these assets ended up being restituted to individual owners (through various claims processes, e.g. Law 59 in Germany and respective governments outside of Germany) and to relief organizations such as the International Refugee Organization (IRO). Assets were valued especially when turned over to the IRO. The IRO in turn sold assets it received at auctions, particularly in New York. The value assigned to each specific asset was irrelevant and had no impact on the money the IRO received for it. The IRO receipts

from the auctions would be a much more accurate reflection of the value of the assets they received.

CURRENCIES

Among all of the assets held by the U.S. military in the FED in Frankfurt, currencies constituted a substantial amount comprising denominations from over 100 countries. They originated in various shipments to the FED and their source included Reichsbank reserves, SS loot from occupied countries, concentration and prisoner of war camps, and confiscation under Military Government Law 53. And as in the case for other assets such as gold and securities, FED Army officials retained authority over the currencies safekeeping, accounting, and disposition.

United States policy guided the restitution of foreign currencies (as opposed to the Reichsmark, the domestic currency) based principally on their provenance—whether they belonged to the Reichsbank and other German government institutions or organizations or whether they constituted loot from victims of political and racial persecution. Currencies were treated as loot from victims only where physical evidence of loot appeared when they were found. Based on this broad categorization, currencies were restituted respectively to the national governments of the countries of issuance or to the Inter-Governmental Committee on Refugees (IGCR), and later to its successor, the International Refugee Organization (IRO) and its earlier functional version, the Preparatory Committee of the International Refugee Organization (PCIRO).

Accounting for the currencies, as for all other assets held at the FED, constituted an enormous task for the U.S. military, particularly given the accelerated personnel redeployment program which FED military officials had to face.² Nonetheless, the accounting task was readily and meticulously implemented by Army personnel thanks

especially to the fact that no specific technical expertise was needed in the process of valuation. A detailed accounting was maintained of all coins and currency bills which in most cases included the serial number of each bill.³

Restitution to national governments

Restitution of foreign currencies to national governments applied under the following two main guidelines:⁴

- (1) Currencies issued by countries which experienced Axis occupation were restituted to the respective national governments.⁵ Furthermore, currency was delivered to the country of issue without necessity of proof that it had been looted or otherwise acquired from that country during German invasion or occupation.⁶
- (2) Currencies issued by United Nations (UN) and Inter-Allied Reparations Agency (IARA) countries,⁷ and which never experienced Axis occupation, were restituted to those governments through the IARA and accepted as a charge against reparations.

Table I below shows a listing of a shipment of currencies restituted to national governments. An *approximate* valuation of these currencies in 1948 U.S. dollars⁸ suggests a total value of more than \$46 million. A FED estimated total evaluation of these currencies, however, placed the total at approximately \$10 million.⁹ The discrepancy in the estimates is due to the fact that some currencies were nominally valued by FED

² NARA, Record Group 260, Military Government Executive Office, Box 111, File Restitution Policy, Cable S-25884, September 30, 1945.

³ NARA, Record Group 260, ??, Boxes ??? Inventory Cards.

⁴ NARA, Record Group 260, Property Division, Box 16, File (?), Cable W-90078, 21 January 1947.

⁵ These countries included Albania, Belgium, Czechoslovakia, Denmark, France, Greece, Italy, Luxembourg, the Netherlands, Norway, Poland, USSR, and Yugoslavia. Currencies of Bulgaria, Finland, Hungary, and Romania were restituted to the USSR.

⁶ NARA, Record Group 260, Finance Division, Box 420, File 940.15, OMGUS Correspondence, 31 October 1945.

⁷ These included Australia, Canada, Egypt, India, New Zealand, Union of South Africa, United Kingdom, and United States.

⁸ The exchange rates adopted for this calculation were derived from a memorandum of the Office of Military Government for Germany (US) dealing with the evaluation of German assets in IARA countries (NARA, RG 260, Box 11, Property Division, File #16 IARA, Memorandum, 11 March 1949).

⁹ NARA, Record Group 260, Finance Division, Box 423; "Return of Currency to Country of Issue," (no date).

officials at \$1.00 for their total.¹⁰ All of these currencies originated in 10 shipments to the FED.¹¹ They were mostly part of the reserves of the Reichsbank and, in a few cases, belonged to the SS and Gestapo. In no case evidence appeared that they had been removed from political or racial victims.

Two important policy issues arise from the restitution of currencies being treated as external assets and they concern the (1) restitution to countries of issue regardless of potential third party claims, and (2) individual ownership rights. While it was relatively easy for the U.S. army to establish the provenance of the currencies delivered to the FED, it was impossible to establish their exact origin. Most of the foreign currencies represented Reichsbank reserves as shown by official papers often found along with the currencies. However, establishing whether these foreign reserves had been legally or illegally acquired proved to be impossible. What ended up in the official reserves, in fact, surely included currencies looted from countries under occupation and from victims of political and racial persecution, as well as those simply acquired on international financial markets. Furthermore, it would have been practically impossible to establish whether certain currencies had been looted from the country of issue or from occupied third countries' official reserves. In fact, at the policy level the question arose of how to treat any lots of currencies identifiable as removed from a country other than that of issue. No such currencies were identified,¹² while it is also apparent that no such claims were put forward. A policy in this respect, therefore, was

¹⁰ A total valuation of \$1.00 was given to: USSR rubles, still accounted at this stage; English pounds, believed to be counterfeit; almost three billion in French francs, considered "non legal tender;" and Greek drachmas and Yugoslav dinars for reason not specified. NARA, Record Group 260, Finance Division, Box 423, "Return of Currency to Country of Issue," (no date).

¹¹ Shipments nos. 1, 2, 5, 6, 17, 18, 21, 23, 27A, 27D, 27E, 52A, 52C (Citation to be completed).

never developed. The only standing exception to this conclusion is the “Silver train” and its restitution to Hungary.

The “Silver Train” represented a shipment of monetary silver from the Hungarian Ministry of Finance to the German Reichsbank in Mageburg in 1945. The deposited contents of the train were later seized by U.S. forces and transferred to the FED in Frankfurt. In addition to monetary silver, the train’s deposits also included currencies—the so-called Orphans Court Deposits—as well securities, jewelry, and other valuables, which later were restituted to Hungary in 1947.¹³ No third country advanced any claims with respect to the currencies.

Given these inherent difficulties in pursuing claims at almost any level, the restitution guidelines outlined above were agreed at the multilateral level¹⁴ providing for only those currencies which showed evidence that they had been looted from political or racial victims were to be treated as a special case—hence the policy of restitution to the IGCR/IRO discussed below.

Finally, concerning the issue of individual property rights, potential claims of ownership were deferred to individual governments. The policy adopted provided for the restitution of currencies to national governments to be without prejudice to individual ownership rights which could have been established before the governments receiving the currencies.¹⁵

¹² NARA, Record Group 260, Finance Division, Box 160, File 2/160-8, “Foreign Currencies: Summary of Cables.”

¹³ The currencies included U.S. \$159,000; Swiss francs 284,000; Canadian \$7,200; Yugoslav Dinar 2,489,000; Romanian Lei 13,482,000. NARA, RG 260 Property Division, Box 51; File: Book 2; “Restitution Claim 2250-M,” 27 August 1947.

¹⁴ NARA... citation to be completed.

¹⁵ NARA, Record Group 260, Property Division, Box 16, File (?), Cable W-90078, 21 January, 1947.

The U.S. government, and specifically the Office of Alien Property (OAP) of the U.S. Department of Justice, received approximately \$3.5 million in early 1949 (as indicated in Table I) to be vested as German external asset.¹⁶ Subsequent policy questions were raised at the interagency level as to the status of the currency received. It was unclear to the agencies handling the currency in the United States, that is the Department of the Army and the OAP, whether the dollar currency found in Germany should have been considered as property of unknown ownership or as property of the Reichsbank. In fact, the OAP would have treated such property differently depending on its definition.¹⁷ Future research into the Department of the Treasury records should reveal how the currency received by the U.S. government was eventually treated.

Restitution to the IGCR/IRO

The policy of restitution of currencies to the IGCR/IRO required that these represented loot from victims of German persecution.¹⁸ Among the currencies delivered to the IGCR/IRO, the 1947 shipment detailed in Table I below includes those originated in two shipments to the FED.¹⁹ A substantial amount of these originated from the Melmer loot Reichsbank deposits uncovered in Merkers Mine, with the rest from boxes of valuables found by U.S. forces near Buchenwald. Evidence uncovered with the valuables found in Merkers and Buchenwald suggested loot from concentration camp victims.

¹⁶ NARA, Record Group 260, Finance Division, Box 167, File (?), Shipping Ticket No. 195, 10 January, 1949.

¹⁷ NARA, Record Group 260, Finance Division, Box 420, Cable W-85373T, 15 March, 1949.

¹⁸ NARA, Record Group 260, Finance Division, Box 421, File 940.14, Cable WX-85682, (date?).

¹⁹ Shipments nos. 1, 16; NARA, Record Group 260, Finance Division, Box 160, File 2/160.9, Cable CC-9926, 18 July 1947.

The Melmer Reichsbank deposits represented a difficult challenge to U.S. restitution policy in dealing with looted currencies. In Merkers, a total of 78 Reichsbank deposits were uncovered including “43 processed” and “35 unprocessed deposits.” These were deposits made by SS man Bruno Melmer²⁰ and hidden by Reichsbank officials in the Merkers Mine with the Allies advance in Germany. The 35 unprocessed deposits, which included the actual currencies still in unopened boxes, were treated as loot and included in the delivery to the IGCR detailed in Table I below. Concerning the 43 processed deposits, their accounting records were found but not the currencies—they had been assimilated in the general assets of the Reichsbank. These processed deposits amounted to over \$1.2 million (in 1948 dollars). Any physical evidence of loot from political and racial victims may have disappeared.

According to restitution policy, the possibility that these currencies may have constituted loot represented a potential claim by the IGCR. The fact that they were Melmer deposits to the Reichsbank was strong enough evidence that they may have been looted currencies. FED officials, however, chose not to invite the IGCR to submit a claim and argued against disclaiming any information concerning the currencies potential origin as loot from political and racial victims. They argued that such a claim may have constituted a priority claim and may have invited for criticism from governments to which these currencies were to be returned under current disposition directives. Their argument was further supported by the fact that some of the foreign currencies were no longer physically present among Reichsbank reserves and that a potential restitution to

²⁰ NARA, Record Group 260, Central Files of the Foreign Exchange Depository, Box 423, File 943.04.

the IGCR/IRO may have required the use of currencies to be delivered to national governments.²¹

An *approximate* valuation, also in 1948 U.S. dollars, of the currencies restituted to the IGCR/IRO in 1947 suggests a total value of more than \$1 million. Some of the currencies delivered, however, may have been “worthless”—that is, they had been taken out of the circulation in the meantime—and it would have been up to the pertinent governments to honor them. There is indication that the IGCR/IRO was reluctant in dealing with the issue of “worthless” currencies. In fact, in a proposed subsequent delivery of looted currencies from the FED to the IRO, the latter opted to accept currency from only a limited number of countries deeming the rest of the currencies to be “worthless.”²² Unfortunately, it is unclear whether the IRO attempted to negotiate with the governments whose currencies were deemed “worthless” in attempting to persuade them to honor such currencies. Evidence, was found, however, concerning the Provisional French Government willingness to convert outstanding French franc notes into new French franc notes during June 1945 and to consider appropriate claims for currency legitimately acquired.²³

No complete documentation has been found concerning the comprehensive value of the currencies restituted to the IGCR/IRO or whether there were any other additional shipments. As late as 1950 the IRO submitted a claim to the U.S. High Commissioner for Germany (HICOG) for currencies of “unknown ownership” which totaled approximately

²¹ NARA, Record Group 260, Finance Division, Box 421, File 940.14, Cable CC-9926, 18 July, 1947.

²² NARA, Record Group 260, General Records of the Foreign Exchange Depository, Box 162, File (?), PCIRO Correspondence, 27 July 1948. No value exists concerning this proposed shipment. The PCIRO acceptable list of countries included Australia, Belgium, Denmark, Egypt, England, Ireland, Italy, the

\$477,000 (in 1950 U.S. dollars).²⁴ It is unknown whether this claim was accepted.

(Please note that we are still researching the records of HICOG and that it is possible that we will find more on restitution to the IRO.)

MG Law 53 currencies. The Control Council developed a policy vesting the title to foreign currencies confiscated under Military Government Law 53²⁵ (henceforth 'Law 53') in the German External Property Commission (GEPC) for later restitution to the countries of issue. This policy, however, contrary to the policy concerning general pool currencies, took into account ownership rights. A clear distinction, in fact, existed between currencies seized by the U.S. military and deposited in the FED and those falling under MG Law 53—the former bore no identification concerning their ownership as opposed to the latter which were confiscated from individual owners.

The United States, United Kingdom, and France (with the USSR in disagreement) agreed to grant senior property rights to non-Law-5-German nationals (e.g. persecutes) prior to returning the currencies held under Law 53 to the countries of issue.²⁶ This policy was implemented despite opposition by the Office of Military Government for Germany (OMGUS) which argued against the release of such property to owners inside Germany.²⁷ Although OMGUS officials stated no explicit arguments in this respect, it is clear that their position was based on their concerns for domestic economic policies and

Netherlands, Newfoundland, Norway, Palestine, Spain, Sweden, Switzerland, Turkey, and the United States.

²³ NARA, RG 260, FED Records, File: Restitution of currency;

²⁴ NARA, Record Group 165, Entry 476, Box 838, Airgram, 27 May, 1950.

²⁵ Military Government Law 53, adopted in 1945 (?), provided for the confiscation of all foreign assets, including foreign currencies, held by residents (citizens?) of Germany.

²⁶ NARA, Record Group 260, Finance Division, Box 292, File (?), Cable, No date.

²⁷ NARA, Record Group 260, Finance Division, Box 160, File (?), Cable CC-1117, 4 August, 1947.

the reduction of black market activity, which would have been aggravated by the presence of hard currency in the domestic economy.

In any case, the inventory of Law 53 currencies revealed only small quantities of foreign currencies and the confiscation of the currencies did not apply to displaced persons (DPs). An OMGUS directive from April 1945 clearly stated that, notwithstanding Law 53, United Nations DPS, including Russian citizens and stateless persons authorized to leave Germany, would not have their foreign exchange assets seized by Allied Forces, except when evidence indicated that they acted as carriers of such assets.²⁸ Table II below shows the denominations and amount of currencies delivered under MG Law 53. Also, the inventory did not disclose whether depositors or owners were non-Law-5-Germans, as well as foreign owned German corporations. And since it would have been administratively impractical to ascertain the ownership of these currencies and given that no application for their release had been filed by non-Germans outside Germany by the end of 1947,²⁹ the policy giving priority to individual owners had little effect on the restitution process.

Furthermore, we are unaware of the administrative process and procedures used in the confiscation of these currencies. Since the process of confiscation started early on and the issue of ownership rights and any identification attempt mentioned above did not take place until later, it is possible that the administration of the confiscation process lacked the requirement and information necessary to later identify the owners. In the end,

²⁸ NARA, RG 260, Records of the Executive Office, Box 268, File: Administration of MG in Germany—Finance; “Foreign Exchange Assets of Displaced persons; 5 April 1945.

²⁹ NARA, Record Group 260, Finance Division, Box 160, File (?), Cable CC-2071, 24 October, 1947.

Law 53 currencies were restituted to national governments following the guidelines applied to the currencies held by the FED.³⁰

German currency. The FED was the collecting point for several million German marks. The cash balance on September 30, 1945 was over \$3.25 billion Marks (an estimated \$325 million based on the military exchange rate). This currency originated mostly from Reichsbank holdings and was used by the U.S. Military Government primarily for macroeconomic policy goals and programs. Certainly, a percentage of the currency may have been taken from Nazi victims; however, their estimation is practically impossible given the high liquidity of this asset. (Develop further.)

³⁰ NARA, Record Group 260, Finance Division, Box 292, File (?), Memorandum, 19 July 1948.

TABLE I
RESTITUTION OF CURRENCIES:

PARTIAL SHIPMENTS

Currency	Country	Amount restituted to national government³¹	Amount delivered To the IGCR³²
Franga	Albania	430,675.00	4,999.69
Pound	Australia	1.10	4.00
Franc	Belgium	*48,477,575.00	212,119.57
Lev	Bulgaria	62,342,220.50	44,494.04
Dollar	Canada	8,786.32	311.98
Korun	Czechoslovakia	*271,702.61	1,013,692.42
Kroner	Denmark	*1,373,233.10	49.46
Pound	Egypt	46,321.21	2.40
Markka (?)	Finland	40,642.55	237.31
Franc	France	*2,711,461,250.00	3,049,630.44
Franc (Algeria)		*3,521,325.00	--
Drachma	Greece	*5,753,347,369.55	284,279,124.12
Pengo	Hungary	34,528,872.25	1,018,374.51
Rupee	India	10.00	--
Lira	Italy	59,175,811.25	872,253.84
Franc	Luxembourg	*980.57	243.00
Guilder	Netherlands	*2,705,975.24	78,979.21
Kroner	Norway	*9,668,470.89	1,911.57
Zloty	Poland	*64,995,094.50	13,946,392.10
Marek		*31,113.50	14,690,503.41
Leu	Romania	554,244,591.49	121,991.79
Pound	United Kingdom	207,235-5-0	1,579.35
Ruble	USSR	374,815.80	46,341.39
Pound	Union of South Africa	*2,896.50	95.13
Dollar	United States	*3,561,205.88	97,045.80
Dinar	Yugoslavia	*6,230,784.25	264,019.28

³¹ NARA, Record Group 260, Finance Division, Box 160, File 2/160.9, Cable CC-9926, 18 July 1947. * Denotes amount derived from the actual shipping ticket accompanying the delivery of the currency; NARA, Record Group 260, Finance Division, Box 423, File 940.17, Shipping tickets.

³² NARA, Record Group 260, General Records of the Foreign Exchange Depository, Box 160, File 2/160.9, Cable CC-9926, 18 July 1947.

TABLE II**MILITARY GOVERNMENT LAW 53 CURRENCIES³³**

Country	Currency	Amount
Belgium	Belgas	811,484.30
	Franc	26,782,628.50
Czechoslovakia	Korun	96,293,629.43
Denmark	Kroner	81,095.10
France	Franc	173,139,090.67
Greece	Drachma	1,664,782,359.20
Hungary	Pengo	713,451,000.00
Italy	Lira	18,674,633.13
Netherlands	Guilders	3,326,816.12
Norway	Kroner	164,522.31
Poland	Zloty	9,301,730.34
Romania	Leu	25,000,000.00
Russia	Ruble	561,483.45
Slovakia	Karbowanez	887,739.95
	Ks. (?)	6,007,031.79
Sweden	Kroner	14,606.60
Switzerland	Franc	224,581.50
United Kingdom	Pound	8,109.17
United States	Dollar	233,606.30
Yugoslavia	Dinar	11,109,435.00

³³ NARA, Record Group 260, Finance Division, Box 160, File 2/160-9, "Tabulation of Currencies Delivered Under Military Government Law 53," (no date).

SECURITIES (GREG MURPHY)

Even prior to our entry into World War II, the United States was concerned about looted securities. On April 10, 1940, the Treasury Department adopted controls designed to prevent the disposal of such looted securities in the United States.³⁴ General Ruling 5 decreed that all imported securities be screened to prove they were not looted.³⁵ As a result, comparatively few American securities were looted by the Germans. The Nazis, according to stock exchange dealers, were not interested in them because U.S. securities “were registered and thus could not readily be transferred whether purchased or stolen.”³⁶

In the May 31, 1944 final report of the U.S. Interdivisional Committee on Reparation, Restitution, and Property Rights, it was predicted that there would be problems involved in returning looted securities after the war because of “difficulties in determining” the actual fact of looting and “in establishing ownership.” As far “as securities can be identified as looted, whether or not individual owners can be identified, they should be subject to restitution. In general, the rule of return to the country from which they were looted should be followed. Subsequent determination as to final distribution could be made in the country receiving the securities.”³⁷

The Allied armies would discover these securities in various bank branches, Reichsbanks, among SS and Gestapo loot hidden in salt mines, prisoner-of-war camps,

³⁴ NARA/CP; RG 260; Entry: External Assets; Box 650; File: Policy - German External Assets; May 25, 1946

Domke, Martin. Trading With the Enemy in World War II. 1943. New York: Central Book Company, p. 322

³⁵ NARA/CP; RG 84; Entry 2109A – Brussels Embassy; Box 18; File #711.2; Telegram #532 from Byrnes (Secretary of State) to Marks

³⁶ NARA/CP; RG 131; Entry: Foreign Funds Control Subject Files; Box 388; File: Looted Securities; Telegram 1273; October 15, 1945

buried in hills, and on a farm whose occupant stated he "believed they had belonged to Govt. of Netherlands or might be requisitioned Jewish property in Holland."³⁸ Many of these securities were stolen from concentration camp victims.³⁹ The Army transferred these assets to an American central collection center in Frankfurt, the Foreign Exchange Depository where they would await disposition. ** 500*

In fact, among the items found on the Hungarian National Bank train in Spital am Pyhrn, Austria in May 1945 was a case of "sealed envelopes regarding Jewish properties." The Bank was instructed on May 15, 1945 to deliver these properties [among other assets] to the U.S. Military Government in Austria according to the provisions of Article 3, Decree 4 of the Military Government,⁴⁰ the predecessor to HQ USFA [Headquarters, United States Forces Austria]. ~~It is unknown at this time what eventually became of these assets.~~ *THESE WERE EVENTUALLY RESTITUTED TO THE HUNGARIAN GOVT. ON THE "SILVER TRAIN"*

A measure of how many securities were looted by the Germans is provided by Reichsbank figures. The Reichsbank in Leipzig reported on December 30, 1944 as having RM 2,693,300 worth of securities. On April 20, 1945, they reported having RM 26,105,200 worth,⁴¹ a ten-fold increase in less than four months! In addition, Melmer deliveries of securities and postal stamps totaled RM 175,681.97.⁴²

But, despite the guidelines set by the London Declaration of 1943 and the

³⁷ NARA/CP; RG 260; Entry: U.S. Element, ACC; Box 42; File: Foreign Securities - Investments; CORC/P[46]383, Allied Control Authority, Coordinating Committee, Foreign Currency and Foreign Securities found in Germany; November 26, 1946

³⁸ NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold and Silver [Hungarian Restitution]; "Data Re S.S. Loot"

³⁹ NARA/CP; RG 260; Entry: Finance Division; Box 164; File: FED-1948; "Transmittal of Schedule Listing Securities Found in Loot Shipments Held at the Foreign Exchange Depository"; August 20, 1947

⁴⁰ NARA/CP; RG 260; Entry: Finance Division; Box 284; File: Hungary - National Banks; May 14, 1945

⁴¹ NARA/CP; RG 260; Entry: FED; Box 427; "Status of the Reichsbank."

⁴² NARA/CP; RG 260; Entry: FED; Box 427; File: Melmer Deliveries; "Recapitulation of Proceeds:"

Reparation, Restitution, and Property Rights report, the four major, victorious powers soon found themselves mired in disagreements on various aspects of the restitution program. The London Declaration, also known as the Inter-Allied Declaration Against Acts of Dispossession Committed in Territories Under Enemy Occupation or Control, and signed by all the Allied powers issued “a formal warning to all concerned, and in particular to persons in neutral countries, that they intend to do their utmost to defeat the methods of dispossession practiced by the Governments with which they are at war against the countries and peoples who have been so wantonly assaulted and despoiled.” The Allies also reserved “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... 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.”⁴³

On February 21, 1946, the Allied Control Authority for Germany, consisting of the United States, Great Britain, France, and the Soviet Union, made it “compulsory that all foreign securities in Germany be deposited at such offices as the Occupation Authorities shall direct.”⁴⁴ In May 1946, the Allied Control Authority, reflecting a serious division within its ranks, required in the western zones of Germany only, all foreign

Melmer Deliveries.”

⁴³ Department of State Bulletin 21 [1943]

⁴⁴ NARA/CP; RG 260; Entry: U.S. Element, ACC; Box 42; File: Foreign Securities - Investment; “GEPC/Memo[46]11[Final], Allied Control Authority, German External Property Commission, Delivery of Foreign Securities in Germany;” February 21, 1946.

securities “owned or controlled by German nationals in Germany are required to be deposited with the Reichsbank in terms of Law 53.”⁴⁵ The Soviet Union laid claim to all foreign assets found in Germany, interpreting the Potsdam Agreement and Allied Control Council Law 5 as meaning that these assets [including securities] fell “under the jurisdiction of the Allied Power in whose Zone of Occupation” they were located and “not under the jurisdiction of the German External Property Commission.”⁴⁶ In other words, according to the Soviet argument, foreign securities found in Germany could not be treated as German external assets, a view that the other three allies found perverse.⁴⁷ In June 1946, OMGUS floated restitution proposals regarding securities to the War Department’s Adjutant General. OMGUS proposed that any securities procured in occupied countries by residents of Germany or Austria “during period of occupation... shall be regarded... as having been acquired under duress and shall in principle be subject to restitution” to governments of countries in which they were obtained. The restitution process would begin with formerly-occupied nations compiling inventories of looted securities which would group them by type; date; registration numbers; and circumstances of acquisition. The U.S. military authorities in Germany and Austria

⁴⁵ NARA/CP; RG 260; Entry: U.S. Element, ACC; Box 42; File: Foreign Securities - Investment; GEPC/P[46]28, Allied Control Authority, German External Property Commission, Foreign Securities deposited with the Reichsbank; May 17, 1946

⁴⁶ NARA/CP; RG 260; Entry: U.S. Element, ACC; Box 42; File: Foreign Securities - Investment; Annex “B”, GEPC/P[46]48, Allied Control Authority, Legal Directorate, Delivery of Foreign Securities in Germany, May 28, 1946.

NARA/CP; RG 260; Entry: U.S. Element, ACC; Box 42; File: Foreign Securities - Investment; CORC/P[46]274, Allied Control Authority, Coordinating Committee, Delivery of Foreign Securities in Germany; August 17, 1946.

NARA/CP; RG 260; Entry: Finance; Box 130; File: Claims-Restitution; DFIN/P[46]198 Revise, Allied Control Authority, Finance Directorate, Draft Memorandum to the Coordinating Committee on Foreign Currencies and Securities in Germany; October 30, 1946.

⁴⁷ NARA/CP; RG 260; Entry: U.S. Element, ACC; Box 42; File: Foreign Securities - Investment; Annex B, GEPC/P[46]48, Allied Control Authority, Legal Directorate, Delivery of Foreign Securities in Germany, May 28, 1946

would also prepare inventories in order to decide any claims.⁴⁸

The U.S. delegate was instructed to propose that the Coordinating Committee rule that "foreign securities in Germany are rights, titles or interests in respect of property outside Germany and are therefore vested in the German External Property Commission in accordance with the provisions of Control Council Law No. 5."⁴⁹ On August 30, 1946, the U.S. opined that "securities represent rights, interests, claims or shares... and should therefore be included in the concept 'property subject to restitution,'" in accordance with the London Declaration of 1943. The U.S. felt that "securities... acquired directly or indirectly by persons resident in Germany from countries which were occupied or effectively controlled by Germany" during that period "should be regarded prima facie as having been looted." Also, securities "shall in principle be subject to restitution to the Governments of countries in which they were acquired or from whose residents they were acquired. Exemptions should be authorized only in cases where existing holders of said securities can rebut, to the satisfaction of appropriate authority, the presumption that such securities or other evidences of ownership were looted." All "identifiable looted securities should be returned at the earliest practicable date to the Governments of countries from which they were acquired... All non-identifiable looted securities should be held in safekeeping pending agreement by the Governments concerned as to how they shall be allocated among claimant nations whose claims have not been met by restitution

⁴⁸ NARA/CP; RG 260; Entry: External Assets; Box 650; File: Policy - German External Assets; Cable WX-90450; June 7, 1946

⁴⁹ NARA/CP; RG 260; Entry: U.S. Element, ACC; Box 42; File: Foreign Securities - Investment; CORC/P[46]274, Allied Control Authority, Coordinating Committee, Delivery of Foreign Securities in Germany, August 22, 1946

of identifiable securities.”⁵⁰ General Gailey summed up the U.S. position succinctly: “German-owned foreign securities and currencies, wherever they might be found, were ‘rights, titles and interests in respect of property outside Germany’ and were vested in the German External Property Commission for ultimate disposition in accordance with the Potsdam provisions.”⁵¹ The basic position of the Americans, British, and French was that foreign securities found in Germany “must be regarded as German external assets and must be subject to Control Council Law No. 5.” The Soviets then countered that the question of disposition of securities be deferred until the “final settlement of United Nations reparations claims against Germany, since these two questions were closely related.”⁵²

→ Done
CC Law 5

Both Britain and the United States renounced all claims to securities found in Bulgaria, Finland, Hungary, Romania, and the Soviet-controlled zone of eastern Austria.⁵³ The Soviet Union renounced claims in all other countries.⁵⁴ However, the Soviets, when holding German shares of businesses located elsewhere in Europe used those assets as reparations under the Potsdam decisions.⁵⁵ The U.S. was opposed to this Soviet interpretation, dryly 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

⁵⁰ NARA/CP; RG 260; Entry: U.S. Element, ACC; Box 42; File: Foreign Securities - Investments; DFIN/P[46]223, Allied Control Authority, Directorate of Finance, Disposition of Foreign Securities Uncovered in Germany.

⁵¹ NARA/CP; RG 260; Entry: U.S. Element, ACC; Box 42; File: Foreign Securities - Investments; Cable CC-5679; October 16, 1946.

⁵² NARA/CP; RG 260; Entry: U.S. Element, ACC; Box 42; File: Foreign Securities - Investments; Cable CC-5679; October 16, 1946

⁵³ NARA/CP; RG 260; Entry: U.S. Element, ACC; Box 42; File: Foreign Securities - Investments; Cable CC-5679; October 16, 1946

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

⁵⁴ NARA/CP; RG 260; Entry: U.S. Element, ACC; Box 42; File: Foreign Securities - Investments; Cable CC-5679; October 16, 1946

securities found in the Soviet Zone of occupation, irrespective of the physical location of the property.”⁵⁶ The Soviet Union, while agreeing that looted securities are subject to restitution and in fact, are reported to have returned many securities [although they were also accused of massive theft], opposed the U.S.-U.K.-French position that all securities acquired by Germany in occupied countries are presumed to be looted unless the contrary is proved [Soviets placed burden of proof of wrongful acquisition on claimant countries] and also opposed U.S.-U.K.-French proposal for pool of unidentifiable looted securities to satisfy any outstanding claims after restitution of identifiable looted securities.⁵⁷

The question of restituting Austrian securities also arose in February 1946. The headquarters of U.S. Forces in Austria [USFA] was anxious to release the securities, which they considered to be of vital importance,” to the Austrians, contending that securities of the former Wertpapiersammelbank (a clearinghouse for depositing securities whose only participants were Viennese banks, largely Jewish-owned),⁵⁸ now the National Bank of Vienna, were shipped to Regensburg, Germany prior to the liberation of Vienna. Their presence in Germany, according to USFA, was therefore accidental.

AM3
OMGUS initially rejected this argument, explaining that there was no restitution policy concerning Austrian assets.⁵⁹ However, contrary to the wishes of the other three

⁵⁵ NARA/CP; RG 260; Entry: AG Decimal File; Box 95; File: German Assets; April 2, 1946

⁵⁶ 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

⁵⁷ NARA/CP; RG 260; Entry: Property Division; Box 16; File: Securities; September 25, 1947

NARA/CP; RG 260; Entry: External Assets; Box 590; Sale of Securities - Berlin Banks; “Evidence of Sale by Soviet Authorities, Through Black Market Channels, of Securities Formerly on Deposit in Berlin Banks; December 14, 1948

⁵⁸ NARA/CP; RG 260; Entry: USACA Decimal Files; Box 10; File #102.1 - Financial Accounting - Currency Conversion; Cable CC-23473; March 8, 1946.

⁵⁹ NARA/CP; RG 260; Entry: USACA Decimal Files; Box 10; File #102.1 - Financial Accounting -

allies who considered all foreign securities held in Germany as vested under Control Council Law 5,⁶⁰ OMGUS changed its mind and indicated its willingness to release the securities to General Mark Clark in Austria.⁶¹ According to the provisions of this law, the restitution of these vested foreign securities required Control Council approval “regardless of their location within Germany.”⁶² The War Department did not want to press the matter any further at that time, stating that “no action should be taken to transfer securities” to Austria,⁶³ but AGWAR stated that USFA “be invited to make examination hand audit in Germany of records and securities as they consider desirable.”⁶⁴ In March 1947, however, OMGUS went ahead and shipped the securities to USFA in order to prepare an inventory, but ordered no disposition. USFA also pushed for restitution to Hungary of the securities found in Austria on the Hungarian Bank Train.⁶⁵

On May 25, 1946, the OMGUS Office of Political Affairs informed the Finance Division that the eventual restitution of securities would be done with countries, “since the government in question will no doubt take measures to protect the legitimate owner.”⁶⁶

→ Insert 1/22/49 C/AY Amendment

Currency Conversion; Cable CC-22509; February 2, 1946

⁶⁰ NARA/CP; RG 260; Entry: External Assets; Box 650; File: Policy - German External Assets; Cable WX-90450; June 7, 1946

⁶¹ NARA/CP; RG 260; Entry: USACA Decimal Files; Box 10; File: Financial Accounting; Currency Conversion; Cable MC IN 22807; March 17, 1946

⁶² NARA/CP; RG 260; Entry: External Assets; Box 650; File: Policy - German External Assets; Cable WX-90450; June 7, 1946

⁶³ NARA/CP; RG 260; Entry: External Assets; Box 649; File: GEPC Policy; Cable WX-81819; March 24, 1946

⁶⁴ NARA/CP; RG 260; Entry: External Assets; Box 649; File: GEPC Policy; Cable WX-92431; June 26, 1946

⁶⁵ NARA/CP; RG 84; Entry 2056 – POLAD, Vienna; Box 17; File #710; “Summary Report on Claims And Restitutions As of 31 December 1947; p. 14

⁶⁶ NARA/CP; RG 260; Entry: External Assets; Box 650; File: Policy - German External Assets; May 25, 1946

Quadrupartite discussions concerning the restitution of securities (as well as currencies) got bogged down in dispute. These central disagreements with the U.S.S.R. could not be bridged by April 1947, so the Joint Chiefs of Staff, through AGWAR, informed General Keating of OMGUS that he was “authorized to effect restitution identifiable lots of looted securities.”⁶⁷ The Americans, having noted that the British had already started, began preparing inventories for restitution, beginning with the Dutch government regarding Treuhand securities, as well as Swedish securities found within the U.S. Zone to Stockholm.⁶⁸ The State Department was “exceedingly anxious” to begin restitution to Holland because of the large amounts involved and “also because prompt restitution would contribute considerably to European self-help program which this Govt favors.”⁶⁹ The invading Germans, in 1940, had required all Jewish securities to be deposited with Lippman, Rosenthal & Co. in Holland whereupon they would be seized and then sold by the German management or German banks.⁷⁰ At the end of the war, all the records concerning securities, fell into the hands of the Dutch Government.⁷¹

The Economics Division of OMGUS ordered its Restitution Control Branch on September 5, 1947 to “accept and process claims for the restitution of securities and, upon proper identification and proof of removal from the territory of a country eligible for

⁶⁷ NARA/CP; RG 260; Entry: Finance Division; Box 160; File: Authorizations for Assets Released by FED; ; Cable WX-96654; April 23, 1947

⁶⁸ NARA/CP; RG 260; Entry: Finance Division; Box 160; Cable CC-1117; August 4, 1947

⁶⁹ NARA/CP; RG 260; Entry: Finance Division; Box 160; Cable WX-87155; September 27, 1947

⁷⁰ 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

⁷¹ NARA/CP; RG 131; Entry: Foreign Funds Subject Files; Box 404; File: Securities - Caveat List; March 11, 1947

NARA/CP; RG 131; Entry: Foreign Funds Subject Files; Box 405; File: IX; “To the attention of Paying

restitution, make restitution in the normal way to the claimant nation, except that, "for the time being," the following classes of securities shall not be released for restitution:

- a) Securities issued by German corporations or the German Government ("German securities")
- b) Securities issued by non-German corporations or Governments ("Foreign securities") which are shown to have been German-owned prior to the occupation of the country concerned."⁷²

On April 14, 1948, OMGUS unveiled a 4-phase plan to dispose of securities:⁷³

- Phase 1 - External restitution with recommended cut-off date of December 31, 1948, after which no further claims would be accepted.
- Phase 2 - Internal restitution which could be cut-off shortly after December 31, 1948, the date which all petitions under MG Law 59 must be filed.
- Phase 3 - Screening of claims for release to owners of securities which had not been found to be subject to external or internal restitution, with cut-off date after December 31, 1948.
- Phase 4 - All securities which have been found not to be subject to external or internal restitution, nor returnable to claimants under the third phase, to be disposed of after December 31, 1948.

OMGUS had warned Washington in October 1947 that "the processing of claims for restitution constitutes a very heavy demand" upon its staff "and the US delegation cannot agree to maintain such a considerable staff for an indeterminate period."⁷⁴

Agents"; May 2, 1949

⁷² NARA/CP; RG 260; Entry: External Assets; Box 677; File: Restitutions; Memorandum No. 10, "Restitution of Securities"; October 3, 1947

⁷³ NARA/CP; RG 260; Entry: Property Division; Box 5; File: Disposition of Property of War Criminals; Cable CC-3852; April 14, 1948

⁷⁴ NARA/CP; RG 260; Entry: Property Division; Box 14; File: Restitution of Securities; Cable CC-2029;

It was OMGUS policy that all foreign restitution missions seeking return of securities should submit their claims with a statement to the effect that the securities claimed are not securities of German issue and were not German-owned at the time the occupation of the country began. OMGUS also stated that in case of conflicting claims, "the burden would be placed on all claimants for the particular security to substantiate their claims and no delivery would be made until the dispute was settled."⁷⁵

By July 31, 1948, the U.S. and Britain agreed to hold up all restitution of securities to the USSR and its satellites, "pending receipt of possible independent claims by non-nationals or refugee nationals of the claimant Govts."⁷⁶

OMGUS denied claims it felt were essentially commercial transactions. The subscription to or purchase of new issues during occupation will presumed to have been a normal transaction upon the grounds that the economy of the occupied country benefited to the extent of the counter value invested in that country at the time! On the other hand, the U.S. decreed that restitution would take place when the German owner or holder cannot show that acquisition from the occupied country took place in the course of a transaction essentially commercial in character.

In developing a set of restitution rules, the term "otherwise" as used in the London

October 19, 1947

⁷⁵ NARA/CP; RG 260; Entry: Property Division; Box 5; File: Disposition of Property of War Criminals; Cable CC-3852; April 14, 1948

⁷⁶ NARA/CP; Entry: AG Decimal File; Box 511; File #602.3 - Restitutions; Cable CC-5364; July 31, 1948

Declaration regarding removal of securities, was interpreted restrictively by OMGUS to include only such property which was acquired in a transaction not essentially commercial in character, i.e., a transaction which, in fair appreciation of all factors, would not likely 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 OMGUS was concerned, may have acted in good faith, is immaterial.⁷⁷ OMGUS policy held that the claimant nation must prove that removal of securities were by force or duress in a specific case. The general allegation that the sale took place as a consequence or under the pressure of occupation is not sufficient to establish restitutability.⁷⁸ "Aryanization" in the form of a purchase and sale is not by itself sufficient to prove removal by force or duress.⁷⁹ The U.S. found as a matter of restitution law and procedure that the general assertion of economic penetration is not sufficient to prove removal by force or duress.⁸⁰ The U.S. believed that adjusting the conflicting interests of the parties concerned is a matter incumbent upon the proper courts and authorities of the country in which the aryanization occurred.⁸¹

Other reasons for rejecting claims included the absence of certificate numbers; when securities never left occupied country or were never in the occupied country;⁸² lack of identifiability as it follows from the nature of "Girosammeldepot" that there is no title

⁷⁷ NARA/CP; RG 260; Entry: Economics Division; Box 353; Czech Claims

⁷⁸ NARA/CP; RG 260; Entry: Economics Division; Boxes 353-354; File: Czech Claims
NARA/CP; RG 260; Entry: Economics Division; Box 360; File: Dutch Claims

⁷⁹ NARA/CP; RG 260; Entry: Economics Division; Box 361; File: Austrian Claims

⁸⁰ NARA/CP; RG 260; Entry: Economics Division; Box 353; Czech Claims

⁸¹ NARA/CP; RG 260; Entry: Economics Division; Box 351; French Claims

⁸² NARA/CP; RG 260; Entry: Economics Division; Box 353; Czech Claims

to specific certificates;⁸³ names of specific owners not given; securities in question not found in U.S. Zone; bonds held by same owner before the occupation; when securities were transferred to Germany during occupation due to heirship matters;⁸⁴ lack of description of the securities in question;⁸⁵ mere fact of abolition of foreign exchange restrictions between occupier and occupied nation;⁸⁶ and when securities were voluntarily sent to Germany.⁸⁷ Denied government claims remained on deposit with the Landeszentralbank under Law 53 awaiting final disposition.⁸⁸

The United States differentiated between restitution claims and applications by the individual owners for the return of their securities in Germany. Restitution claims can only be filed by governments and must be based on removal by force or duress. It is immaterial who the owner is as long as the removal took place under circumstances of force or duress. As a matter of governmental restitution, title is of no consequence. On the other hand, every national of a formerly-occupied country was entitled to the return of any non-German securities which he had at any time on deposit in Germany and which have been located. For this purpose, the owners had to file an individual claim.

Applications were received from the individuals and the securities and were returned directly to the individuals. These individuals were to be taken out of official channels.⁸⁹

However, government restitution took precedence over any individual claims.⁹⁰

⁸³ NARA/CP; RG 260; Entry: Economics Division; Box 354; Czech Claims

⁸⁴ NARA/CP; RG 260; Entry: Economics Division; Box 356; Czech Claims

⁸⁵ NARA/CP; RG 260; Entry: Economics Division; Box 359; Dutch Claims

⁸⁶ NARA/CP; RG 260; Entry: Economics Division; Box 358; Dutch Claims

⁸⁷ NARA/CP; RG 260; Entry: Economics Division; Box 355; Czech Claims

⁸⁸ NARA/CP; RG 260; Entry: Economics Division; Box 360; Dutch Claims

⁸⁹ NARA/CP; RG 260; Entry: Economics Division; Box 359; Dutch Claims

⁹⁰ NARA/CP; RG 260; Entry: Economics Division; Box 348; French Claims

Restitution of looted securities was to be done on a country-to-country basis "since the government in question will no doubt take measures to protect the legitimate owner."⁹¹

An example of American preference for governmental restitution over individual restitution occurred in August 1950 when the Currency and Credit Branch of the U.S. High Commissioner for Germany [HICOG], informed a French citizen who filed a counterclaim to a French government claim for securities that 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.⁹²

Amount

By August 31, 1946, OMGUS had 4,566 units of securities, worth approximately 734 million Reichsmarks. Of the 10.5 billion Reichsmarks worth of property under U.S. control in Germany, 664 million Reichsmarks worth was looted.⁹³ Again there was no breakdown of looted securities.

Restitution to IGCR

On June 15, 1946, the U.S., Great Britain, France, Czechoslovakia, and Yugoslavia, "worked out" a plan with the inter-Governmental committee on refugees whereby that organization would receive \$25 million from the "proceeds of the

⁹¹ NARA/CP; RG 260; Entry: External Assets; Box 650; File: Policy - Germany External Assets; May 25, 1946

⁹² NARA/CP; RG 260; Entry: Economics Division; Box 348; French Claims

⁹³ NARA/CP; RG 46; Entry: OP-58 - Military Government in Germany; Box 1002; File: Monthly Reports of Military Government, September 1946; "Finance and Property Control, September 20, 1946, No. 14"

liquidation of German assets in neutral countries.” The five countries stated “that in light of paragraph H of Article 8 of the Paris Agreement on reparation, the assets becoming available should not be used for the compensation of individual victims but for the rehabilitation and resettlement of persons in eligible classes...” Eligible persons are victims of Nazi persecution for religious, racial, or political reasons who were a) resident in Germany or Austria and plan to emigrate; or b) nationals of occupied countries. In addition to the \$25 million “sum the inter-Governmental committee on refugees or its successor organization is hereby authorized to take title from the appropriate authorities to all ‘non-monetary gold’ found by the Allies in Germany and to take such steps as may be needed to liquidate these assets as promptly as possible, due consideration being given to secure the highest possible realizable value.” Meanwhile the agreement stated that “the ‘heirless funds’ to be used for the rehabilitation and resettlement of Jewish victims of Nazi action should be made available to appropriate field organizations,” while the ‘heirless funds’ to be used for the non-Jewish victims “should be made available to the Inter-Governmental Committee on Refugees or its successor organization for distribution to appropriate public and private field organizations. The five nations then called upon the neutral countries to assist in collecting, identifying, and distributing these assets. Because “the overwhelming group of eligible victims were Jewish,” the Paris Conference on Reparations “allocated \$22.5 million out of German assets in neutral countries, 90 percent of the non-monetary gold and 95 percent of the ‘heirless funds’ for the rehabilitation and resettlement of Jews.”⁹⁴ On July 19, 1946, AGWAR instructed

⁹⁴ NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold and Silver [Hungarian Restitution]; Telegram 228; June 15, 1946

OMGUS that the purchase of securities “for fair value in good faith should not be” a defense against a restitution claim based upon duress or forced transfer.⁹⁵

In January 1947, the Joint Chiefs of Staff instructed OMGUS through Cable WX-88566 the following regarding securities:

- a) Seek agreement through the Control Council regarding their disposition;
- b) Establish inventories;
- c) Securities removed to Germany from other countries which were occupied or controlled, shall be regarded as loot;
- d) Present owner may rebut the presumption that such securities were looted;
- e) IARA countries must report any German interest established in securities restituted to them;
- f) Securities removed to Germany for safekeeping will be returned to government of country from which removed;
- g) Securities falling within Cable WX-85682 to be delivered to Inter-Governmental Committee on Refugees.⁹⁶

The JCS envisioned a “security pool” where all securities found in Germany would be deposited. Then, identifiable looted securities would be returned to the claimant country; safekeeping securities to be returned to country of source; non-identifiable looted securities to be delivered to IGCR.⁹⁷

General Clay of OMGUS asked for assistance from AGWAR in February 1947 regarding the question of securities that “may be exempted or suspended from delivery to intergovernmental committee on refugees” due to: a) “their insignificant value compared

⁹⁵ NARA/CP; RG 46; OP-58 - Military Government in Germany; Box 1003; File: Policy Coordination Requests to Washington for Policy Decisions; Cable WX 94867; July 19, 1946

⁹⁶ NARA/CP; RG 260; Entry: Finance Division; Box 161; File: Disposition of Valuables; “Disposition of Valuables”; January 28, 1947

⁹⁷ NARA/CP; RG 260; Entry: Finance Division; Box 161; File: Disposition of Valuables; “Disposition of Valuables”; January 28, 1947

to bulk of loot; b) the obstacles which would be encountered in their liquidation; and c) the United States position taken in Control Council which has been contrary to the disposal principle.”⁹⁸

Issue of ownership

Restitution of securities to their rightful owners was complicated by the fact that some of the securities in question were “bearer securities and offer no evidence as to rightful ownership; some of the securities in question are of German issue and special procedures are required to trace their prior ownership and location; some of the securities in question were originally owned by persons who have been exterminated and claimant countries would not necessarily have any record on which to base a claim for restitution; it is deemed almost impossible administratively to differentiate between cases of looting of securities and legitimate acquisition.”⁹⁹ The Germans used bearer securities to a massive degree in order to cloak actual ownership.¹⁰⁰

AGWAR stressed that “all identifiable looted securities should be returned to Govts of countries from which they were acquired or from whose residents they were acquired.”¹⁰¹ Britain and France would agree with the United States that looted securities be restituted to governments of countries which would apply to those securities looted

⁹⁸ NARA/CP; RG 260; Entry: Property Division; Box 15; File: Reparations and Restitution; “external Restitution”; February 3, 1947

NARA/CP; RG 260; Entry: Finance Division; Box 161; File: Disposition of Valuables; Cable CC-7904; February 3, 1947

⁹⁹ NARA/CP; RG 260; Entry: Reparations and Restitution Branch; Box 27; File: Misc. Restitution; Cable CC-7533

¹⁰⁰ NARA/CP; RG 260; Entry: U.S. Element, ACC; Box 42; File: Foreign Securities - Investments; Brief on CORC/P[47]186/1, “Conservation Measures Relating to Foreign Securities”; ca August 1947

during the period of German occupation. However, the Adjutant General added, some other method will have to be devised for restitution of looted securities originally issued in Germany or Austria.

Valuation

The Foreign Exchange Depository found it virtually impossible to find one single measuring stick for a valuation of securities [including promissory notes]. To facilitate valuation, several arbitrary assumptions were made: a) that governmental securities be valued at par; and b) that the lowest price on certain dates be taken for valuation purposes in valuing non-governmental securities.¹⁰²

On April 30, 1946, the FED suggested that where the par value is expressed in another currency than that of the issuing country [i.e. external assets], it is suggested that the following methods of conversion into the issuing country's currency be used: a) in the case of enemy countries at the exchange rate existing on date of issuance; and b) in the case of all countries, valued on basis of bid price [in the country in which the issue has been made], the bid price to be as of 31 December 1944, 31 December 1945, 31 March 1946, whichever is lower. The valuation thus arrived is to be converted into terms of the issuing country's currency at the current official exchange rate.¹⁰³

¹⁰¹ NARA/CP; RG 260; Entry: Restitutions and Reparations; Box 21; File: Silver Securities; April 25, 1947

¹⁰² NARA/CP; RG 260; Entry: FED; Box 464; File: Appraisal, Securities; "Discussion of Suggested Plan for Valuation of Securities"

¹⁰³ NARA/CP; RG 260; Entry: FED; Box 464; File: Appraisal, Securities; "Discussion of Suggested Plan for Valuation of Securities"

As for non-governmental securities, the FED suggested valuation, where quotation is available, valuation should be based upon the bid price for the security concerned as of 31 December 1944, 31 December 1945, 31 March 1946, whichever is lower. Whenever a quotation is not available, valuation should be obtained by the competent authorities in the country concerned.¹⁰⁴

As for conversion of securities into currency, the FED suggested that non-German securities be converted “at current official rate for Military Reichsmarks in the case of U.S. securities, but this is merely an arbitrary figure taken for valuation purposes only.” With all other securities, “first convert valuation into U.S. dollars at official rate.”¹⁰⁵

On July 1, 1946, the FED reported “about 500 bags of assorted securities” in their possession.¹⁰⁶ “The largest class of securities in volume seems to be the Columbia [French valued at \$2 million and eventually delivered on October 29, 1948]¹⁰⁷ and Concordia Petroleum Corp. shares [also French and valued at \$7 million].¹⁰⁸ The FED said it would take six weeks to prepare an inventory for these securities.¹⁰⁹ On January

¹⁰⁴ NARA/CP; RG 260; Entry: FED; Box 464; File: Appraisal, Securities; “Discussion of Suggested Plan for Valuation of Securities”

¹⁰⁵ NARA/CP; RG 260; Entry: FED; Box 464; File: Appraisal, Securities; “Discussion of Suggested Plan for Valuation of Securities”

¹⁰⁶ NARA/CP; RG 260; Entry: External Assets; Box 649; File: Gold and other Metals; “Status Report on Assets Held in Foreign Exchange Depository”

¹⁰⁷ NARA/CP; RG 260; Entry: FED; Box 423; Weekly Progress Report #121; November 1, 1948

NARA/CP; RG 260; Entry: FED; Box 423; “Request for Evaluation of Property Restituted from FED”; March 16, 1949

NARA/CP; RG 260; Entry: External Assets; Box 649; File: Gold and other Metals; “Status Report on Assets Held in Foreign Exchange Depository”

¹⁰⁸ NARA/CP; RG 260; Entry: FED; Box 423; “Request for Evaluation of Property Restituted from FED”; March 16, 1949

NARA/CP; RG 260; Entry: External Assets; Box 649; File: Gold and other Metals; “Status Report on Assets Held in Foreign Exchange Depository”

¹⁰⁹ NARA/CP; RG 260; Entry: External Assets; Box 649; File: Gold and other Metals; “Status Report on Assets Held in Foreign Exchange Depository”

28, 1947, the FED announced it had "twenty shipments" of securities, "largely originating from Reichsbanks as foreign exchange assets. A few securities have been found among the effects of concentration camp inmates. The total securities held constitute a considerable volume. The inventory of securities has only recently been started... Outside of the volume, source in Germany from which received, and cursory inspections revealing securities of many types, little is known about the detailed composition of securities held."¹¹⁰ Yet, when the British made in inquiry in July 1947 about Hungarian securities "presumably located" at the Foreign Exchange Depository in Frankfurt, the FED informed them that "no complete inventory of the securities in their custody had been accomplished yet."¹¹¹ * SM.

One group of securities that was inventoried were the securities found in the Orphans Court deposits discovered in Magdeburg, Germany by the U.S. Army. These securities, along with other Orphans Court items such as gold, silver, platinum mesh, jewelry, coins, and currency [American, Swiss, Canadian, Yugoslav, Romanian], which did not make the Silver train of April 1947 because of their disputed nature, were restituted to Hungary in August 1947. OMGUS valued these securities from \$200 to \$760,000.¹¹²

On March 10, 1949, the FED drew up a list of securities that were restituted to the nations they were looted from. Securities were valued from a range of just \$1 [Russian] to

¹¹⁰ NARA/CP; RG 260; Entry: Finance Division; Box 161; File: Disposition of Valuables; "Disposition of Valuables"; January 28, 1947

¹¹¹ NARA/CP; RG 260; Entry: Property Division; Box 21; File: Silver Securities; "Hungarian Securities of J. & P. Coats, Ltd."

¹¹² NARA/CP; RG 260; Entry: Property Division; Box 51; File: Book 2; "Restitution Claim No. 2250-M";

almost \$7 million [French Concordia shares]. The FED estimated \$14 million worth of securities had been restituted to various nations from the U.S. Zone in Germany.¹¹³

Law 53 securities

The balance of foreign securities held under Military Government Law 53 which were not restituted or returned to their rightful non-German owner, were to be disposed of as reparations under the Potsdam Agreement and the Final Act of the Paris Conference on Reparations. All securities that were issued by the occupied country were to be restituted back to their country of origin. All German-owned foreign securities were subject to the reparations obligation of Germany and were to be handed over to the government of the country of issue, irrespective of date and manner of acquisition and without the recipient government being required to file a claim.¹¹⁴

Disposition deadlines

The U.S. Military Government in Germany [OMGUS] established a deadline of December 31, 1948 for the filing of claims for securities and other property items. 825 claims for more than 500,000 individual securities [in many instances a single claim covered several thousand securities] were received before that date.¹¹⁵

<u>Countries</u>	<u># of Claims Filed</u>
Austria	9

August 27, 1947

¹¹³ NARA/CP; RG 260; Entry: FED; Box 423; File: List and Evaluation of Assets Restituted or Released by the FED; "Request for Evaluation of Property from FED"; March 10, 1949

¹¹⁴ NARA/CP; RG 260; Entry: Economics Division; Box 358; Dutch Claims

¹¹⁵ NARA/CP; RG 260; Entry: Property Division; Box 15; File: Reparations and Restitution; "External Restitution"

Belgium	162
Czechoslovakia	331
France	76
Italy	1
Luxembourg	3
Netherlands	175
Norway	3
Poland	5

However, OMGUS did leave the door open for external restitution claims to be filed after the deadline if the claims were “substantial.” But, they held fast to the December 1948 deadline for internal restitution, even persuading the British and French to move their deadlines forward to that date.¹¹⁶

OMGUS stated that it was engaged in reviewing the claims and that actual restitution would begin in January 1949, “with the initial releases being issued for the return of securities to Netherlands and Belgium.”¹¹⁷ Czech claims included securities of Jewish-owned plants that were aryanized and the securities removed to Germany.¹¹⁸

To facilitate disposition, the securities were transferred in January 1949 from the FED to the Landeszentralbank von Hessen in Frankfurt, to be held in the account for OMGUS.¹¹⁹ Within OMGUS, the responsibility for restitution of securities was transferred from the Reparations and Restitution Section to the Finance Division on April

¹¹⁶ NARA/CP; RG 260; Entry: Finance Division; Box 130; File: Claims-Restitution; August 7, 1948

¹¹⁷ NARA/CP; RG 260; Entry: Finance Division; Box 130; File: Claims-Restitution; August 7, 1948

¹¹⁸ NARA/CP; RG 260; Entry: Economics Division; Box 353; Czech Claims; January 31, 1948

¹¹⁹ NARA/CP; RG 260; Entry: Finance Division; Box 428; File: Outgoing Shipment 17; “Shipping Ticket”; January 18, 1949

11, 1949.¹²⁰ Security restitutions would continue through 1951.¹²¹

The United States did not consider the January 5, 1943 date to be a cut-off for restitution of securities. The key date for ownership of securities with regard to external restitution [to countries] was September 1, 1939, the start of World War II. The key date for ownership of securities with regard to internal restitution [to individuals] was January 30, 1933, the beginning of the Hitler dictatorship in Germany.¹²²

¹²⁰ NARA/CP; RG 260; Entry: Property Division; Box 15; File: Reparations and Restitution; "Unfinished Business in Reparations and Restitution Program"

¹²¹ NARA/CP; RG 260; Entry: Economics Division; Box 355 File: Czech Claims; "Ludwig Meyerheim"

¹²² NARA/CP; RG 260; Entry: Finance Division; Box 130; File: Claims-Restitution; "Draft Press Release"; July 17, 1948

JEWELRY AND OTHER VALUABLES (GREG & SEBASTIAN)

Looted jewelry was used by the Nazis primarily for export in order to obtain hard currency. Other valuables obtained by the Nazis such as currencies, securities, and diamonds, occasionally originated through legal channels in addition to having been looted. The provenance of jewelry, instead, was clearly looted from victims. Unlike the other valuables, in fact, jewelry is strictly a personal belonging and has no industrial use (i.e., diamonds) and limited commercial use (i.e., currency and securities).

As of June 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.¹²³ The jewelry, packed in 500 assorted boxes, sacks, and suitcases, had yet to be inventoried for restitution purposes by July 1946.¹²⁴

Jewelry that came under the control of the U.S. forces was principally of German and Hungarian origin. Nazi Germany expropriated victims’ property, including jewelry, over a period of six years. Hungarian Jews were ordered to deliver all of their valuables, especially jewelry, to governmental authorities in a swift confiscation that took only six months in 1944.¹²⁵ As the fall of the Nazi government in Hungary approached in early 1945, confiscated jewelry was among the many items shipped by train to Germany.

¹²³ NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold 7 silver [Hungarian Restitution]; Memo from Brey; “Non-Monetary Gold”; June 4, 1946

¹²⁴ 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

¹²⁵ NARA/CP; RG 208; Entry: OWI Overseas Branch, Bureau of Overseas Intelligence Central Files; Box 275; File: Balkans [Hungary]; Memo from Krould, “Jewish Expropriation in Hungary”; July 11, 1944

These trains [Werfen or “Gold Train”; Hungarian National Bank Train; etc.) were often intercepted in various towns in Austria by Allied forces.

U.S. forces discovered looted jewelry and other valuables in many different places. On April 8, 1945, “an immense amount” of jewelry, among other valuables, was discovered at the Merkers Salt Mine in Germany.¹²⁶ An estimated 2,527 pounds of precious and semi-precious stone, as well as novelty jewelry was discovered in the mine, a hideaway for SS loot.¹²⁷ Other SS-looted jewelry never made it to Merkers as it was already “disposed of by the Reichsbank through pawnshops, etc.”¹²⁸ The primary pawnshop utilized was the City Pawn Shop in Berlin. The pawnshops would then reimburse the Reichsbank for the more valuable jewelry. These pieces were then exported for hard currency.¹²⁹

Meanwhile, other SS looted jewelry came from concentration camp victims in Buchenwald and Dachau. The Buchenwald cache, discovered in a cave by the 1st U.S. Army, in addition to jewelry also contained items such as tableware and teeth fillings,

¹²⁶ NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver [Hungarian Restitution]; “Shipment 1”; circa April 1945

¹²⁷ NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver [Hungarian Restitution]; “Contents of Shipment 1”; circa April 1945

¹²⁸ NARA/CP; RG 260; Entry: FED; Box 423; File: Melmer Deliveries; Cable CC-9926 from Keating to AGWAR; July 18, 1947

¹²⁹ NARA/CP; RG 260; Entry: FED; Box 423; File: ?; Memo from City Pawn Shop to the German Reichsbank, Hauptkasse; “Price quotation in the evacuation lists Example 8th and 12th consignment R.F.M. delivered by you on 20.2.1943; September 14, 1943

Major Whitman of the 1st Army suggested that the Buchenwald items be placed in safekeeping for the War Crimes Section.¹³⁰

Other places of origin included a sewer of a cement factory in Eiberg, with valuables being placed there by the Lieutenant General of Police in Berlin; Friedrichshall Salt Mine in Strassfurt; the Reichsbank in Frankfurt; the Reichsbank in Holzminder, which contained looted French valuables; the Reichsbank in Regensburg, which contained looted Czech valuables; Bad Aussee, Austria; dredged from the Enns River; watches found at the Reichsbank at Eschwege; brooches and bracelets deposited at Kreissparkasse, Garmisch-Partenkirchen by two Wehrmacht officers; and finally watches and cuff links belonging to Eva Braun and found in the possession of an SS member.¹³¹

Jewelry, gold teeth, rings, and foreign currency, among other valuables robbed from concentration camp victims, were shipped by the SS to the Reichsbank in Berlin where they were evaluated before their equivalent amount was deposited in the Reichsbank Treasury. The gold fillings from victims' teeth were then melted into gold bars.¹³² The gold bars were then primarily exported to Switzerland, or exchanged with the BIS (Bank for International Settlements) for hard currency to continue the financing of the Nazi war machine. Therefore, the willingness of some to purchase German gold bars extracted

¹³⁰ NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver [Hungarian Restitution; "Shipment 16"; circa May 1945

¹³¹ NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver [Hungarian Restitution]; "Data Re S.S. Loot"; no date

NARA/CP; RG 260; Entry: Adjutant General; Box 806; File: CCS 845 Series; "Summary Inventory of Currency and Financial Assets Stored in Reichsbank Frankfurt-am-Main"; no date

¹³² NARA/CP; RG 260; Entry: Finance Division; Box 423; "Interrogation of Oswald Pohl at Nuernberg trials"; June 8, 1946

from the dental gold of Jewish concentration camp victims provided an economic incentive for the Nazi extermination of Jews.

The FED (Foreign Exchange Depository) declared that all of the appraised jewelry in its possession was looted.¹³³ Identifiable jewelry was subject to restitution. The bulk of this jewelry, however, was treated as unidentifiable property and eventually turned over to the IRO as per Cable WX-85682.¹³⁴ In August 1947, a German newspaper reported that OMGUS informed them that about \$1 million worth of jewelry looted by the Nazis was to be delivered to the IRO “within 10 days for sale. This is the first use made of plundered objects.”¹³⁵ The proceeds were to be distributed among Displaced Persons who “for political or other reasons are not able to return to their countries.”¹³⁶ It was predicted that most of the jewelry would be sold in the United States because, according to Theodore Ball of the OMGUS Finance Division, “these sales will be for good currency.”¹³⁷ More sales of the total loot, estimated to be worth four to five million dollars, were expected to follow. This program followed the Paris Agreement of 1946 (the USSR did not participate) which stated that the proceeds from a sale of Nazi booty, where the true owner was not known, would go to a fund to help victims of Axis

¹³³ NARA/CP; RG 56; Accession #69A4707; Box 82; File: Germany - Looted Property; Cable CC-9294 from Keating (OMGUS) to AGWAR; May 24, 1947

¹³⁴ NARA/CP; RG 56; Accession #69A4707; Box 82; File: Germany – Looted Property; Cable CC-9927 from Keating (OMGUS) to AGWAR; July 17, 1947

¹³⁵ NARA/CP; RG 260; Entry: External Assets; Box 707; File: Dr. Auerbach; “Translation of a Paper Clip from a German Newspaper in USA”; August 18, 1947

See also NARA/CP; RG 260; AG Decimal File; Box 511; File: Restitution

¹³⁶ NARA/CP; RG 260; Entry: External Assets; Box 707; File: Dr. Auerbach; “Translation of a Paper Clip from a German Newspaper Issued in USA”; August 18, 1947

¹³⁷ *Ibid.*

brutality.¹³⁸ Property was supposed to be turned over to the rightful owner, when known, but the remaining portion “was appraised and turned over” to the IRO.¹³⁹ Looted jewelry collected in the U.S. Zone of Germany was estimated to be worth about \$1 million “while the collections made in the US Zone of Austria” were valued at \$3-4 million, presumably because the Germans transferred many of these valuables to Austria toward the end of the war.¹⁴⁰ Subsequent shipments to the IRO were supposed to “contain rugs and antiques which will be offered for sale in New York shops presumably.”¹⁴¹

A German state commissioner, Philip Auerbach, protested against the OMGUS decision to turn over ownerless gold and jewelry stocks from concentration camp victims to the IRO for disposition to the Displaced Persons. He stated that the items be given directly to the 65,000 Jewish DP’s only, leaving out the Latvian, Lithuanian, Polish, and Ukrainian DP’s “who came to Germany voluntarily for labor and were even acting as guards in concentration camps.”¹⁴²

Auerbach also fingered a German lawyer named Knitter and “employed at the bizonal Wirtschaftsamt Minden” as a looter for Hitler and Goering of Jewish gold and jewelry.¹⁴³

¹³⁸ *Ibid.*

¹³⁹ *Ibid.*

¹⁴⁰ *Ibid.*

¹⁴¹ *Ibid.*

¹⁴² NARA/CP; RG 260; Entry: External Assets; Box 707; File: Dr. Auerbach; Letter from Auerbach to Lennon; January 8, 1948

On March 1, 1948, the FED was authorized to release various assets, including jewelry, to the IRO, in stated accordance with Article 8 of Part I of the Paris Reparation Agreement of January 1946 and the Five-Power Conference of June 1946. The total, tentatively agreed-upon, valuation was over 5.5 million in French francs.¹⁴⁴ By July 1948, this unidentifiable jewelry valuation had climbed to almost 7.3 million francs.¹⁴⁴ These assets were presumed to be non-restitutable since the FED retained other non-monetary gold items and the IRO then waived all claims and rights to them.¹⁴⁵

As per Allied Control Council policy, as well as U.S. preference, only governments could submit claims to OMGUS for restitution of property that was, or may have been, taken from their country. Individuals could also submit claims, but only through their respective governments. While individual claims internal to Germany were processed through Law 59, private citizens of other countries could still have their claims processed by OMGUS, but only by submitting them through their national governments.¹⁴⁶

An example of a claim by a national government is that concerning the Czech valuables found in the Reichsbank at Regensburg, and subsequently delivered to the FED in June 1945. OMGUS informed the Czech Restitution Mission of the seized property

¹⁴³ NARA/CP; RG 260; Entry: External Assets; Box 707; File: Dr. Auerbach; Letter from Auerbach to Lennon; January 8, 1948

¹⁴⁴ NARA/CP; RG 260; Entry: Finance Division; Box 74; File: Releases, FED; Memo from Bennett to Chief, FED; "Authorization for the Release of Assets from Foreign Exchange Depository"; circa March 1948

¹⁴⁵ NARA/CP; RG 260; Entry: AG Decimal File; Box 511; File: #602.3 – Restitution; July 15, 1948

and a claim was subsequently filed by the Mission. This jewelry was “cleared for restitution to Czechoslovakia by Cable WX-85011” on July 1, 1948 as the “great portion” of jewelry “in envelopes bearing names and addresses of Czech nationals from whom said to have been confiscated for political, racial, or religious reasons” will be restituted to Czechoslovakia.¹⁴⁷ An “Authority for Release” issued in September 1948, and in October the valuables were shipped to Czechoslovakia.¹⁴⁸ The jewelry was part of a restitution shipment, valued at \$500,000, which also included silver bullion, precious stones, and securities. This particular restitution shipment was noteworthy because it contained items that were both identifiable and unidentifiable as “all of the precious stones resulted from old fashioned jewelry which was broken up, the stones modernized by recutting, the settings melted down.”¹⁴⁹ Other unidentifiable items included wedding rings and gold bridgework. The restitution of unidentifiable objects was defended by U.S. authorities because “there was not the slightest doubt...that all of these valuables had been removed from Czechoslovakia and accordingly restitution to that country was ordered by Washington.”¹⁵⁰ While the FED desired to drum up some publicity for the shipment to that communist nation, the Chief of the Restitution Control Branch and Deputy Military Governor were opposed for reasons not stated.¹⁵¹ Interestingly, these

¹⁴⁶ See for example: NARA/CP, RG 260, Entry: Economics Division, Box 82, File 386—Restitution; “Property of jewelry of Miss Ranz,” 14 May 1946.

¹⁴⁷ NARA/CP; RG 260; Entry: Finance Division; Box 93; File: FED; “Status as at August 31, 1948 of Assets held by FED”

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

¹⁴⁸ NARA/CP; RG 260; Entry: Finance Division; Box 93; File: FED; “Status as at August 31, 1948 of Assets held by FED”

¹⁴⁹ NARA/CP; RG 260; Entry: Finance Division; Box 93; File: FED; “Draft of Particulars”; circa October 1948

¹⁵⁰ *Ibid.*

¹⁵¹ NARA/CP; RG 260; Entry: Finance Division; Box 93; File: FED; Internal Route Slip from Keller (FED Acting Chief); “Restitution to Czechoslovakia on October 21, 1948; October 20, 1948.”

valuables included gold watches, pearls; bracelets, gold brooches, gold chains, silver necklaces, gold earrings, and gold and silver rings belonging to two American citizens, Emil Freund and Hanna Feigl. However, OMGUS efforts to retrieve the items were met by silence by the now-hostile, communist Government of Czechoslovakia.¹⁵²

On the other hand, a French claim for jewelry found by the U.S. Army at Holzminden and containing "many indications of French ownership" was rejected as being "too general for identification purposes."¹⁵³ However, the FED invited the French Mission to submit a detailed inventory.¹⁵⁴

A case of German internal restitution involved jewelry of Eva Braun and the Goering family housed by the FED. The Adjutant General instructed OMGUS to release the jewelry to the Amtsgericht-Hinterlegungsstelle, a court in Frankfurt-on-Main for disposition pursuant to applicable German law.¹⁵⁵ The Restitution Branch of the Property Division at the FED had not received any external restitution claim for the property as of May 1948. OMGUS officials felt that they were in no position to adjudicate the conflicting claims that may have existed with respect to some or all of the property and that certain procedures established in German law (e.g. Law 59 and the German Civil

¹⁵² NARA/CP; RG 260; Entry: Property Division; Box 22; File: Freund/Feigl Restitution Case; Letter with enclosures from Daniels to Fisl; September 11, 1950

¹⁵³ NARA/CP; RG 260; Entry: Finance Division; Box 93; File: FED; "Status as at August 31, 1948 of Assets held by FED" → *AS-11111*

¹⁵⁴ *Ibid.*

¹⁵⁵ NARA/CP; RG 260; Entry: Property Division; Box 8; File: Goering Jewelry; Memo from Garde to Director, Office of Military Government for Hesse; "Disposition of Property; no date

Code) might well be utilized given that the identity of the owner(s) was unknown.¹⁵⁶

According to the procedures of Law 59, unidentifiable assets such as the jewelry in question will be held under the jurisdiction of the German courts, subject to claim under the Law.

¹⁵⁶ NARA/CP; RG 260; Entry: Ardelia Hall; Box 450, War Criminals Property/Art; Disposition of Jewelry; May 24, 1948.

NARA/CP; RG 260; AG Decimal File; Box 511; File #602.3 – Restitution; July 13, 1948

DIAMONDS (GREG)

December 1999

The initial U.S. concern with looted diamonds occurred during World War II when Nazi Germany intercepted a ship filled with diamonds, estimated to weigh a half-million carats, traveling from Belgian Congo to Antwerp.¹⁵⁷ The principal American fear was that these diamonds would help finance the Nazi war effort. It was felt that diamonds, “even more than gold, would be perhaps the best medium” to improve their foreign exchange position, “because of the ease with which they could be transported and sold.”¹⁵⁸ This case, although it has little to do with looted victims assets directly, shows the important role diamonds played among the valuables looted by the Germans.

Two important issues with respect to diamonds as victims’ assets concerned their categorization—that is, industrial versus commercial diamonds—and identification. Regarding categorization, commercial diamonds were more likely to have been looted from victims than industrial diamonds. In fact, the extent to which the two categories are fungible—namely, commercial diamonds used and thus re-categorized for industrial purposes—has an impact on the analysis of diamonds as a victims asset.

The next major challenge in diamond restitution was identification. A November 1948 memo from Phillips Hawkins, OMGUS Deputy Economics Adviser, underscored the difficulty in restituting diamonds because of their lack of identifiability. Hawkins stated that it was “standard” U.S. policy “to refuse restitution except were the item can be definitely identified.” However, it was pointed out, this attitude discouraged countries

¹⁵⁷ 1) NARA/CP; RG 226; Entry 27; Box 1; Memo from Van der Stricht to Libert; October 9, 1942

¹⁵⁸ (2) NARA/CP; RG 260; Entry: Finance Division; Box 75; File: Viehmann Valuables; “Report on Diamant Kontor and Ernst Cremer”; n.d.

other than Belgium from filing restitution claims for industrial diamonds.¹⁵⁹

Therefore, Hawkins proposed that an exception be made to American restitution policy for diamonds so that other restitution missions can make general claims “and show the value of diamonds which have been removed from each of their countries during their occupation through other than valid transactions.” The U.S. could then, according to Hawkins’ vague assertion, “apportion the diamonds on hand among the claimant countries.” If the supply of diamonds still exceeded the amount claims, Hawkins proposed disposing the remainder to “STEG for sale within Germany,” to help defray American occupation costs. However, he said, it must be stressed “that these diamonds are returned as part of the restitution program and not as reparations.”¹⁶⁰

Meanwhile, it was General Clay’s disposition to simply release the unidentifiable industrial diamonds into the German economy.¹⁶¹ Responding to the Army’s call for further consideration of the diamond question, OMGUS stated that identification of these stones “could be only an approximation of the mining region of origin and not of a country through which the materials may have been transshipped.” OMGUS advised the Department of the Army to approve their plan to release the diamonds into the German economy “as we are endeavoring to complete disposal of FED problems at an early date.”¹⁶²

Related to the problem of identification was the issue of restitution to the IRO. In

¹⁵⁹ (45) NARA/CP; Entry: Reparations & Restitution Branch; Box 27; File: Misc. Restitution; Memo from Hawkins to Wilkinson; “Restitution of Diamonds”; November 17, 1948

¹⁶⁰ (45) NARA/CP; Entry: Reparations & Restitution Branch; Box 27; File: Misc. Restitution; Memo from Hawkins to Wilkinson; “Restitution of Diamonds”; November 17, 1948

¹⁶¹ (51) NARA/CP; RG 260; Entry: Reparations & Restitution Branch; Box 27; File: Misc. Restitution; Memo from Hawkins to Bennett; “Disposition of Industrial Diamonds Held in Custody at FED”; November 18, 1948

¹⁶² (52) NARA/CP; RG 260; Entry: AG Decimal File; Box 608; File: Restitution; Cable CC-7687 from

fact, only unidentifiable personal property was eligible for restitution to the refugee organization. Therefore, the problem of restitution to the IRO was two-folded given both the difficulty of identification to the country of origin and, furthermore, of identification as personal property. OMGUS discounted a priori the ability for the IRO to claim any diamonds.¹⁶³

It is known that the Germans attempted to sell looted Dutch diamonds in Stockholm during the war after bringing them into Sweden via diplomatic pouch.¹⁶⁴ In fact, the Nazi Government would even confiscate diamonds from their own citizens who were unable to pay taxes with an eye to bartering them for hard currency from the Swiss.¹⁶⁵ Following the confiscation of some of the diamonds at war's end by Portuguese officials for customs laws violations, a Portuguese judge denied Belgian claims and ordered the public auction of the stones.¹⁶⁶

Also at war's end, Allied authorities confiscated diamonds, suspected of being looted from German-occupied countries, from Erich Viehmann, a Hanau diamond cutter the U.S. Military Government accused of being a member of the SS. Viehmann, married to a half-Jewish woman, considered himself "a victim of circumstances."¹⁶⁷ The confiscated diamonds weighed almost 3,000 carats and were estimated to be worth almost

OMGUS [Hays] to Department of the Army; February 8, 1949

¹⁶³ NARA, RG 260, Decimal Files, Box 608; Cable CC-8790, 4 June 1949.

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

¹⁶⁵ (4) NARA/CP; RG 84; Entry 3228 - Confidential Files, American Consulate, Basel; Box 5; File #800-G; Memo from 13,578 to B; May 14, 1943

¹⁶⁶ (5) NARA/CP; RG 226; Entry 16; Box 1595; "Safehaven Report"; June 30, 1945

¹⁶⁷ NARA/CP; RG 260; Entry: Finance Division; Box 50; File: Gold & Silver [Hungarian Restitution]; "Data Re S.S. Loot"; n.d

7.6 million Reichsmarks.¹⁶⁸ Viehmann was a member of the Diamant-Kontor, a Reich consortium formed in 1939 and “engaged in the recutting, sale and export of diamonds and jewelry” looted exclusively from Jews in Holland, France, and Belgium during the war.¹⁶⁹ The Diamant-Kontor purchased the diamonds from the Pfondliehe, a Nazi agency that did the actual looting [either stolen or paid for with paltry sums] of Jewish diamonds, both within and outside of Germany.¹⁷⁰ Often, the Pfondliehe would directly sell diamonds to foreign countries, presumably Switzerland.¹⁷¹ It was the opinion of the leading figure in the Diamant-Kontor, Ernst Cremer that the German diamond industry could only survive through the exploitation of confiscated Jewish jewelry.¹⁷²

Yet, there was a difference of opinion within the U.S. Military Government of how to treat Viehmann. The CIC [Counter-Intelligence Corps of the U.S. European Theater of Operations] essentially cleared Viehmann,¹⁷³ while, over the objections of the Finance Advisor and the FED [Foreign Exchange Depository where Viehmann’s “property” was held], Viehmann was merely judged “a follower” and denazified on September 5, 1947.¹⁷⁴ In fact, one month after his denazification, Viehmann began

¹⁶⁸ (8) NARA/CP; RG 260; Entry: Finance Division; Box 75; File: Viehmann Valuables; “Arrest Report”; August 24, 1945

¹⁶⁹ (9) NARA/CP; RG 260; Entry: Finance Division; Box 75; File: Viehmann Valuables; Memo from Bennett; May 26, 1948

NARA/CP; RG 260; Entry: Finance Division; Box 75; File: Viehmann Valuables; “Interrogation of Mr. Ernst Cremer” October 8, 1945

¹⁷⁰ (10) NARA/CP; RG 260; Entry: Finance Division; Box 75; File: Viehmann Valuables; “Interrogation of Mr. Ernst Cremer”; October 8, 1945

NARA/CP; RG 260; Entry: Finance Division; Box 75; File: Viehmann Valuables; “Report on Diamant Kontor and Ernst Cremer”; n.d.

¹⁷¹ (11) NARA/CP; RG 260; Entry: Finance Division; Box 75; File: Viehmann Valuables; “Ten Years of German Diamond Trade”; October 24, 1945

¹⁷² (12) NARA/CP; RG 260; Entry: Finance Division; Box 75; File: Viehmann Valuables; “Report on Diamant Kontor and Ernst Cremer”; n.d.

¹⁷³ (13) NARA/CP; RG 260; Entry: Finance Division; Box 75; File: Viehmann Valuables; Memo from Korpela; “Viehmann, Erich”; January 28, 1946

¹⁷⁴ (14) NARA/CP; RG 260; Entry: Finance Division; Box 75; File: Viehmann Valuables; “The de-

receiving “export orders for the USA through the Military Government of Hesse amounting to about \$75,000.”¹⁷⁵

In February 1948, Viehmann initiated a claim for the return of his diamonds from the FED.¹⁷⁶ Surprisingly, Colonel Brey of the FED, changed his mind and stated that the evidence of Viehmann’s leading role in Nazi activities was not adequate.¹⁷⁷

However, for unknown reasons, the FED released the Viehmann diamonds to Justizoberinspektor Erwin Lange and Justizoberinspektor Fritz Koon, designatees to receive the items on behalf of Amtsgericht-Rinterlegungs in Frankfurt.¹⁷⁸

Although the evidence against Viehmann was circumstantial, it cannot be discounted that the U.S. was interested in keeping him in business, because of his expertise, to help prop up the German economy. For Viehmann not to receive the diamonds in question from the FED even after his de-Nazification, leads one to believe that there was still a strong suspicion of odious wartime activities on his part.

Other diamonds housed at the FED included a small box found at the Reichsbank in Gotha; a diamond brooch and gold watch set with 50 diamonds, found in Kirchberg, Austria.¹⁷⁹

Nazification Board of Hanau Stadt and Land”; August 16, 1947

NARA/CP; RG 260; Entry: Finance Division; Box 75; File: Viehmann Valuables; Memo from Bennett; May 26, 1948

NARA/CP; RG 260; Entry: Finance Division; Box 75; File: Viehmann Valuables; Memo from Brey; “Release of Property”; December 15, 1947

¹⁷⁵ (15) NARA/CP; RG 260; Entry: Finance Division; Box 75; File: Viehmann Valuables; Statement from Viehmann; n.d.

¹⁷⁶ (16) NARA/CP; RG 260; Entry: Finance Division; Box 75; File: Viehmann Valuables; Letter from Viehmann to Ball; February 5, 1948

¹⁷⁷ (17) NARA/CP; RG 260; Entry: Finance Division; Box 75; File: Viehmann Valuables; Memo from Brey; “Validity of Claim by Erich Viehmann, German national to diamonds and jewelry held by F.E.D. [Shipment 64]”; March 19, 1948

¹⁷⁸ (18) NARA/CP; RG 260; Entry: Finance Division; Box 75; File: Viehmann Valuables; Letter from Bennett to Chief, Foreign Exchange Depository; Oct. 20, 1948

¹⁷⁹ (19) NARA/CP; RG 260; Finance Division; Box 93; File: FED; “Register of Valuables in the Custody of

In July 1949, the German diamond cartel, Diamant-Kontor, protested its seizure by OMGUS in September 1945 as well as the award to Holland in September 1948 of the firm's diamond inventory. Diamant-Kontor asserted that some of those diamonds were legitimately acquired within Germany and the Dutch restitution claim lacked proof. While the firm admitted that "large stocks of diamonds and brilliants" were looted from German-occupied countries, the German diamond industry had "nothing to do with these machinations."¹⁸⁰

OMGUS waited over four months to dismiss Diamant-Kontor's contention, saying "no policy exists which would require the occupation authorities to satisfy present German holders as to the restitutability of property held by them."¹⁸¹

It is interesting to note in the correspondence that Ernst Cremer still headed Diamant-Kontor in 1949, a German concern he founded and led during the Hitler period. Cremer himself had stated that the "sole activity of this corporation [D.K.] is, as you know, the dealing in diamonds and precious stones from Jewish Jewelry. The R.W.M. [Reich Economics Ministry] has issued by decree of December 9, 1939, the direction for this, and it is by virtue of this decree which has given us the real actives for which this company was started." Beginning in 1940, these activities were extended into German-occupied territories. Due to the provisions of MG Law 52, Cremer's large stocks of gems and commercial diamonds had been frozen in his account at the Dresdner Bank in Frankfurt, as he had been taken into custody by U.S. forces. Yet, the OMGUS

the Foreign Exchange Depository, Frankfurt A/M Germany"; February 9, 1948

¹⁸⁰ (20) NARA/CP; RG 260; Entry: Property Division; Box 22; File: Restitutions - Outgoing; Letter from Cremer to OMGUS; "Property control - restitution; July 27, 1949

¹⁸¹ (23) NARA/CP; RG 260; Entry: Property Division; Box 22; File: Restitutions - Outgoing; Letter from Miller [Property Division Chief] to Diamant-Kontor; December 2, 1949

Financial Branch Chief, Joseph Dodge was concerned about a report which stated that the diamonds in Cremer's possession were not loot. Of more importance, however, the report also stated that Cremer had knowledge of the whereabouts diamonds in the Soviet sector of Germany.¹⁸²

Dutch Claim

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.¹⁸³ In December 1947, the United States also tentatively decided to retribute to the Dutch a cache of diamonds "found in Madrid in German hands." The State Department accepted "the findings of the Dutch experts that the diamonds were originally removed from the Netherlands," provided there was no evidence that this was a "normal commercial" matter and was, indeed, looted.¹⁸⁴ 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].¹⁸⁵

estimated 7500. WBL/MB 336.24 C. 1948
[Handwritten initials]

Belgian Claim

On the other hand, Belgian diamond claims were more problematic. A cache of diamonds held by the FED was not able to be identified by U.S. personnel or five "French jewel experts" because they were no longer in their original wrappers as "the properties were so intermingled" by the Germans and identification was therefore considered

¹⁸² (24) NARA/CP; RG 260; Entry: Control Office; Box 451; File: Foreign Exchange & Blocking Control; Memo with attachment from Dodge to OMGUS Director; "Blocked Diamonds of Ernest Cremer"; no date

¹⁸³ (28) National Archives; RG 56; Accession 69A4707; Box 82; File: Germany - Looted Property; Cable CC-1318 from OMGUS [Keating] to AGWAR; "restitution Netherlands diamonds"; August 19, 1947

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

¹⁸⁵ (32) NARA/CP; RG 260; Entry: Property; Box 28; File: Semi-Monthly Reports; Letter from de Keyserlingk to Collison; November 23, 1948

“impossible.”¹⁸⁶ Belgium, which since early 1947, had filed numerous claims for industrial diamonds, then requested “that an international specialist” be brought in to inspect the diamonds in question,¹⁸⁷ a position supported by the U.S. Deputy Chief for Industrial Restitution.¹⁸⁸ The U.S. rebuffed that suggestion, stating “that because of the impossibility of identification we could not restitute the diamonds. Therefore, OMGUS planned to release the diamonds “for use in the German economy.”¹⁸⁹ The Belgians strongly disagreed, claiming that because “90% of all diamonds looted by Germans” came from Belgium, most diamonds held by U.S. in occupied Germany could be assumed to be Belgian in origin. Besides, they insisted, these diamonds can be identified!¹⁹⁰ OMGUS explained that “it has always been our policy” that it would do the searching and “identifying of items claimed for restitution.”¹⁹¹ OMGUS further stated that “to change our policy regarding inspections would result in our being swamped with hundreds of

¹⁸⁶ (33) NARA/CP; RG 260; Entry: Finance Division; Box 93; File: FED; Unnumbered cable from OMGUS [Hays] to Dept. of Army; circa November 1947

NARA/CP; RG 260; Entry: AG Decimal File; Box 608; File: Restitution; Cable CC-7535 from OMGUS [Hays] to Department of Army; January 24, 1949

NARA/CP; RG 260; Entry: AG Decimal File; Box 608; File: Restitution; Memo from Hawkins to Clay; “Disposition of Industrial Diamonds Held in Custody at the FED”; no date

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

¹⁸⁷ (34) NARA/CP; RG 260; Entry: Finance Division; Box 93; File: FED; Unnumbered cable from OMGUS to Dept. of Army; circa November 1947

NARA/CP; RG 260; Entry: AG Decimal File; Box 608; File: Restitution; Cable CC-7535 from OMGUS [Hays] to Department of Army; January 24, 1949

NARA/CP; RG 260; Entry: AG Decimal File; Box 93; File: FED; “Status as at August 31, 1948 of Assets held by FED”

NARA/CP; RG 260; Entry: AG Decimal File; Box 608; File: Restitution; Cable WX-81784 from Department of the Army to OMGUS; December 25, 1948

¹⁸⁸ (35) NARA/CP; RG 260; Control Office; Box 471; File: McJunkins Correspondence; Memo from Keyserlingk to McJunkins; “Industrial Diamonds located at the FED”; August 24, 1948

¹⁸⁹ (36) NARA/CP; RG 260; Entry: Finance Division; Box 93; File: FED; Unnumbered cable from OMGUS to Dept. of Army; circa November 1947

NARA/CP; RG 260; Entry: Finance Division; Box 608; File: Restitution; Cable CC-7535 from OMGUS [Hays] to Department of Army; January 24, 1949

¹⁹⁰ (38) National Archives; RG 260; AG Decimal File; Box 608; Cable WX-81784 from Department of Army to OMGUS; December 25, 1948

¹⁹¹ (40) NARA/CP; RG 260; Entry: AG Decimal File; Box 608; File: Restitution; Cable CC-7234 from

requests for re-investigation of properties many of which are as valuable as the industrial diamonds that are being claimed.”¹⁹² OMGUS declared “that further inspection of these properties would be useless and would only further delay disposal of the properties.”¹⁹³ Besides, since Holland had also recently submitted claims and the diamonds were unidentifiable, they would be released to the German economy.¹⁹⁴ In fact, the Reparations and Restitution Branch of OMGUS had already rejected the Dutch claim!¹⁹⁵

At this point, the dispute turned into a diplomatic row. The Belgian Ambassador to the U.S. “made repeated strong representations” on behalf of his country’s request for expert identification of the diamonds. He declared that Belgian documents show “mines of origin, weight, color, etc.” of looted diamonds from Belgium.¹⁹⁶

The U.S. State Department supported OMGUS’ role as the arbiter of restitution claims, provided it has “considered all pertinent data offered by claimant....” The State Department also asked the Belgians to forward any new information to OMGUS for possible reconsideration. The Army used this loophole and Belgium’s strong arguments to warn OMGUS that “it would be violation of intent of restitution policy if diamonds were withheld” from the Belgians and released to the Germans without pursuing every piece of available evidence “and expert advice.”¹⁹⁷

OMGUS [Hays] to Department of the Army; December 29, 1948

¹⁹² (41) NARA/CP; RG 260; Entry: AG Decimal File; Box 608; File: Restitution; Cable CC-7535 from OMGUS [Hays] to Department of the Army; January 24, 1949

¹⁹³ (42) NARA/CP; RG 260; Entry: AG Decimal File; Box 608; File: Restitution; Cable CC-7535 from OMGUS [Hays] to Department of the Army; January 24, 1949

¹⁹⁴ (43) NARA/CP; RG 260; Entry: AG Decimal File; Box 608; File: Restitution; Cable CC-7234 from OMGUS [Hays] to Department of the Army; December 29, 1948

¹⁹⁵ (44) NARA/CP; RG 260; Entry: FED; Box 434; File: ?; Memo from McJunkins to Smit-Kleine; November 24, 1948

¹⁹⁶ (54) NARA/CP; RG 260; Entry: AG Decimal File; Box 608; File: Restitution; Cable WX-84492 from Department of the Army to OMGUS; February 22, 1949

¹⁹⁷ (54) NARA/CP; RG 260; Entry: AG Decimal File; Box 608; File: Restitution; Cable WX-84492 from Department of the Army to OMGUS; February 22, 1949

Essentially, the new Belgian argument was that “even if individual ownership of each claimant were not to be established after removal of identification marks, nevertheless, there could be no doubt whatsoever on the collective Belgian ownership” since the pre-war stock of diamonds in Germany “must have been extremely low.”¹⁹⁸ This argument tacitly recognized the U.S. contention that the diamonds were impossible to individually identify.¹⁹⁹

The Belgians again requested another examination by an independent expert. The Dutch, who had also protested the OMGUS denial of industrial diamond restitution, offered no new evidence. However, Phillips Hawkins advised General Clay that there was nothing new in the Belgian presentation that would overturn the original decision.²⁰⁰ OMGUS, in turn, informed the Army of its decision.²⁰¹ The Army finally acquiesced in the sale of the diamonds into the German economy.²⁰² OMGUS directed that the proceeds from the sales of the 167,000 carats of diamonds [valued at \$600,000 by OMGUS] “should be turned over to STEG” to help defer U.S. occupation costs.²⁰³

Yet, Washington delayed the sale to the German economy pending another examination by “Bico industrial diamond experts.”²⁰⁴ The Belgian Restitution Mission

¹⁹⁸ (59) NARA/CP; Entry: AG Decimal File; Box 608; File: Restitution; Memo from Hawkins to Clay; “Disposition of Industrial Diamonds Held in Custody at FED”; no date

¹⁹⁹ (60) NARA/CP; Entry: AG Decimal File; Box 608; File: Restitution; Cable CC-8112 from OMGUS [Hays] to Department of Army; March 23, 1949

²⁰⁰ (61) NARA/CP; Entry: AG Decimal File; Box 608; File: Restitution; Memo from Hawkins to Clay; “Disposition of Industrial Diamonds Held in Custody at FED”; no date

²⁰¹ (64) NARA/CP; RG 260; Entry: AG Decimal File; Box 608; File: Restitution; Cable CC-8112 from OMGUS [Hays] to Department of Army; March 23, 1949

²⁰² (65) NARA/CP; RG 260; Entry: Reparations & Restitution Branch; Box 27; File: Misc. Restitution; Cable CC-8377 from OMGUS [Hays] to FMP for Bico for Lee Spencer; April 20, 1949

²⁰³ (66) NARA/CP; RG 260; Entry: Reparations & Restitution Branch; Box 27; File: Misc. Restitution; Cable CC-8377 from OMGUS [Hays] to FMP for Bico for Lee Spencer; April 20, 1949

NARA/CP; RG 260; Entry: Property Division; Box 13; File: Property Control & External Assets Branch; Letter from Coignard to McJunkins; May 4, 1949

²⁰⁴ (67) NARA/CP; RG 260; Entry: Finance Division; Box 93; File: FED; Memo from Fitch [Internal and

was outraged at not being consulted in the selection of the experts.²⁰⁵

There had even been discussion within the U.S. military about retaining the controversial industrial diamonds “for U.S. stockpile purposes.”²⁰⁶ However, because of potential “political repercussions,” the idea was dropped.²⁰⁷

Meanwhile, France suggested that the industrial diamonds found in the U.S. Zone be disposed by the IARA “in order to observe the legal interests of the countries looted by Germany, and especially France.”²⁰⁸ The Reparations and Restitution Branch immediately rejected this idea.²⁰⁹

On the other hand, 958 carats of diamonds and semi-precious stones of Czech origin that were found in the salt mine near Stassfurt, Germany were cleared for restitution to Czechoslovakia by cable WX-85011 on July 1, 1948²¹⁰ The actual release began that November. A friendly representative of that communist country suggested that publicity of this transfer would have a favorable impact on the Czech people toward the West.²¹¹

External Finance Group, OMGUS] to Morgan, Freeman, Cassoday, and Stern; “Status of Assets in the Foreign Exchange Depository”; July 27, 1949

²⁰⁵ (68) NARA/CP; RG 260; Entry: Property Division; Box 22; File: Restitution - Outgoing; Letter from Goethals to Draper; July 28, 1949

²⁰⁶ (69) NARA/CP; RG 260; Entry: AG Decimal File; Box 608; File #602.3 - Restitution; Cable CC-8484 from OMGUS [Hays] to Frankfurt Mil Post for Commerce and Industry Group Bico for Lee Spencer, May 3, 1949

²⁰⁷ (70) NARA/CP; RG 260; Entry: AG Decimal File; Box 608; File #602.3 - Restitution; Cable CC-8790 from OMGUS [Hays] to Department of the Army; June 4, 1949

²⁰⁸ (71) NARA/CP; RG 260; Entry: Property Division; Box 13; File: Property Control and External Assets Branch; Letter from Coignard to McJunkins; May 4, 1949

²⁰⁹ (72) NARA/CP; RG 260; Entry: Property Division; Box 13; File: Property Control and External Assets Branch; Letter from Coignard to McJunkins; May 10, 1949

²¹⁰ (73) NARA/CP; RG 260; Entry: Finance Division; Box 93; File: FED; “Status as at August 31, 1948 of Assets Held by FED”

²¹¹ (74) NARA/CP; RG 260; Entry: AG Decimal File; Box 511; File #602.3 - Restitution; Cable CC-6659 from OMGUS [Hays] to Dept. of Army; November 8, 1948

SILVER Helene C. Sugarman
Introduction

Among precious metals that came under the control of the U.S. military in Europe, silver is the only precious metal, in addition to gold, representing potential loot from victims of Nazi persecution. And it is, therefore, the only precious metal of any significance to our research. Other precious metals, such as platinum and radium, although also looted, had their provenance not among victims of Nazi persecution but most likely among industrial/government and commercial enterprises in countries of occupation.

The Nazis accumulated vast amounts of silver with the bulk representing monetary silver in the form of silver bullion. Other quantities of silver were also accumulated in the form of silver coins, dental fillings as well as silverware and silver jewelry. In assessing the role silver played as a financial asset looted from victims, it is therefore important to identify and define the provenance, categorization, and ultimate use of the metal. Provenance in this case, where possible, needs to be established just as with other assets in the identification of silver as loot from victims. Concerning categorization, there is clearly overlap between the general category of silver and other assets—silverware and silver jewelry falls under the category of “jewelry and other valuables” treated in a separate section of this paper and well as art and cultural objects made out of silver. And, finally, identifying the ultimate use of the metal—namely smelting—is important in assessing the role silver specifically looted from victims contributed to the stock of monetary silver.

Silver held under the control of OMGUS originated in various places including the Merkers Salt Mine and occupied countries, especially Hungary. It came in different forms such as silver coins and bars and was used for several purposes like monetary exchange and for industrial processes in manufacturing.

Among the valuables discovered in the salt-mine near Merkers in Germany were silverware, rings, teeth fillings as well as silver bars and coins, platinum and radium. An inventory of these valuables indicated that part of the "treasure" represented loot taken from victims. In fact, included among the valuables were thousands of gold and silver dental crowns and bridges and plate.²¹²

The FED held several silver bullions, coins and other precious metals that came in several shipments. Ten boxes of platinum originated from the Reichsbank in Nordhausen; silver from the Reichsbank in Magedburg, which originated with the Silver Train and was later restituted to Hungary; various shipments containing silver coins and silver bars.

Silver under the control of OMGUS in the form of coins and other objects followed the restitution procedures applied under the category of other assets, such as jewelry. The disposition of precious metals, both looted and confiscated under Law 53, was determined in accordance with guidelines established for other assets. Those precious metals falling into the definition of non-monetary gold such as rings, jewelry, tableware, scrap tableware, dental, ingots etc and melted down from these forms was delivered to the IGCR, when identifiable as looted lots, and otherwise to the Inter-Allied Reparations Agency for distribution as reparations.²¹³ It is unknown, however, what silver, that is from which origin, was smelted and processed. A survey of documentation related to

²¹² CPNA RG 260 OMGUS, Box 61 File, Decimal 123, April 20, 1945

Degussa, a company created by Germany for the processing of looted silver, so far has produced no indication to that effect. The only available indication to looted silver notes that the processed silver was taken from Yugoslavia, Greece, Lithuania, Poland, France, Belgium and Czechoslovakia and totaled 310 metric tons.²¹⁴

²¹³ CPNA RG 260 OMGUS, Finance, Box 161, File, disposition of valuables, 308026-36

²¹⁴ CPNA RG 260 OMGUS, Finance box 346 file Silver